Chapter 415-110 WAC
SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Last Update: 4/13/26

WAC

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415-110-0103 Project position—Definition. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-0103, filed 12/12/00, effective 1/12/01.] Repealed by WSR 02-18-046, filed 8/28/02, effective 9/30/02. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW.

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415-110-0108 Year—Definition. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-0108, filed 12/12/00, effective 1/12/01.] Repealed by WSR 02-18-046, filed 8/28/02, effective 9/30/02. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW.

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415-110-0110 Reportable compensation—Definition. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-0110, filed 12/12/00, effective 1/12/01.] Repealed by WSR 02-18-046, filed 8/28/02, effective 9/30/02. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW.

415-110-0111 Annual leave—Definition. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-0111, filed 12/12/00, effective 1/12/01.] Repealed by WSR 02-18-046, filed 8/28/02, effective 9/30/02. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW.

415-110-050 How does the department comply with Internal Revenue Code distribution rules? [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. WSR 02-14-009, § 415-110-050, filed 6/20/02, effective 7/21/02.] Repealed by WSR 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

415-110-060 What are the IRS limitations on maximum benefits and maximum contributions? [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. WSR 02-14-009, § 415-110-060, filed 6/20/02, effective 7/21/02.] Repealed by WSR 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

415-110-070 Assets for exclusive benefit of members and beneficiaries. [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. WSR 02-14-009, § 415-110-070, filed 6/20/02, effective 7/21/02.] Repealed by WSR 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

415-110-320 Determining SERS Plan 3 defined benefit retirement eligibility. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-320, filed 12/12/00, effective 1/12/01.] Repealed by WSR 06-15-071, filed 7/13/06, effective 8/13/06. Statutory Authority: RCW 41.50.050(5) and 41.35.680.

415-110-324 Married member's benefit selection—Spousal consent required. [Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-324, filed 12/12/00, effective 1/12/01.] Repealed by WSR 20-06-040, filed 2/27/20, effective 3/29/20. Statutory Authority: RCW 41.50.050.

415-110-326 Retirement benefit options. [Statutory Authority: RCW 41.50.050(5), 41.26.460, 41.32.530, 41.32.785, 41.32.851, 41.35.220, 41.40.188, 41.40.660, 41.40.845. WSR 01-10-045, § 415-110-326, filed 4/26/01, effective 6/1/01. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-326, filed 12/12/00, effective 1/12/01.] Repealed by WSR 05-23-062, filed 11/14/05, effective 12/15/05. Statutory Authority: RCW 41.50.050(5).

415-110-605 Do I qualify for retirement from Plan 3? [Statutory Authority: RCW 41.50.050(5) and 41.35.680. WSR 06-15-071, § 415-110-605, filed 7/13/06, effective 8/13/06.] Repealed by WSR 13-08-055, filed 3/29/13, effective 5/1/13. Statutory Authority: RCW 41.50.050(5).

415-110-690 How is my eligibility evaluated? [Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-690, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-690, filed 12/12/00, effective 1/12/01.] Repealed by WSR 05-22-108, filed 11/2/05, effective 12/3/05. Statutory Authority: RCW 41.50.050(5), 41.35.020, and 41.35.010(2). Later promulgation, see WAC 415-110-115.

DEFINITIONS

WAC 415-110-010 Definitions. All definitions in RCW 41.35.010 and WAC 415-02-030 apply to terms used in this chapter. Other terms

relevant to the administration of chapter 41.35 RCW are defined in this chapter.

(1) **Annual leave** means leave provided by an employer for the purpose of taking regularly scheduled work time off with pay. Annual leave does not include leave for illness, personal business if in addition to and different than vacation leave, or other paid time off from work. However, if an employer authorizes only one type of leave to provide paid leave for vacation and illness as well as any other excused absence from work, such leave will be considered annual leave for purposes of RCW 41.50.150.

(2) **Normally** as used in the definition of eligible position under RCW 41.35.010 means a position is eligible if it is expected to require at least five months of 70 or more hours of compensated service each month during each of two consecutive years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two-year period.

(3) **Project position** means a position, established by an employer, that has a specific goal and end date.

(4) **Report** means an employer's reporting of an employee's hours of service, compensation and contributions to the department on the monthly transmittal report.

(5) **Reportable compensation** means compensation earnable as that term is defined in RCW 41.35.010.

(6) **System acronyms** used in this chapter are defined as follows:

(a) "PERS" means the public employees' retirement system.

(b) "SERS" means the school employees' retirement system.

(c) "TRS" means the teachers' retirement system.

(7) **Year** means any 12 consecutive month period established and applied consistently by an employer to evaluate the eligibility of a specific position. The term may include, but is not limited to, a school year, calendar year, or fiscal year.

Example: An employer has used the 12 consecutive month period from September 1st to August 31st to evaluate the eligibility of positions. When the employer hires a new employee to fill an existing position, the employer must continue to use the September 1st through August 31st period to define a year for the position.

Example: If the same employer in the above example hires a person to work in a project position beginning in November, the employer will use the 12-month period beginning in November to evaluate the eligibility of the new position. The employer must consistently apply this 12-month period to evaluate the eligibility of this position.

