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HOUSE BILL 2887

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Fromhold, Crouse, Conway, Wood, and Kessler

Read first time 01/17/08. Referred to Committee on Appropriations.

1            AN ACT Relating to purchasing an increased benefit multiplier for  
2 past judicial service for judges in the public employees' retirement  
3 system; and amending RCW 41.40.124, 41.40.127, 41.40.870, and  
4 41.40.873.

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

6            **Sec. 1.** RCW 41.40.124 and 2007 c 123 s 1 are each amended to read  
7 as follows:

8            (1) Between January 1, 2007, and December 31, 2007, a member of  
9 plan 1 or plan 2 employed as a supreme court justice, court of appeals  
10 judge, or superior court judge may make a one-time irrevocable  
11 election, filed in writing with the member's employer, the department,  
12 and the administrative office of the courts, to accrue an additional  
13 benefit equal to one and one-half percent of average final compensation  
14 for each year of future service credit from the date of the election in  
15 lieu of future employee and employer contributions to the judicial  
16 retirement account plan under chapter 2.14 RCW.

17            (2)(a) A member who (~~chooses to make~~) made the election under  
18 subsection (1) of this section may apply, at the time of filing a  
19 written application for retirement with the department, to the

1 department to increase the member's benefit multiplier by an additional  
2 one and one-half percent per year of service for the period in which  
3 the member served as a justice or judge prior to the election. The  
4 member may purchase, beginning with the most recent judicial service,  
5 the higher benefit multiplier for ~~((up to seventy percent of))~~ that  
6 portion of the member's prior judicial service for which the higher  
7 benefit multiplier was not previously purchased, and that would ensure  
8 that the member has no more than a seventy-five percent of average  
9 final compensation benefit ~~((accrued by age sixty four for members of~~  
10 ~~plan 1, and age sixty six for members of plan 2))~~. The member shall  
11 pay five percent of the salary earned for each month of service for  
12 which the higher benefit multiplier is being purchased, plus ~~((interest~~  
13 ~~as determined by the director))~~ five and one-half percent interest  
14 applied from the dates that the service was earned. The purchase price  
15 shall not exceed the actuarially equivalent value of the increase in  
16 the member's benefit resulting from the increase in the benefit  
17 multiplier. This payment must be made prior to retirement ~~((and prior~~  
18 ~~to December 31, 2007. After December 31, 2007, a member may purchase~~  
19 ~~the higher benefit multiplier for any of the member's prior judicial~~  
20 ~~service at the actuarially equivalent value of the increase in the~~  
21 ~~member's benefit resulting from the increase in the benefit multiplier,~~  
22 ~~as determined by the director)), subject to rules adopted by the~~  
23 department.

24 (b) Subject to rules adopted by the department, a member applying  
25 to increase the member's benefit multiplier under this section may pay  
26 all or part of the cost with a lump sum payment, eligible rollover,  
27 direct rollover, or trustee-to-trustee transfer from an eligible  
28 retirement plan. The department shall adopt rules to ensure that all  
29 lump sum payments, rollovers, and transfers comply with the  
30 requirements of the internal revenue code and regulations adopted by  
31 the internal revenue service. The rules adopted by the department may  
32 condition the acceptance of a rollover or transfer from another plan on  
33 the receipt of information necessary to enable the department to  
34 determine the eligibility of any transferred funds for tax-free  
35 rollover treatment or other treatment under federal income tax law.

36 **Sec. 2.** RCW 41.40.127 and 2007 c 123 s 2 are each amended to read  
37 as follows:

1 (1) Between January 1, 2007, and December 31, 2007, a member of  
2 plan 1 or plan 2 employed as a district court judge or municipal court  
3 judge may make a one-time irrevocable election, filed in writing with  
4 the member's employer and the department, to accrue an additional  
5 benefit equal to one and one-half percent of average final compensation  
6 for each year of future service credit from the date of the election.

