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HOUSE BILL 1510

State of Washington 69th Legislature 2025 Regular Session

By Representatives Hill, Taylor, Davis, Peterson, Ormsby, Leavitt, Farivar, Macri, Scott, and Ortiz-Self; by request of Administrative Office of the Courts

Read first time 01/22/25. Referred to Committee on Appropriations.

- 1 AN ACT Relating to participation in the public employees'
- 2 retirement system judicial benefit multiplier program by
- 3 commissioners of the supreme court and court of appeals; and amending
- 4 RCW 41.40.124, 41.40.767, 41.40.870, and 41.40.877.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 41.40.124 and 2008 c 300 s 1 are each amended to read as follows:
 - (1) Between January 1, 2007, and December 31, 2007, a member of plan 1 or plan 2 employed as a supreme court justice, court of appeals judge, or superior court judge may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional benefit equal to ((one and one-half)) 1.5 percent of average final compensation for each year of future service credit from the date of the election in lieu of future employee and employer contributions to the judicial retirement account plan under chapter 2.14 RCW.
 - (2) A member who made the election under subsection (1) of this section may apply, at the time of filing a written application for retirement with the department, to the department to increase the member's benefit multiplier by an additional ((one and one-half)) 1.5

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percent per year of service for the period in which the member served as a justice or judge prior to the election. The member may purchase, beginning with the most recent judicial service, the higher benefit multiplier for that portion of the member's prior judicial service for which the higher benefit multiplier was not previously purchased, and that would ensure that the member has no more than a ((seventyfive)) 75 percent of average final compensation benefit. The member shall pay five percent of the salary earned for each month of service for which the higher benefit multiplier is being purchased, plus ((five and one-half)) <u>5.5</u> percent interest applied from the dates that the service was earned. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior to retirement, subject to rules adopted by the department.

(3) From January 1, 2009, through June 30, 2009, the following members may apply to the department to increase their benefit multiplier by an additional ((one and one-half)) 1.5 percent per year of service for the period in which they served as a justice or judge:

- (a) Active members of plan 1 or plan 2 who are not currently employed as a supreme court justice, court of appeals judge, or superior court judge, and who have past service as a supreme court justice, court of appeals judge, or superior court judge; and
- (b) Inactive vested members of plan 1 or plan 2 who have separated, have not yet retired, and who have past service as a supreme court justice, court of appeals judge, or superior court judge.

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

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

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

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- (5) Between January 1, 2026, and April 1, 2026, a member of plan 1 or plan 2 employed as a supreme court commissioner or deputy commissioner or court of appeals commissioner may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional benefit equal to 1.5 percent of average final compensation for each year of future service credit from the date of the election.
- (6) A member who made the election under subsection (5) of this section may apply to the department, at the time of filing a written application for retirement with the department, to increase the member's benefit multiplier by an additional 1.5 percent per year of service for the period in which the member served as a supreme court commissioner or deputy commissioner, or court of appeals commissioner prior to the election. The member may purchase, beginning with the most recent judicial service, the higher benefit multiplier for that portion of the member's prior judicial service for which the higher benefit multiplier was not previously purchased, and that would ensure that the member has no more than a 75 percent of average final compensation benefit. The member shall pay five percent of the salary earned for each month of service for which the higher benefit multiplier is being purchased, plus 5.5 percent interest applied from the dates that the service was earned. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior to retirement, subject to rules adopted by the department.
- (7) (a) From January 1, 2028, through June 30, 2028, the following members may apply to the department to increase their benefit multiplier by an additional 1.5 percent per year of service for the period in which they served as a supreme court commissioner or deputy commissioner or court of appeals commissioner:
- (i) Active members of plan 1 or plan 2 who are not currently employed as a supreme court commissioner or deputy commissioner or

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- court of appeals commissioner, and who have past service as a supreme court commissioner or deputy commissioner or court of appeals commissioner; and
- (ii) Inactive vested members of plan 1 or plan 2 who have separated, have not yet retired, and who have past service as a supreme court commissioner or deputy commissioner or court of appeals commissioner.

- (b) A member eligible under this subsection may purchase the higher benefit multiplier for all or part of the member's prior judicial service beginning with the most recent judicial service. The member shall pay, for the applicable period of service, the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier as determined by the director.
- (8) Subject to rules adopted by the department, a member applying to increase the member's benefit multiplier under this section may pay all or part of the cost with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.
- **Sec. 2.** RCW 41.40.767 and 2006 c 189 s 13 are each amended to 28 read as follows:
 - (1) In lieu of the retirement allowance provided under RCW 41.40.620, the retirement allowance payable for service as a supreme court justice, court of appeals judge, or superior court judge, for those justices or judges who elected to participate under RCW 41.40.124(1), shall be equal to ((three and one-half)) 3.5 percent of average final compensation for each year of service earned after the election. The total retirement benefit accrued or purchased under chapter 189, Laws of 2006 in combination with benefits accrued during periods served prior to the election shall not exceed ((seventy-five)) 75 percent of average final compensation.

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(2) In lieu of the retirement allowance provided under RCW 41.40.620, the retirement allowance payable for service as a supreme court justice, court of appeals judge, or superior court judge, for those justices or judges newly elected or appointed after January 1, 2007, shall be equal to ((three and one-half)) 3.5 percent of average final compensation for each year of service after January 1, 2007. The total retirement benefits accrued under chapter 189, Laws of 2006 in combination with benefits accrued during periods served prior to January 1, 2007, shall not exceed ((seventy-five)) 75 percent of average final compensation.