(8) **School year** for Plan 2 and 3 members means the 12-month period from September 1st of one year to August 31st of the following year.

(9) **Substitute employee** includes any classified employee who is employed as a substitute for an absent employee or working in an ineligible position.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-010, filed 6/13/22, effective 7/14/22. Statutory Authority: RCW 41.50.050(5), 41.35.010, 41.35.030, 41.35.033. WSR 04-04-041, §

415-110-010, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-010, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-010, filed 12/12/00, effective 1/12/01.]

ADMINISTRATION

WAC 415-110-020 Public records. See chapter 415-06 WAC.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-020, filed 12/12/00, effective 1/12/01.]

WAC 415-110-030 Statewide cities retirement system. Pursuant to RCW 41.35.130, the statutes and rules applying to the school employees' retirement system and the department of retirement systems (as provided in chapters 41.35 and 41.50 RCW and Title 415 WAC) govern the administration and operation of the former statewide cities retirement system.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-030, filed 12/12/00, effective 1/12/01.]

WAC 415-110-040 Appeals—Disability cases. Appeals will be governed by the provisions of chapter 415-08 WAC as now existing or hereafter amended.

Any person aggrieved by any final decision must, before he/she appeals to a superior court, file a notice of appeal with the director personally or by mail, within sixty days from the date such decision was communicated to such person. The notice of appeal must contain the information required by WAC 415-08-020 as now existing or hereafter amended.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-040, filed 12/12/00, effective 1/12/01.]

WAC 415-110-115 How is a position determined eligible? (1) A position is eligible if it meets the criteria of an eligible position under RCW 41.35.010.

(2) Your employer will evaluate your position's eligibility for a particular year at the beginning of the year unless you are working as an on-call substitute.

(3) Your employer may reclassify a position's eligibility based upon its work history.

(a) If your employer declares a position to be ineligible at the beginning of a year, and by the end of the year it has actually required five or more months of seventy or more hours of compensated service, your employer will review the position's eligibility. If at the end of the first year:

(i) Your employer believes the position meets the requirements for an eligible position and declares the position as eligible, your

employer will report your hours and compensation to the department effective prospectively from the date your employer makes the determination that the position is eligible; or

(ii) Your employer believes that the position will not meet the criteria for an eligible position during the next year, your employer may continue to define it as ineligible. However, if during the next year, the position actually requires five or more months of seventy or more hours of compensated service, your employer will declare the position as eligible. Once the position is reclassified as eligible, your employer will report your hours and compensation to the department retroactively from the first month of the first year that the position required seventy or more hours of compensated service.

(b) If the position has been classified as eligible, but does not require five or more months of seventy or more hours of compensated service during at least one year in any two-year period, your employer will reclassify it as ineligible.

(4) The department may reclassify a position's eligibility if the history of the position shows it has required five or more months of seventy or more hours of compensated service for a period of two consecutive years. Once the position is reclassified as eligible, your employer will report your hours and compensation to the department retroactively from the first month of the first year that the position required seventy or more hours of compensated service.

[Statutory Authority: RCW 41.50.050(5), 41.35.020, and 41.35.010(2). WSR 05-22-108, § 415-110-115, filed 11/2/05, effective 12/3/05.]

BENEFIT OPTIONS

WAC 415-110-315 How do I designate a beneficiary, and who will receive a distribution if I die before retirement? (1) If you die before retirement, the following statutes govern any distribution from your account:

(a) RCW 41.35.460 for Plan 2 members;

(b) RCW 41.35.710 for Plan 3 members' defined benefits; and

(c) RCW 41.34.070 for Plan 3 members' defined contributions. See example three.

(2) You may designate or change a beneficiary by submitting a *beneficiary designation form* to the department. Your designation will become effective upon the department's receipt of the form, only if it is completed properly and signed by you. Strict compliance with these provisions is required.

(3) You may name one or more of the following as a beneficiary or beneficiaries:

(a) An organization or person, including unborn or later adopted children. However, unborn or later adopted children must be specifically designated as beneficiaries on the form. You must indicate the date of birth for any living person you name as a beneficiary.

(b) Your estate.

(c) An existing trust, or a trust to be established at a later date or under your last will. If you designate a trust that is not in existence at the time of your death, or is not created under your last will, the designation will be invalid. Before making a distribution to any trust, the department must receive:

(i) A copy of the entire trust document;

(ii) The name, address, and telephone number of the current trustee; and

(iii) The tax identification number.

(4) You may name contingent beneficiaries in addition to primary beneficiaries.

(5) You may change your beneficiary designation at any time.

(6) A change in marital status may invalidate your prior designation.

(7) If your surviving spouse is eligible to receive a benefit under RCW 41.35.460(2) (Plan 2), but your spouse dies before requesting a distribution, your minor children and your spouse's minor children may elect to receive either:

(a) Your accumulated contributions; or

(b) A monthly benefit, share and share alike, until each child reaches the age of majority. See example four.