7 (2)(a) A member who (~~chooses to make~~) made the election under  
8 subsection (1) of this section may apply, at the time of filing a  
9 written application for retirement with the department, to the  
10 department to increase the member's benefit multiplier by one and one-  
11 half percent per year of service for the period in which the member  
12 served as a judge prior to the election. The member may purchase,  
13 beginning with the most recent judicial service, the higher benefit  
14 multiplier for (~~up to seventy percent of~~) that portion of the  
15 member's prior judicial service for which the higher benefit multiplier  
16 was not previously purchased, and that would ensure that the member has  
17 no more than a seventy-five percent of average final compensation  
18 benefit (~~accrued by age sixty four for members of plan 1, and age~~  
19 ~~sixty six for members of plan 2)). The member shall pay five percent~~  
20 of the salary earned for each month of service for which the higher  
21 benefit multiplier is being purchased, plus (~~interest as determined by~~  
22 ~~the director~~) five and one-half percent interest applied from the  
23 dates that the service was earned. The purchase price shall not exceed  
24 the actuarially equivalent value of the increase in the member's  
25 benefit resulting from the increase in the benefit multiplier. This  
26 payment must be made prior to retirement (~~and prior to December 31,~~  
27 ~~2007. After December 31, 2007, a member may purchase the higher~~  
28 ~~benefit multiplier for any of the member's prior judicial service at~~  
29 ~~the actuarially equivalent value of the increase in the member's~~  
30 ~~benefit resulting from the increase in the benefit multiplier, as~~  
31 ~~determined by the director)), subject to rules adopted by the~~  
32 department.

33 (b) Subject to rules adopted by the department, a member applying  
34 to increase the member's benefit multiplier under this section may pay  
35 all or part of the cost with a lump sum payment, eligible rollover,  
36 direct rollover, or trustee-to-trustee transfer from an eligible  
37 retirement plan. The department shall adopt rules to ensure that all  
38 lump sum payments, rollovers, and transfers comply with the

1 requirements of the internal revenue code and regulations adopted by  
2 the internal revenue service. The rules adopted by the department may  
3 condition the acceptance of a rollover or transfer from another plan on  
4 the receipt of information necessary to enable the department to  
5 determine the eligibility of any transferred funds for tax-free  
6 rollover treatment or other treatment under federal income tax law.

7 **Sec. 3.** RCW 41.40.870 and 2007 c 123 s 3 are each amended to read  
8 as follows:

9 (1) Between January 1, 2007, and December 31, 2007, a member of  
10 plan 3 employed as a supreme court justice, court of appeals judge, or  
11 superior court judge may make a one-time irrevocable election, filed in  
12 writing with the member's employer, the department, and the  
13 administrative office of the courts, to accrue an additional plan 3  
14 defined benefit equal to six-tenths percent of average final  
15 compensation for each year of future service credit from the date of  
16 the election in lieu of future employer contributions to the judicial  
17 retirement account plan under chapter 2.14 RCW.

18 (2)(a) A member who (~~chooses to make~~) made the election under  
19 subsection (1) of this section may apply, at the time of filing a  
20 written application for retirement with the department, to the  
21 department to increase the member's benefit multiplier by six-tenths  
22 percent per year of service for the period in which the member served  
23 as a justice or judge prior to the election. The member may purchase,  
24 beginning with the most recent judicial service, the higher benefit  
25 multiplier for (~~up to seventy percent of~~) that portion of the  
26 member's prior judicial service for which the higher benefit multiplier  
27 was not previously purchased, and that would ensure that the member has  
28 no more than a thirty-seven and one-half percent of average final  
29 compensation benefit (~~accrued by age sixty six~~). The member shall  
30 pay two and one-half percent of the salary earned for each month of  
31 service for which the higher benefit multiplier is being purchased,  
32 plus (~~interest as determined by the director~~) five and one-half  
33 percent interest applied from the dates that the service was earned.  
34 The purchase price shall not exceed the actuarially equivalent value of  
35 the increase in the member's benefit resulting from the increase in the  
36 benefit multiplier. This payment must be made prior to retirement  
37 (~~and prior to December 31, 2007. After December 31, 2007, a member~~