- (3) The retirement allowance payable for service as a supreme court commissioner or deputy commissioner, or court of appeals commissioner appointed after January 1, 2026, shall be equal to 3.5 percent of average final compensation for each year of service after January 1, 2026. The total retirement benefits accrued under chapter 189, Laws of 2006 in combination with benefits accrued during periods served prior to January 1, 2026, shall not exceed 75 percent of average final compensation.
- **Sec. 3.** RCW 41.40.870 and 2008 c 300 s 3 are each amended to 20 read as follows:
 - (1) Between January 1, 2007, and December 31, 2007, a member of plan 3 employed as a supreme court justice, court of appeals judge, or superior court judge may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional plan 3 defined benefit equal to ((six-tenths)) 0.6 percent of average final compensation for each year of future service credit from the date of the election in lieu of future employer contributions to the judicial retirement account plan under chapter 2.14 RCW.
 - (2) A member who made the election under subsection (1) of this section may apply, at the time of filing a written application for retirement with the department, to the department to increase the member's benefit multiplier by ((six-tenths)) 0.6 percent per year of service for the period in which the member served as a justice or judge prior to the election. The member may purchase, beginning with the most recent judicial service, the higher benefit multiplier for that portion of the member's prior judicial service for which the higher benefit multiplier was not previously purchased, and that would ensure that the member has no more than a ((thirty-seven and

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one-half)) 37.5 percent of average final compensation benefit. The member shall pay (($\frac{\text{two and one-half}}{\text{half}}$)) 2.5 percent of the salary earned for each month of service for which the higher benefit multiplier is being purchased, plus (($\frac{\text{five and one-half}}{\text{half}}$)) 5.5 percent interest applied from the dates that the service was earned. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior retirement, subject to rules adopted by the department.

(3) From January 1, 2009, through June 30, 2009, the following members may apply to the department to increase their benefit multiplier by an additional ((six-tenths)) 0.6 percent per year of service for the period in which they served as a justice or judge:

- (a) Active members of plan 3 who are not currently employed as a supreme court justice, court of appeals judge, or superior court judge, and who have past service as a supreme court justice, court of appeals judge, or superior court judge; and
- (b) Inactive vested members of plan 3 who have separated, have not yet retired, and who have past service as a supreme court justice, court of appeals judge, or superior court judge.

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

- (4) Between January 1, 2026, and April 1, 2026, a member of plan 3 employed as a supreme court commissioner or deputy commissioner, or court of appeals commissioner may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional plan 3 defined benefit equal to 0.6 percent of average final compensation for each year of future service credit from the date of the election.
- (5) A member who made the election under subsection (4) of this section may apply, at the time of filing a written application for retirement with the department, to the department to increase the member's benefit multiplier by 0.6 percent per year of service for the period in which the member served as a supreme court commissioner

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- or deputy commissioner, or court of appeals commissioner prior to the election. The member may purchase, beginning with the most recent judicial service, the higher benefit multiplier for that portion of the member's prior judicial service for which the higher benefit multiplier was not previously purchased, and that would ensure that the member has no more than a 37.5 percent of average final compensation benefit. The member shall pay 2.5 percent of the salary earned for each month of service for which the higher benefit multiplier is being purchased, plus 5.5 percent interest applied from the dates that the service was earned. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior to retirement, subject to rules adopted by the department.
 - (6) (a) From January 1, 2028, through June 30, 2028, the following members may apply to the department to increase their benefit multiplier by an additional 0.6 percent per year of service for the period in which they served as a commissioner:

- (i) Active members of plan 3 who are not currently employed as a supreme court commissioner or deputy commissioner, or court of appeals commissioner, and who have past service as a supreme court commissioner or deputy commissioner, or court of appeals commissioner; and
- (ii) Inactive vested members of plan 3 who have separated, have not yet retired, and who have past service as a supreme court commissioner or deputy commissioner, or court of appeals commissioner.
- (b) A member eligible under this subsection may purchase the higher benefit multiplier for all or part of the member's prior judicial service beginning with the most recent judicial service. The member shall pay, for the applicable period of service, the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier as determined by the director.
- (7) Subject to rules adopted by the department, a member applying to increase the member's benefit multiplier under this section may pay all or part of the cost with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers comply with the

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

 $((\frac{(5)}{)})$ <u>(8)</u> A member who chooses to make the election under subsection (1) <u>or (4)</u> of this section shall contribute a minimum of $((\frac{\text{seven and one-half}}))$ <u>7.5</u> percent of pay to the member's defined contribution account.

Sec. 4. RCW 41.40.877 and 2006 c 189 s 15 are each amended to 12 read as follows:

In lieu of the retirement allowance provided under RCW 41.40.790, the retirement allowance payable for service as a supreme court justice, court of appeals judge, or superior court judge, or supreme court commissioner or deputy commissioner or court of appeals commissioner, for those justices ((er)), judges, or appellate court commissioners who elected to participate under RCW 41.40.870(1), shall be equal to ((ene and six-tenths)) 1.6 percent of average final compensation for each year of service earned after the election. The total retirement benefit accrued or purchased under chapter 189, Laws of 2006 in combination with benefits accrued during periods served prior to the election shall not exceed ((thirty-seven and ene-half)) 37.5 percent of average final compensation.

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