(8) For Plan 3 members, if you were eligible but had not applied for a service retirement or had completed enough service to be eligible for a service retirement at the time of your death, your surviving spouse, or your minor children or your spouse's minor children, if your spouse is deceased, is eligible to receive a defined benefit under RCW 41.35.710.

Examples:

EXAMPLE ONE.

Facts

John, a member, completes a beneficiary designation form.

In the place on the form reserved for persons, he names his daughter Ann. He checks the box to indicate that Ann is a primary beneficiary.

In the place on the form reserved for trust/organizational beneficiaries, he lists the "Barbara Trust." His daughter Barbara is the trust beneficiary. He checks the box to indicate that the trust is a primary beneficiary.

Result

At John's death, Ann and the Barbara Trust are the primary beneficiaries. The department will require the name of the trustee, the tax identification number, a copy of the entire trust and other information specified in this rule before distribution to the trust. Distribution is governed by RCW 41.35.460 for Plan 2 members, and RCW 41.34.070 for Plan 3 members.

EXAMPLE TWO.

Facts

John, a member, completes a beneficiary designation form.

In the place on the form reserved for persons, he names his daughter Ann. He checks the box to indicate that Ann is a primary beneficiary.

In the place on the form reserved for trust/organizational beneficiaries, he lists his daughter Barbara personally; i.e., no trust name is provided. John checks the corresponding box to indicate a primary beneficiary designation. At John's death, the department learns that John has created no trusts.

Result

Because John has created no trust, the designation of the Barbara Trust is void. Barbara, personally, will not be a beneficiary.

EXAMPLE THREE.

Facts

When she became a SERS Plan 2 member, Joan named her mother as her beneficiary. Joan later married, but did not file a new beneficiary form before she died with eleven years of service.

Result

Unless required to do otherwise by a court order, the department will comply with RCW 41.35.460(2) and pay Joan's surviving spouse either a retirement allowance or lump sum. In this case, Joan's mother will not receive a distribution.

EXAMPLE FOUR.

Facts

John is a SERS Plan 2 member with eleven years of service. He and his wife Mary have a total of three minor children. They have one child together, and each has one child from a previous marriage.

John and Mary were in a skydiving accident. John died instantly making Mary eligible for a benefit under RCW 41.35.460(2). However, Mary died the following week before requesting a distribution from the department.

Result

Since Mary died before requesting a distribution of John's account, John and Mary's three minor children are eligible and opt to receive a monthly benefit, share and share alike, until each child reaches the age of majority.

[Statutory Authority: RCW 41.50.050(5). WSR 14-06-056, § 415-110-315, filed 2/27/14, effective 3/30/14; WSR 05-12-041, § 415-110-315, filed 5/25/05, effective 6/25/05. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-315, filed 12/12/00, effective 1/12/01.]

WAC 415-110-340 Actuarial factors and schedules. See chapter 415-02 WAC starting with WAC 415-02-300 for information on how the department uses actuarial factors and schedules to calculate optional retirement allowances of members of the Washington state school employees' retirement system.

[Statutory Authority: RCW 41.50.050(5). WSR 13-18-034, § 415-110-340, filed 8/28/13, effective 10/1/13. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW. WSR 02-18-048, § 415-110-340, filed 8/28/02, effective 9/1/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-340, filed 12/12/00, effective 1/12/01.]

WAC 415-110-400 Retirement allowance deduction for payment of insurance premiums. (1) **Definitions.** Unless a different meaning is plainly required by the context:

(a) "Group life insurance policy or plan" means a contract of group life insurance issued by an insurance carrier authorized to do business in the state of Washington which meets one of the group requirements set forth in chapter 48.24 RCW;

(b) "Group disability insurance policy or plan" means a group disability insurance contract issued by an insurance carrier authorized to do business in the state of Washington which meets the requirements of chapter 48.21 RCW, and the term shall also include a group health care service contract as issued pursuant to, and regulated by, the provisions of chapter 48.40 RCW.

(2) **Scope.** Any beneficiary of a retirement allowance payable for service or disability under the provisions of chapter 41.35 RCW may authorize the director to deduct from his or her retirement allowance, on a monthly basis only, the premiums on any group life or disability insurance policy or plan currently covering the beneficiary, issued to the employer by which the retiree was employed prior to retirement. The department and the director are not and will not be liable for any failure to make such deduction payments on time or in the proper amount.

(3) **Procedure.** Any beneficiary, who desires to authorize a retirement allowance deduction as provided by this section, shall notify the department of his or her intention in writing at least thirty days prior to the date that the first deduction is to be made and shall file with the department a formal authorization on such form as may be provided by the department.

(4) **Revocability.** You must submit to the department an express written statement of revocation to revoke an authorization for a retirement allowance deduction for payment of insurance premiums under this section. Such a revocation shall be applicable to the first retirement allowance deduction which would otherwise be made at the end of the calendar month following the month in which the statement of revocation is filed.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-400, filed 12/12/00, effective 1/12/01.]

