

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2887

60th Legislature
2008 Regular Session

Passed by the House March 8, 2008
Yeas 93 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 5, 2008
Yeas 44 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2887** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 2887

AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

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))~~ (3) From January 1, 2009, through June 30, 2009, the
25 following members may apply to the department to increase their benefit
26 multiplier by an additional one and one-half percent per year of
27 service for the period in which they served as a justice or judge:

28 (a) Active members of plan 1 or plan 2 who are not currently
29 employed as a supreme court justice, court of appeals judge, or
30 superior court judge, and who have past service as a supreme court
31 justice, court of appeals judge, or superior court judge; and

32 (b) Inactive vested members of plan 1 or plan 2 who have separated,
33 have not yet retired, and who have past service as a supreme court
34 justice, court of appeals judge, or superior court judge.

35 A member eligible under this subsection may purchase the higher
36 benefit multiplier for all or part of the member's prior judicial
37 service beginning with the most recent judicial service. The member

1 shall pay, for the applicable period of service, the actuarially
2 equivalent value of the increase in the member's benefit resulting from
3 the increase in the benefit multiplier as determined by the director.

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

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

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

24 (2)~~((a))~~ A member who ~~((chooses to make))~~ made the election under
25 subsection (1) of this section may apply, at the time of filing a
26 written application for retirement with the department, to the
27 department to increase the member's benefit multiplier by one and one-
28 half percent per year of service for the period in which the member
29 served as a judge prior to the election. The member may purchase,
30 beginning with the most recent judicial service, the higher benefit
31 multiplier for ~~((up to seventy percent of))~~ that portion of the
32 member's prior judicial service for which the higher benefit multiplier
33 was not previously purchased, and that would ensure that the member has
34 no more than a seventy-five percent of average final compensation
35 benefit ~~((accrued by age sixty four for members of plan 1, and age~~
36 ~~sixty six for members of plan 2))~~. The member shall pay five percent
37 of the salary earned for each month of service for which the higher

1 benefit multiplier is being purchased, plus (~~interest as determined by~~
2 ~~the director~~) five and one-half percent interest applied from the
3 dates that the service was earned. The purchase price shall not exceed
4 the actuarially equivalent value of the increase in the member's
5 benefit resulting from the increase in the benefit multiplier. This
6 payment must be made prior to retirement (~~and prior to December 31,~~
7 ~~2007.~~ ~~After December 31, 2007, a member may purchase the higher~~
8 ~~benefit multiplier for any of the member's prior judicial service at~~
9 ~~the actuarially equivalent value of the increase in the member's~~
10 ~~benefit resulting from the increase in the benefit multiplier, as~~
11 ~~determined by the director~~), subject to rules adopted by the
12 department.

13 ~~((b))~~ (3) From January 1, 2009, through June 30, 2009, the
14 following members may apply to the department to increase their benefit
15 multiplier by an additional one and one-half percent per year of
16 service for the period in which they served as a justice or judge:

17 (a) Active members of plan 1 or plan 2 who are not currently
18 employed as a district court judge or municipal court judge, and who
19 have past service as a district court judge or municipal court judge;
20 and

21 (b) Inactive vested members of plan 1 or plan 2 who have separated,
22 have not yet retired, and who have past service as a district court
23 judge or municipal court judge.

24 A member eligible under this subsection may purchase the higher
25 benefit multiplier for all or part of the member's prior judicial
26 service beginning with the most recent judicial service. The member
27 shall pay, for the applicable period of service, the actuarially
28 equivalent value of the increase in the member's benefit resulting from
29 the increase in the benefit multiplier as determined by the director.

30 (4) Subject to rules adopted by the department, a member applying
31 to increase the member's benefit multiplier under this section may pay
32 all or part of the cost with a lump sum payment, eligible rollover,
33 direct rollover, or trustee-to-trustee transfer from an eligible
34 retirement plan. The department shall adopt rules to ensure that all
35 lump sum payments, rollovers, and transfers comply with the
36 requirements of the internal revenue code and regulations adopted by
37 the internal revenue service. The rules adopted by the department may
38 condition the acceptance of a rollover or transfer from another plan on

1 the receipt of information necessary to enable the department to
2 determine the eligibility of any transferred funds for tax-free
3 rollover treatment or other treatment under federal income tax law.

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

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

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

1 ~~increase in the member's benefit resulting from the increase in the~~
2 ~~benefit multiplier, as determined by the director)), subject to rules
3 adopted by the department.~~

4 ~~((b))~~ (3) From January 1, 2009, through June 30, 2009, the
5 following members may apply to the department to increase their benefit
6 multiplier by an additional six-tenths percent per year of service for
7 the period in which they served as a justice or judge:

8 (a) Active members of plan 3 who are not currently employed as a
9 supreme court justice, court of appeals judge, or superior court judge,
10 and who have past service as a supreme court justice, court of appeals
11 judge, or superior court judge; and

12 (b) Inactive vested members of plan 3 who have separated, have not
13 yet retired, and who have past service as a supreme court justice,
14 court of appeals judge, or superior court judge.

15 A member eligible under this subsection may purchase the higher
16 benefit multiplier for all or part of the member's prior judicial
17 service beginning with the most recent judicial service. The member
18 shall pay, for the applicable period of service, the actuarially
19 equivalent value of the increase in the member's benefit resulting from
20 the increase in the benefit multiplier as determined by the director.

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

33 ~~((3))~~ (5) A member who chooses to make the election under
34 subsection (1) of this section shall contribute a minimum of seven and
35 one-half percent of pay to the member's defined contribution account.

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

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

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

33 ~~((b))~~ (3) From January 1, 2009, through June 30, 2009, the
34 following members may apply to the department to increase their benefit
35 multiplier by an additional six-tenths percent per year of service for
36 the period in which they served as a justice or judge:

37 (a) Active members of plan 3 who are not currently employed as a

1 district court judge or municipal court judge, and who have past
2 service as a district court judge or municipal court judge; and

3 (b) Inactive vested members of plan 3 who have separated, have not
4 yet retired, and who have past service as a district court judge or
5 municipal court judge.

6 A member eligible under this subsection may purchase the higher
7 benefit multiplier for all or part of the member's prior judicial
8 service beginning with the most recent judicial service. The member
9 shall pay, for the applicable period of service, the actuarially
10 equivalent value of the increase in the member's benefit resulting from
11 the increase in the benefit multiplier as determined by the director.

12 (4) Subject to rules adopted by the department, a member applying
13 to increase the member's benefit multiplier under this section may pay
14 all or part of the cost 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 ~~((+3))~~ (5) A member who chooses to make the election under
25 subsection (1) of this section shall contribute a minimum of seven and
26 one-half percent of pay to the member's defined contribution account.

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