

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5352**

Chapter 270, Laws of 1993

53rd Legislature  
1993 Regular Session

RETIREMENT AGREEMENT PAYMENTS--EFFECT ON PENSION  
BENEFITS CALCULATION

EFFECTIVE DATE: 7/25/93

Passed by the Senate April 22, 1993  
YEAS 43 NAYS 0

JOEL PRITCHARD

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**President of the Senate**

Passed by the House April 17, 1993  
YEAS 96 NAYS 0

BRIAN EBERSOLE

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**Speaker of the  
House of Representatives**

Approved May 7, 1993

MIKE LOWRY

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**Governor of the State of Washington**

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5352** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

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**Secretary**

FILED

May 7, 1993 - 11:55 a.m.

**Secretary of State  
State of Washington**

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**SENATE BILL 5352**

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AS AMENDED BY THE HOUSE

Passed Legislature - 1993 Regular Session

**State of Washington                      53rd Legislature                      1993 Regular Session**

**By** Senators Newhouse, Spanel, Moore, Bauer and Winsley; by request of  
Joint Committee on Pension Policy

Read first time 01/25/93. Referred to Committee on Ways & Means.

1            AN ACT Relating to the effect of payments based on retirement  
2 agreements on calculation of pension benefits; and adding a new section  
3 to chapter 41.50 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 41.50 RCW  
6 to read as follows:

7            Any payment made by an employer to a member of any retirement  
8 system enumerated in RCW 41.50.030 based on either an agreement of the  
9 employee to terminate or retire; or notification to the employer of  
10 intent to retire; shall affect retirement as follows:

11            (1) If the agreement does not require the employee to perform  
12 additional service, the payment shall not be used in any way to  
13 calculate the pension benefit.

14            (2) If the agreement requires additional service and results in  
15 payment at the same or a lower rate than that paid for the same or  
16 similar service by other employees it may be included in the pension  
17 benefit calculation but shall be deemed excess compensation and is  
18 billable to the employer as provided in RCW 41.50.150.

1 (3) If the agreement requires additional service and results in  
2 payment at a rate higher than that paid for the same or similar service  
3 by other employees, that portion of the payment which equals the  
4 payment for the same or similar service shall be treated as described  
5 in subsection (2) of this section, and the balance of the payment shall  
6 be treated as described in subsection (1) of this section.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.50 RCW  
8 to read as follows:

9 Members of the teachers' retirement system who retired prior to  
10 January 1, 1993, from service with a community college district whose  
11 reported earnable compensation included payments made pursuant to an  
12 agreement to terminate or retire, or to provide notice of intent to  
13 retire, and whose retirement allowance has been reduced under RCW  
14 41.50.150 or is reduced after the effective date of this act under  
15 section (1) of this act, shall have an opportunity to change the  
16 retirement allowance payment option selected by the member under RCW  
17 41.32.530. Any request for a change shall be made in writing to the  
18 department no later than October 31, 1993, and shall apply  
19 prospectively only.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.50 RCW  
21 to read as follows:

22 (1) Retirees whose reported earnable compensation included  
23 payments made pursuant to an agreement to terminate or retire, or to  
24 provide notice of intent to retire, shall not be required to repay to  
25 the trust funds any overpayments resulting from the employer  
26 misreporting, subject to the conditions provided in subsection (2) of  
27 this section. The retirees' allowances shall be prospectively adjusted  
28 to reflect the benefits to which the retirees are correctly entitled.

29 (2) Subsection (1) of this section shall apply only to members of  
30 the teachers' retirement system who retired prior to January 1, 1993,  
31 from service with a community college district.

32 (3) Any retirees under subsection (2) of this section who, since  
33 January 1, 1990, have had their retirement allowances reduced under RCW  
34 41.50.130(1)(b) because of the inclusion of retirement agreement  
35 payments in calculating their allowances, shall have their allowances  
36 adjusted to reflect the benefits to which the retirees are correctly  
37 entitled, but without a reduction to recoup prior overpayments. The

1 retirees shall be reimbursed by the retirement system for the  
2 cumulative amount of the reduction in the retirement allowance that has  
3 occurred since January 1, 1990, to recoup prior overpayments.

4 (4) Any retirees covered by subsection (2) of this section who,  
5 after January 1, 1990, repaid a previous overpayment in a lump sum  
6 under RCW 41.50.130(1)(b) because of the inclusion of retirement  
7 agreement payments in calculating their allowances, shall be reimbursed  
8 by the retirement system for the amount of the lump sum repayment.

Passed the Senate April 22, 1993.

Passed the House April 17, 1993.

Approved by the Governor May 7, 1993.

Filed in Office of Secretary of State May 7, 1993.