WAC 415-110-436 SERS Plans 2 and 3 disability benefits. This section covers disability benefits provided for in RCW 41.35.440 and 41.35.690 for members of SERS Plans 2 and 3. Disability provisions are designed primarily to provide an income to members who have been forced to leave the workforce because of an incapacitating disability. This section applies equally to on- or off-the-job injuries and/or illnesses. Members may also be eligible for benefits from the Washington state departments of labor and industries (workers' compensation benefits) and social and health services, the U.S. Social Security Administration, employers, disability insurers, and others. Please contact these organizations directly for more information.

(1) **Am I eligible for disability benefits?** You are eligible for a disability allowance if, at the time of your separation from employment, you are totally incapacitated to perform the duties of your job or any other position for a SERS employer for which you are qualified by training or experience. Objective medical evidence is required to establish total incapacitation. Vocational and/or occupational evidence may be required at the discretion of the department.

(2) **If eligible, what will I receive as my monthly disability benefits under the standard option?**

(a) If you are a Plan 2 member, you will receive two percent times average final compensation (AFC) times service credit years, permanently actuarially reduced to reflect the difference in the number of years between your age when you separate for disability and age 65. See WAC 415-02-320 for more information on early retirement.

(b) If you are a Plan 3 member, you will receive a defined benefit of one percent times average final compensation times service credit years, permanently actuarially reduced to reflect the difference in the number of years between your age when you separate for disability and age 65. See WAC 415-02-320 for more information on early retirement.

(c) The degree of your disability or impairment will not impact the amount of your disability benefit.

(3) **May I choose a benefit option that provides a monthly allowance to my survivor beneficiary?** You may choose to have your benefit paid according to any of the benefit options described in WAC 415-110-326. If you choose an option with a survivor benefit, your monthly benefit will be reduced to offset the cost of the survivor option.

(4) **How do I apply?**

(a) You or your representative must contact the department to request an application. The three-part application must be completed by the proper persons and returned to the department.

(i) **Part 1:** Disability retirement application. You must complete and sign the application. If you are married, your spouse's consent may be required as described in WAC 415-110-610.

(ii) **Part 2:** Employer's statement and report. Your employer must complete, sign and return directly to the department.

(iii) **Part 3:** Medical report. You must complete section one. Your physician must complete the remainder of the form, attach supporting documentation, sign and return directly to the department. You are responsible for all medical expenses related to your application for benefits.

(b) When the department receives part 1 of your application, you are considered to be an applicant for disability benefits. However, your eligibility will not be determined until the department receives all three parts of the application.

(5) **What is the time limit for filing an application for disability benefits?** There is no time limit for applying for benefits. However, if you have separated from employment, your application must be based on your condition at the time of separation.

(6) **If I am eligible to retire, may I still apply for disability benefits?** Yes, however, there will be no difference in the dollar amount of your benefit.

(7) **Once my application is approved, when will my benefit begin?**

(a) You will start accruing disability benefits the first day of the calendar month immediately following your separation from employment. If you are continuing to earn service credit while on paid leave or through programs such as shared leave, you are not considered to be separated from employment.

(b) Your first benefit payment will include all retroactive benefits to which you are entitled.

(c) Department approval will expire 90 days after the approval date if you have not officially separated from SERS employment.

(i) If you are continuing to perform the duties of your position or another SERS position, you may reapply for disability benefits according to subsection (4) of this section if your condition worsens.

(ii) If you are on leave, the department may reinstate approval upon your request and your employer's verification of your leave status.

(8) **What are my options if my application is denied?**

(a) You may submit additional information that shows you were totally incapacitated at the time of your separation from employment.

(b) If you continue to work in a SERS position, you may reapply for disability benefits at a later time if your condition worsens.

(c) You may petition for review of the department's decision according to the provisions of chapter 415-04 WAC.

(9) **What information must be provided to the department if I am receiving disability benefits?**

(a) You and your doctor must report any improvement in your condition; and

(b) You must report the name of your employer and monthly salary if you resume employment, regardless of the number of hours you work.

(10) **How long will my disability benefits last?** You may receive benefits throughout your lifetime, subject to the provisions of subsection (15) of this section.

(11) **Are my disability benefits taxable?** You should consult with your tax advisor regarding all questions of federal or state income, payroll, personal property or other tax consequences regarding any payments you receive from the department. The department does not:

(a) Guarantee that payments should or should not be designated as exempt from federal income tax;

(b) Guarantee that it was correct in withholding or not withholding taxes from disability payments;

(c) Represent or guarantee that any particular federal or state income, payroll, personal property or other tax consequence will occur because of its nontaxable determination; or

(d) Assume any liability for your compliance with the Internal Revenue Code.

(12) **Are disability benefits subject to court or administrative orders?** Your benefits may be subject to orders for spousal maintenance, child support, property division, or any other administrative or court order expressly authorized by federal law. For more information, see RCW 41.35.100(3) or contact the department.

(13) **Am I eligible for disability benefits if my disability is the result of my criminal conduct committed after April 21, 1997?** No. For more information, see RCW 41.35.110.

