

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE HOUSE BILL 2680**

Chapter 257, Laws of 2006

59th Legislature  
2006 Regular Session

TEACHERS RETIREMENT SYSTEM--PURCHASING SERVICE CREDIT

EFFECTIVE DATE: 1/1/07

Passed by the House March 6, 2006  
Yeas 98 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate March 3, 2006  
Yeas 44 Nays 0

BRAD OWEN

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**President of the Senate**

Approved March 27, 2006.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2680** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

March 27, 2006 - 3:39 p.m.

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 2680**

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AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

**State of Washington                      59th Legislature                      2006 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Conway, Fromhold, Lovick, Kenney, Quall, Simpson and Moeller; by request of Select Committee on Pension Policy)

READ FIRST TIME 01/26/06.

1            AN ACT Relating to purchasing service credit in plan 2 and plan 3  
2 of the teachers' retirement system for public education experience  
3 performed as a teacher in a public school in another state or with the  
4 federal government; amending RCW 41.32.065; adding new sections to  
5 chapter 41.32 RCW; and providing an effective date.

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

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 41.32 RCW  
8 under the subchapter heading "plan 2" to read as follows:

9            (1) An active member who has completed a minimum of five years of  
10 creditable service in the teachers' retirement system may, upon written  
11 application to the department, make a one-time purchase of up to seven  
12 years of service credit for public education experience outside the  
13 Washington state retirement system, subject to the following  
14 limitations:

15            (a) The public education experience being claimed must have been  
16 performed as a teacher in a public school in another state or with the  
17 federal government; and

18            (b) The public education experience being claimed must have been

1 covered by a retirement or pension plan provided by a state or  
2 political subdivision of a state, or by the federal government; and

3 (c) The member is not currently receiving a benefit or currently  
4 eligible to receive an unreduced retirement benefit from a retirement  
5 or pension plan of a state or political subdivision of a state or the  
6 federal government that includes the service credit to be purchased.

7 (2) The service credit purchased shall be membership service, and  
8 may be used to qualify the member for retirement.

9 (3) The member shall pay the actuarial value of the resulting  
10 increase in the member's benefit calculated in a manner consistent with  
11 the department's method for calculating payments for reestablishing  
12 service credit under RCW 41.50.165.

13 (4) The member may pay all or part of the cost of the service  
14 credit to be purchased with a lump sum payment, eligible rollover,  
15 direct rollover, or trustee-to-trustee transfer from an eligible  
16 retirement plan. The department shall adopt rules to ensure that all  
17 lump sum payments, rollovers, and transfers comply with the  
18 requirements of the internal revenue code and regulations adopted by  
19 the internal revenue service. The rules adopted by the department may  
20 condition the acceptance of a rollover or transfer from another plan on  
21 the receipt of information necessary to enable the department to  
22 determine the eligibility of any transferred funds for tax-free  
23 rollover treatment or other treatment under federal income tax law.

24 (5) The employer also may pay all or a portion of the member's cost  
25 of the service credit purchased under this section.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW  
27 under the subchapter heading "plan 3" to read as follows:

28 (1) An active member who has completed a minimum of five years of  
29 creditable service in the teachers' retirement system may, upon written  
30 application to the department, make a one-time purchase of up to seven  
31 years of service credit for public education experience outside the  
32 Washington state retirement system, subject to the following  
33 limitations:

34 (a) The public education experience being claimed must have been  
35 performed as a teacher in a public school in another state or with the  
36 federal government;

1 (b) The public education experience being claimed must have been  
2 covered by a retirement or pension plan provided by a state or  
3 political subdivision of a state, or by the federal government; and

4 (c) The member is not currently receiving a benefit or currently  
5 eligible to receive an unreduced retirement benefit from a retirement  
6 or pension plan of a state or political subdivision of a state or the  
7 federal government that includes the service credit to be purchased.

8 (2) The service credit purchased shall be membership service, and  
9 may be used to qualify the member for retirement.

10 (3) The member shall pay the actuarial value of the resulting  
11 increase in the member's benefit calculated in a manner consistent with  
12 the department's method for calculating payments for reestablishing  
13 service credit under RCW 41.50.165.

14 (4) The member may pay all or part of the cost of the service  
15 credit to be purchased with a lump sum payment, eligible rollover,  
16 direct rollover, or trustee-to-trustee transfer from an eligible  
17 retirement plan. The department shall adopt rules to ensure that all  
18 lump sum payments, rollovers, and transfers comply with the  
19 requirements of the internal revenue code and regulations adopted by  
20 the internal revenue service. The rules adopted by the department may  
21 condition the acceptance of a rollover or transfer from another plan on  
22 the receipt of information necessary to enable the department to  
23 determine the eligibility of any transferred funds for tax-free  
24 rollover treatment or other treatment under federal income tax law.

25 (5) The employer also may pay all or a portion of the member's cost  
26 of the service credit purchased under this section.

27 **Sec. 3.** RCW 41.32.065 and 1991 c 278 s 1 are each amended to read  
28 as follows:

29 A member who has not purchased service credit under the provisions  
30 of section 1 or 2 of this act may elect under this section to apply  
31 service credit earned in an out-of-state retirement system that covers  
32 teachers in public schools solely for the purpose of determining the  
33 time at which the member may retire. The benefit shall be actuarially  
34 reduced to recognize the difference between the age a member would have  
35 first been able to retire based on service in the state of Washington

1 and the member's retirement age.

2 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2007.

Passed by the House March 6, 2006.

Passed by the Senate March 3, 2006.

Approved by the Governor March 27, 2006.

Filed in Office of Secretary of State March 27, 2006.