

---

HOUSE BILL 1200

---

State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Conway, Darneille, Haler, Simpson, Hasegawa and Haigh

Read first time 01/12/2007. Referred to Committee on Appropriations.

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 41.32.813 and 41.32.868; and declaring  
5 an emergency.

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

7            **Sec. 1.** RCW 41.32.813 and 2006 c 257 s 1 are each amended to read  
8 as follows:

9            (1) An active member who has completed a minimum of (~~five~~) two  
10 years of creditable service in the teachers' retirement system may,  
11 upon written application to the department, make a one-time purchase of  
12 up to seven years of service credit for public education experience  
13 outside the Washington state retirement system, subject to the  
14 following 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 **Sec. 2.** RCW 41.32.868 and 2006 c 257 s 2 are each amended to read  
27 as follows:

28 (1) An active member who has completed a minimum of (~~five~~) two  
29 years of creditable service in the teachers' retirement system may,  
30 upon written application to the department, make a one-time purchase of  
31 up to seven years of service credit for public education experience  
32 outside the Washington state retirement system, subject to the  
33 following 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 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of the  
29 state government and its existing public institutions, and takes effect  
30 immediately.

--- END ---