(14) **How is my disability benefit affected if I am a member of more than one retirement system?** If you are a member of more than one retirement system, your benefit is governed by portability law (see chapters 41.54 RCW and 415-113 WAC). You may apply for disability only from your active system. However, if you qualify for a disability benefit from your active system, you will also be eligible for a service retirement calculated under the laws governing the inactive system.

(15) **Is it possible to lose my disability benefits after I begin receiving them?**

(a) The department may, at its expense, require comprehensive medical examinations to reevaluate your eligibility for disability benefits. You will no longer be eligible to receive disability benefits if both of the following apply:

(i) Medical evidence indicates you have recovered from the disability for which the department granted your disability benefits; and

(ii) You have been offered reemployment by an employer, as defined in RCW 41.35.010, at a comparable compensation.

(b) If you return to employment and reenter SERS membership, your benefits will cease.

(16) **If I take my disability benefit in a lump sum and return to work, may I restore my service credit?** Yes, you may restore your service credit if you take a lump sum benefit and return to SERS membership at a later date.

(a) You may restore your service credit within two years of reentering membership or prior to retirement, whichever comes first. You must pay back the lump sum amount you received, minus the monthly amount for which you were eligible, plus interest as determined by the director.

(b) If you restore your service after two years, you will have to pay the actuarial value of the resulting increase in your future retirement benefit. See RCW 41.50.165.

(c) The provisions for restoring service credit vary according to retirement plan.

(i) If you are a member of SERS Plan 2, see RCW 41.35.410.

(ii) If you are a member of SERS Plan 3, see RCW 41.35.670.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-436, filed 6/13/22, effective 7/14/22; WSR 20-06-040, § 415-110-436, filed 2/27/20, effective 3/29/20. Statutory Authority: RCW 41.50.050(5). WSR 13-18-034, § 415-110-436, filed 8/28/13, effective 10/1/13. Statutory Authority: RCW 41.50.050(5), 41.35.020, 41.35.440, and 41.35.690. WSR 05-19-014, § 415-110-436, filed 9/9/05, effective 10/10/05.]

REPORTABLE COMPENSATION

WAC 415-110-441 Purpose and scope of compensation earnable rules. WAC 415-110-443 through 415-110-488 codify the department's existing interpretation of statutes and existing administrative practice regarding classification of payments as compensation earnable in SERS Plan 2 and SERS Plan 3. The department has applied and will apply these rules to determine the proper characterization of payments occurring prior to the effective dates of these sections.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-441, filed 12/12/00, effective 1/12/01.]

WAC 415-110-443 SERS reportable compensation table. The following table will help you determine whether certain types of payments are reportable compensation under SERS Plan 2 or 3. Be sure to read the referenced rule to ensure that you have correctly identified the payment in question. The department determines reportable compensation based upon the nature of the payment, not the name applied to it. See WAC 415-110-445.

Type of Payment	SERS Plan 2 and Plan 3 Reportable Compensation?
Annual Leave Cash Outs	No - WAC 415-110-456
Assault Pay	No - WAC 415-110-468
Base Rate	Yes - WAC 415-110-451

Type of Payment	SERS Plan 2 and Plan 3 Reportable Compensation?
Car Allowances	No - WAC 415-110-485
Cafeteria Plans	Yes - WAC 415-110-455
Deferred Wages	Yes - WAC 415-110-459
Disability Payments	No - WAC 415-110-477
Disability Retirees	No - RCW 41.35.440/ RCW 41.35.690 (until requirements are met)
Disability: Salary lost while on disability leave	Yes - WAC 415-110-468 RCW 41.35.070
Employer Provided Vehicle	No - WAC 415-110-480
Employer Contributions	No - WAC 415-110-459
Fringe Benefits, including insurance	No - WAC 415-110-475
Illegal Payments	No - WAC 415-110-482
Legislative Leave	Yes - WAC 415-110-464
Longevity/Education Attainment Pay	Yes - WAC 415-110-451
Nonmoney Maintenance	No - WAC 415-110-470
Optional Payments	No - WAC 415-110-483
Payments in Lieu of Excluded Items	No - WAC 415-110-463
Performance Bonuses	Yes - WAC 415-110-453
Retroactive Salary Increase	Yes - WAC 415-110-457
Reimbursements	No - WAC 415-110-484
Reinstatement Payments	Yes - WAC 415-110-467
Retirement or Termination Bonuses	No - WAC 415-110-487
Severance Pay - Earned Over Time	No - WAC 415-110-458
Severance Pay - Not Earned Over Time	No - WAC 415-110-488
Shared Leave - School/ ESD Employees	Yes - WAC 415-110-468
Sick Leave Cash Outs - School/ESD Employees	No - WAC 415-110-456
Standby Pay	Yes - WAC 415-110-469
Time Off With Pay	Yes - WAC 415-110-456 WAC 415-110-465
Union Leave	Yes - WAC 415-110-466[1/]
Workers' Compensation	No - WAC 415-110-479

1/ Only specific types of union leave are reportable. See WAC 415-110-466.

[Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 03-06-042, § 415-110-443, filed 2/27/03, effective 4/1/03. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-443, filed 12/12/00, effective 1/12/01.]

