

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1264

60th Legislature
2007 Regular Session

Passed by the House February 23, 2007
Yeas 94 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 12, 2007
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1264** 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**

SUBSTITUTE HOUSE BILL 1264

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, B. Sullivan, Kenney, Ericks, Haigh, Ormsby, Simpson and Moeller; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board)

READ FIRST TIME 02/01/07.

1 AN ACT Relating to the portability of public retirement benefits;
2 and amending RCW 41.54.010, 41.54.030, and 41.54.070.

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

4 **Sec. 1.** RCW 41.54.010 and 2004 c 242 s 58 are each amended to read
5 as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Base salary" means salaries or wages earned by a member of a
9 system during a payroll period for personal services and includes wages
10 and salaries deferred under provisions of the United States internal
11 revenue code, but shall exclude overtime payments, nonmoney maintenance
12 compensation, and lump sum payments for deferred annual sick leave,
13 unused accumulated vacation, unused accumulated annual leave, any form
14 of severance pay, any bonus for voluntary retirement, any other form of
15 leave, or any similar lump sum payment; except that forms of payment
16 which are excluded under this subsection shall be included in base
17 salary when reportable to the department in all of a dual member's
18 retirement systems, and when none of the dual member's retirement
19 systems are the Washington state patrol retirement system.

1 (2) "Department" means the department of retirement systems.

2 (3) "Director" means the director of the department of retirement
3 systems.

4 (4) "Dual member" means a person who (a) is or becomes a member of
5 a system on or after July 1, 1988, (b) has been a member of one or more
6 other systems, and (c) has never been retired for service from a
7 retirement system and is not receiving a disability retirement or
8 disability leave benefit from any retirement system listed in RCW
9 41.50.030 or subsection (6) of this section.

10 (5) "Service" means the same as it may be defined in each
11 respective system. For the purposes of RCW 41.54.030, military service
12 granted under RCW 41.40.170(3) or 43.43.260 may only be based on
13 service accrued under chapter 41.40 or 43.43 RCW, respectively.

14 (6) "System" means the retirement systems established under
15 chapters 41.32, 41.40, 41.44, 41.35, 41.37, and 43.43 RCW; plan 2 of
16 the system established under chapter 41.26 RCW; and the city employee
17 retirement systems for Seattle, Tacoma, and Spokane.

18 **Sec. 2.** RCW 41.54.030 and 2003 c 294 s 13 are each amended to read
19 as follows:

20 (1) A dual member may combine service in all systems for the
21 purpose of:

22 (a) Determining the member's eligibility to receive a service
23 retirement allowance; and

24 (b) Qualifying for a benefit under RCW 41.26.530(2), 41.32.840(2),
25 41.35.620, or 41.40.790.

26 (2) A dual member who is eligible to retire under any system may
27 elect to retire from all the member's systems and to receive service
28 retirement allowances calculated as provided in this section. Each
29 system shall calculate the allowance using its own criteria except that
30 the member shall be allowed to substitute the member's base salary from
31 any system as the compensation used in calculating the allowance.

32 (3) The service retirement allowances from a system which, but for
33 this section, would not be allowed to be paid at this date based on the
34 dual member's age may be received immediately or deferred to a later
35 date. The allowances shall be actuarially adjusted from the earliest
36 age upon which the combined service would have made such dual member
37 eligible in that system.

1 (4) The service retirement eligibility requirements of RCW
2 41.40.180 shall apply to any dual member whose prior system is plan 1
3 of the public employees' retirement system established under chapter
4 41.40 RCW.

5 **Sec. 3.** RCW 41.54.070 and 1996 c 55 s 6 are each amended to read
6 as follows:

7 (1) The benefit granted by this chapter shall not result in a total
8 benefit less than would have been received absent such benefit.

9 (2) The total sum of the retirement allowances received under this
10 chapter shall not exceed the largest amount the dual member would
11 receive if all the service had been rendered in any one system. When
12 calculating the maximum benefit a dual member would receive: ~~((1))~~

13 (a) Military service granted under RCW 41.40.170(3) or 43.43.260 shall
14 be based only on service accrued under chapter 41.40 or 43.43 RCW,
15 respectively; and ~~((2))~~ (b) the calculation shall be made assuming
16 that the dual member did not defer any allowances pursuant to RCW
17 41.54.030(3). When a dual member's combined retirement allowances
18 would exceed the limitation imposed by this ~~(section)~~ subsection, the
19 allowances shall be reduced by the systems on a proportional basis,
20 according to service. The limitation imposed by this subsection shall
21 not apply to a dual member with:

22 (i) Less than fifteen years of service credit in a plan with a
23 retirement benefit cap as defined by the department; and

24 (ii) Service credit in a plan with no retirement benefit cap.

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