1 ~~may purchase the higher benefit multiplier for any of the member's~~  
2 ~~prior judicial service at the actuarially equivalent value of the~~  
3 ~~increase in the member's benefit resulting from the increase in the~~  
4 ~~benefit multiplier, as determined by the director)), subject to rules  
5 adopted by the department.~~

6 (b) Subject to rules adopted by the department, a member applying  
7 to increase the member's benefit multiplier under this section may pay  
8 all or part of the cost with a lump sum payment, eligible rollover,  
9 direct rollover, or trustee-to-trustee transfer from an eligible  
10 retirement plan. The department shall adopt rules to ensure that all  
11 lump sum payments, rollovers, and transfers comply with the  
12 requirements of the internal revenue code and regulations adopted by  
13 the internal revenue service. The rules adopted by the department may  
14 condition the acceptance of a rollover or transfer from another plan on  
15 the receipt of information necessary to enable the department to  
16 determine the eligibility of any transferred funds for tax-free  
17 rollover treatment or other treatment under federal income tax law.

18 (3) A member who chooses to make the election under subsection (1)  
19 of this section shall contribute a minimum of seven and one-half  
20 percent of pay to the member's defined contribution account.

21 **Sec. 4.** RCW 41.40.873 and 2007 c 123 s 4 are each amended to read  
22 as follows:

23 (1) Between January 1, 2007, and December 31, 2007, a member of  
24 plan 3 employed as a district court judge or municipal court judge may  
25 make a one-time irrevocable election, filed in writing with the  
26 member's employer and the department, to accrue an additional plan 3  
27 defined benefit equal to six-tenths percent of average final  
28 compensation for each year of future service credit from the date of  
29 the election.

30 (2)(a) A member who (~~chooses to make~~) made the election under  
31 subsection (1) of this section may apply, at the time of filing a  
32 written application for retirement with the department, to the  
33 department to increase the member's benefit multiplier by six-tenths  
34 percent per year of service for the period in which the member served  
35 as a judge prior to the election. The member may purchase, beginning  
36 with the most recent judicial service, the higher benefit multiplier  
37 for (~~up to seventy percent of~~) that portion of the member's prior

1 judicial service for which the higher benefit multiplier was not  
2 previously purchased, and that would ensure that the member has no more  
3 than a thirty-seven and one-half percent of average final compensation  
4 benefit (~~((accrued by age sixty-six))~~). The member shall pay two and  
5 one-half percent of the salary earned for each month of service for  
6 which the higher benefit multiplier is being purchased, plus (~~((interest~~  
7 ~~as determined by the director))~~) five and one-half percent interest  
8 applied from the dates that the service was earned. The purchase price  
9 shall not exceed the actuarially equivalent value of the increase in  
10 the member's benefit resulting from the increase in the benefit  
11 multiplier. This payment must be made prior to retirement (~~((and prior~~  
12 ~~to December 31, 2007. After December 31, 2007, a member may purchase~~  
13 ~~the higher benefit multiplier for any of the member's prior judicial~~  
14 ~~service at the actuarially equivalent value of the increase in the~~  
15 ~~member's benefit resulting from the increase in the benefit multiplier,~~  
16 ~~as determined by the director)),~~ subject to rules adopted by the  
17 department.

18 (b) Subject to rules adopted by the department, a member applying  
19 to increase the member's benefit multiplier under this section may pay  
20 all or part of the cost with a lump sum payment, eligible rollover,  
21 direct rollover, or trustee-to-trustee transfer from an eligible  
22 retirement plan. The department shall adopt rules to ensure that all  
23 lump sum payments, rollovers, and transfers comply with the  
24 requirements of the internal revenue code and regulations adopted by  
25 the internal revenue service. The rules adopted by the department may  
26 condition the acceptance of a rollover or transfer from another plan on  
27 the receipt of information necessary to enable the department to  
28 determine the eligibility of any transferred funds for tax-free  
29 rollover treatment or other treatment under federal income tax law.

30 (3) A member who chooses to make the election under subsection (1)  
31 of this section shall contribute a minimum of seven and one-half  
32 percent of pay to the member's defined contribution account.

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