WAC 415-110-445 What compensation can be reported? In order for payments to be subject to retirement system contributions and included in the calculation of a member's retirement benefit, those payments must meet the definition of compensation earnable in RCW 41.35.010.

(1) **Payments for personal services rendered.** To determine whether a payment meets this definition and can be reported, ask the following questions:

(a) Was the payment earned as a salary or wage for personal services rendered during a fiscal year? If the answer is no, the payment is not reportable. If the answer is yes, ask question (b).

(b) Was the payment paid by an employer to an employee? If the answer is no, the payment is not reportable. If the answer is yes, report the payment.

(2) **Payments included that are not for personal services rendered.** The legislature has included certain specific payments within the definition of compensation earnable even though those payments are not for personal services rendered by the employee to the employer. (See WAC 415-110-464 through 415-110-469.)

(3) **Reportable compensation is earned when the service is rendered, rather than when payment is made.**

Example: If a member works during September but does not receive payment for the work until October, the reportable compensation was earned during September and must be reported to the department as September earnings.

(4) **Salary characterizations are based upon the nature of the payment.** A payment is reportable compensation if it meets the criteria of subsection (1) or (2) of this section. The name given to the payment or the document authorizing it is not controlling in determining whether the payment is reportable compensation. The department determines whether a payment is reportable compensation by considering:

(a) What the payment is for; and

(b) Whether the reason for the payment brings it within the statutory definition of compensation earnable.

Example: A payment conditioned upon retirement is not reportable compensation. Attaching the label "longevity" to the payment does not change the fact that the payment is conditioned on retirement. Such a payment is not for services rendered and will not be counted as reportable compensation despite being identified by the employer as a longevity payment.

(5) **Differences in reportable compensation between plans.** WAC 415-110-445 through 415-110-488 define reportable compensation for each of the two SERS plans. The characterization of payments as reportable compensation or not reportable compensation in WAC 415-110-455 through 415-110-488 is the same for both SERS Plan 2 and SERS Plan 3.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-445, filed 12/12/00, effective 1/12/01.]

WAC 415-110-451 Salary or wages. Most employees receive a base rate of salary or wages expressed as an hourly or monthly rate of pay. This payment is for services rendered and qualifies as reportable compensation. Two possible components of an employee's base rate are salary considerations based on longevity or educational attainment.

(1) A member who receives a salary increase based upon longevity or educational attainment receives a higher salary without working more hours. The higher salary indicates a higher level of performance due to greater experience or more education. The payment is therefore a payment for personal service and is reportable compensation.

(2) Simply attaching the label "longevity" to a payment does not guarantee that it will be reportable compensation. If a payment described as a longevity payment is actually based upon some other criteria, such as retirement or notification of intent to retire, the payment may not be reportable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-451, filed 12/12/00, effective 1/12/01.]

WAC 415-110-453 Performance bonuses. Bonuses that are based upon meeting certain performance goals are earned for services rendered and are reportable compensation. If a bonus was earned over a specified period of time, it should be prorated for reporting purposes.

Example: An employer pays each employee in the work group an additional $100 if the work group had no work related accidents in the preceding year. Remaining accident free is a performance goal. Therefore, the payment is for services rendered and qualifies as reportable compensation. The bonus should be prorated over each of the preceding twelve months during which it was earned.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-453, filed 12/12/00, effective 1/12/01.]

WAC 415-110-455 Cafeteria plans. Compensation received in any form under the provisions of a "cafeteria plan," "flexible benefits plan," or similar arrangement pursuant to section 125 of the United States Internal Revenue Code is reportable compensation if the employee has an absolute right to receive cash in lieu of the fringe benefits offered. In such an instance, the fringe benefits are being provided in lieu of cash and are considered reportable compensation, just as the cash would be. If there is no cash option, the value of the fringe benefit is not a salary or wage and is not reportable compensation, see WAC 415-110-475.

[Statutory Authority: RCW 41.50.[0]50. WSR 25-09-022, s 415-110-455, filed 4/7/25, effective 5/8/25. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-455, filed 12/12/00, effective 1/12/01.]

WAC 415-110-456 Leave payments earned over time. (1) **Sick and annual leave usage.** Sick leave and annual leave is accumulated over time and paid to a person during a period of excused absence. Leave accrues at a prescribed rate, usually a certain number of hours per month. The employee earns a leave day by rendering service during the month the leave accrued. When the employee uses his or her accrued leave by taking a scheduled work day off with pay, the payment is de-

ferred compensation for services previously rendered. The payment is a salary or wage earned for services rendered and is reportable.

(2) **Annual leave cash outs.** Annual leave cash outs are not reportable compensation for SERS Plan 2 and SERS Plan 3 members. Although annual leave cash outs, like payments for leave usage, are deferred compensation earned for services previously rendered, they are excluded from the definition of compensation earnable by statute, see RCW 41.35.010.

(3) **Sick leave cash outs.** Sick leave cash outs are excluded from the definition of compensation earnable for SERS Plan 2 and SERS Plan 3 members by statute.

