

WAC 415-10-080 If I purchase service credit under RCW 41.50.165, can I receive a refund of my payments? (1) You may receive a refund only after you separate from service and apply for withdrawal of your contributions. Your payments to purchase service credit under RCW 41.50.165(2) qualify as a part of your accumulated contributions. There are additional restrictions for TRS Plan 1, LEOFF Plan 2 and members of the Plan 3 systems as listed in subsections (2), (3), and (4) of this section.

(2) **Restrictions for TRS Plan 1 members.** At the time of retirement, RCW 41.32.498(2) prohibits you from withdrawing payments made to purchase service credit under RCW 41.50.165(2).

(3) **Restrictions for LEOFF Plan 2 members.** Payments made to purchase service credit under RCW 41.50.165(2) and interest on those payments will be refunded at one hundred percent. Those payments will not be included when calculating the one hundred fifty percent refund of contributions under RCW 41.26.540 (1)(b).

(4) **Restrictions for Plan 3 members of TRS, SERS and PERS.** When you apply for service credit under RCW 41.50.165(2), one-half of the amount due will go into your defined benefit plan and one-half will go into your defined contribution plan. As a member of any Plan 3 system, you may apply for a refund of your contributions from the **defined contribution** portion of your account upon separation from employment. Your refund will be based on the market value of your contributions, including earnings and losses, at the time you withdraw. The defined benefit portion will be paid when you are eligible to receive benefits.

Example 1 (Market has gains):

Joe restores 5 years of service credit at a total cost of \$10,000.00. One-half, or \$5,000.00, goes into Joe's defined contribution plan member account, and the other \$5,000.00 goes into the pension trust fund for his defined benefit plan. Joe separates two years later and applies for the withdrawal of his defined contribution account. While Joe was in service the market experienced gains. The value of Joe's defined contribution account is now \$6,000.00. Joe receives \$6,000.00 (minus applicable taxes and penalties). The defined benefit portion is not refundable but Joe will receive a one percent defined benefit allowance when he is eligible.

Example 2 (Market has losses):

Joe restores 5 years of service credit at a total cost of \$10,000.00. One-half, or \$5,000.00, goes into Joe's defined contribution plan member account, and the other \$5,000.00 goes into the pension trust fund for his defined benefit plan. Joe separates two years later and applies for the withdrawal of his defined contribution account. While Joe was in service the market suffered a loss. The value of Joe's defined contribution account is now \$4,000.00. Joe receives \$4,000.00 (minus applicable taxes and penalties). The defined benefit portion is not refundable but Joe will receive a one percent defined benefit allowance when he is eligible.

[Statutory Authority: RCW 41.50.050(5), 41.26.540, 41.32.498, 41.40.730, 41.40.830, 41.50.160, 41.50.165, 41.50.175. WSR 02-03-120, § 415-10-080, filed 1/23/02, effective 3/1/02. Statutory Authority: Chapter 41.50 RCW. WSR 00-22-049, § 415-10-080, filed 10/27/00, effective 11/27/00. Statutory Authority: RCW 41.50.050 and 41.50.165. WSR 97-01-014, § 415-10-080, filed 12/6/96, effective 1/6/97.]