Sick leave cash outs are excluded from reportable compensation for:

(i) School district employees by RCW 28A.400.210; and

(ii) Educational service district employees by RCW 28A.310.490. See RCW 41.35.010.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-456, filed 6/13/22, effective 7/14/22. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-456, filed 12/12/00, effective 1/12/01.]

WAC 415-110-457 Retroactive salary increases. A retroactive salary payment to an employee who worked during the covered period is a payment of additional salary for services already rendered.

Note: A retroactive salary increase is not the same as a retroactive payment upon reinstatement or in lieu of reinstatement of a terminated or suspended employee. For treatment of back payments for periods where services were not rendered, see WAC 415-110-467.

(1) To qualify as reportable compensation under this section, the payment must be a bona fide retroactive salary increase. To ensure that is the case, the retroactive payment must be made pursuant to:

(a) An order or conciliation agreement of a court or administrative agency charged with enforcing federal, state, or local statutes, ordinances, or regulations protecting employment rights;

(b) A bona fide settlement of such a claim before a court or administrative agency;

(c) A collective bargaining agreement; or

(d) Action by the personnel resources board which expressly states the payments are retroactive.

(2) The payments will be deemed earned in the period in which the work was done.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-457, filed 12/12/00, effective 1/12/01.]

WAC 415-110-458 Severance pay earned over time. All forms of severance pay are excluded from earnable compensation and are not reportable for Plan 2 or Plan 3 by RCW 41.35.010.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-458, filed 6/13/22, effective 7/14/22. Statutory Authority: Chapters 41.32,

41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-458, filed 12/12/00, effective 1/12/01.]

WAC 415-110-459 Payroll deductions. Salary or wages for services rendered that are withheld from a member's pay still qualify as reportable compensation.

(1) **Retirement contributions.** Payments deducted from employee compensation for employee retirement contributions are reportable. Employer contributions are a fringe benefit and are not reportable, see WAC 415-110-475.

(2) **Tax withholding.** Payments withheld to satisfy federal tax obligations qualify as reportable compensation.

(3) **Voluntary deductions.** Payments deducted voluntarily, such as I.R.C. section 457 plan contributions or other authorized deductions, are reportable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-459, filed 12/12/00, effective 1/12/01.]

WAC 415-110-463 Payments not for services rendered. In general, payments cannot be reported to the retirement system unless they are for services rendered. However, the legislature has identified some types of compensation which are reportable even though they are not for services rendered.

(1) WAC 415-110-464 through 415-110-469 discuss all payments that are not for services rendered that nonetheless qualify as reportable compensation.

(2) WAC 415-110-475 through 415-110-488 discuss some payments that are not a salary or wage for services rendered and so do not qualify as reportable compensation. A payment not for services rendered other than those identified in WAC 415-110-464 through 415-110-469 is not reportable compensation even if it is not listed in WAC 415-110-475 through 415-110-488.

(3) A payment made in lieu of a payment that is not for services rendered (such as a payment made in lieu of a car allowance) will be treated in the same way that the original payment was treated. Such a payment is not for services rendered and is not reportable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-463, filed 12/12/00, effective 1/12/01.]

WAC 415-110-464 Legislative leave. If a SERS member takes a leave without pay from an eligible position to serve in the legislature, the member may elect to participate in SERS as a legislator.

(1) The employee may choose between:

(a) The reportable compensation he or she would have earned had the member not served in the legislature; or

(b) The actual reportable compensation for nonlegislative public employment and the legislative service combined.

(2) If the member selects option (a) of this subsection, he or she is responsible for paying the additional employer and employee contributions to the extent the reportable compensation reported is higher than it would have been under (b) of this subsection.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-464, filed 12/12/00, effective 1/12/01.]

WAC 415-110-465 Paid leave not earned over time. If paid leave is not based upon earned leave accumulated over time, the payment is not a deferred payment for services previously rendered. Further, the member on leave is not currently rendering services in exchange for the payment. However, RCW 41.35.470 and 41.35.650 identify payments received from the employer while on paid leave as reportable for SERS. Contributions are due on these payments to the extent they meet the following conditions:

(1) The payment is equal to the salary for the position that the person is on leave from;

(2) The payment is actually from the employer. Payments from an employer that are conditioned upon reimbursement from a third party are payments from the third party. Because the payments are not from the employer, they are not reportable compensation. The only exception is union leave paid by the employer subject to reimbursement from the union under the conditions specified in RCW 41.35.470 (Plan 2) and RCW 41.35.650 (Plan 3) and WAC 415-110-466.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-465, filed 12/12/00, effective 1/12/01.]

WAC 415-110-466 Union leave. If a member takes an authorized leave of absence to serve as an elected official of a labor organization and the employer pays the member on leave subject to reimbursement from the union, the person's pay qualifies as reportable compensation provided that all the conditions of RCW 41.35.470 (Plan 2) and RCW 41.35.650 (Plan 3) as appropriate, are met.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-466, filed 12/12/00, effective 1/12/01.]

WAC 415-110-467 Reinstatement or payment instead of reinstatement. (1) Payments to an employee are not earned for services rendered if an employer makes them for periods during which the employee was not employed and the payments are made either upon reinstatement or instead of reinstatement. Nonetheless, RCW 41.35.010 specifically designates these payments as reportable compensation. The payments are only reportable to the extent that they are equivalent to the salary the employee would have earned had he or she been working. The payment will be prorated over the entire period that the employee was suspended, terminated, or otherwise absent from work.

(2) For purposes of subsection (1) of this section, "reinstatement" means that the employee is entitled to return to full employment rights by action of either:

(a) The employer; or

(b) A personnel board, personnel appeals board or court of law following a hearing.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-467, filed 6/13/22, effective 7/14/22. Statutory Authority: RCW

41.50.050(5), 41.40.020, 41.35.010(6), 41.40.010(8). WSR 01-08-057, § 415-110-467, filed 4/2/01, effective 5/3/01. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-467, filed 12/12/00, effective 1/12/01.]

WAC 415-110-468 Compensation authorized by statute for periods of absence due to sickness or injury. Compensation that a member receives for periods of absence due to sickness or injury are not payments for services rendered unless the payments are authorized pursuant to sick leave earned by the member for services rendered, see WAC 415-110-456. Certain specific types of payments for periods of absence due to sickness or injury have been included within the statutory definition of compensation earnable and therefore qualify as reportable compensation.

(1) **Assault pay** qualifies as reportable compensation only to the extent authorized by RCW 27.04.100, 72.01.045, and 72.09.240.

(2) **Imputed compensation for periods of duty disability** that a member would have received but for a disability occurring in the line of duty qualify as reportable compensation only to the extent authorized by RCW 41.35.070.

(3) **Shared leave.**

(a) Compensation that an employee, as defined in RCW 41.04.655, receives due to participation in a leave sharing program to the extent authorized by RCW 41.04.650 through 41.04.670 qualifies as reportable compensation.

(b) Shared leave payments received by members who are not state employees, do not qualify as reportable compensation. Such payments are not for services rendered, nor are they specifically included within the statutory definition of compensation earnable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-468, filed 12/12/00, effective 1/12/01.]

WAC 415-110-469 Standby pay. Some employers pay employees for being on "standby." A member is on standby when not being paid for time actually worked and the employer requires the member to be prepared to report immediately for work if the need arises, although the need may not arise. Because the member is not actually working, the member is not rendering service. However, RCW 41.35.010 specifically identifies standby pay that meets the above requirements as reportable compensation. Although included in the definition of compensation earnable, time spent on standby is excluded from the definition of "service," see RCW 41.35.010.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-469, filed 6/13/22, effective 7/14/22. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-469, filed 12/12/00, effective 1/12/01.]

WAC 415-110-470 Nonmoney maintenance. Are payments from my employer in any form other than money considered compensation earnable? If you are a SERS Plan 2 or Plan 3 member, you are not entitled to count the value of any nonmoney maintenance compensation you receive from your employer as compensation earnable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-470, filed 12/12/00, effective 1/12/01.]

WAC 415-110-475 Fringe benefits. Fringe benefits provided by an employer are not a salary or wage, and therefore are not reportable compensation. Fringe benefits include, but are not limited to:

(1) Employer retirement contributions;

(2) Any type of insurance such as medical, dental or life insurance; and any employer contribution to meet the premium or charge for the insurance; or

(3) Any employer payments into a private fund to provide health or welfare benefits for the member (or the member and the member's dependents), with the exception of compensation paid pursuant to a bona fide cafeteria plan, flexible benefit plan or similar arrangement as described in WAC 415-110-455.

[Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 03-06-042, § 415-110-475, filed 2/27/03, effective 4/1/03. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-475, filed 12/12/00, effective 1/12/01.]

WAC 415-110-477 Disability insurance. Disability insurance payments are paid to persons for periods when they are unable to work. Because no services are rendered in exchange for these payments, they are not reportable compensation. This is true whether the payments come directly from the employer or from an insurance company.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-477, filed 12/12/00, effective 1/12/01.]

WAC 415-110-479 Workers' compensation. Workers' compensation is paid to persons for periods when they are unable to work. Workers' compensation payments, like disability insurance, are not payments for services rendered and are not reportable compensation.

Example: Some employees on unpaid disability leave submit their workers' compensation payments to their employer who then issues the employee a check for the same amount through the payroll system. This exchange of payments does not change the character of the workers' compensation payment. Whether the payments come from the department of labor and industries, a self-insured employer, or have the appearance of coming from the employer, workers' compensation payments are not payments for services rendered and do not qualify as reportable compensation.

Note: A member may elect to make contributions and receive service credit for periods of disability covered by industrial insurance, see RCW 41.35.070.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-479, filed 12/12/00, effective 1/12/01.]

WAC 415-110-480 Vehicles—Does the value of my use of an employer vehicle qualify as compensation earnable? You are not entitled to count any of the value of an employer-provided vehicle as compensation earnable.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-480, filed 12/12/00, effective 1/12/01.]

WAC 415-110-482 Illegal payments. Payments made by an employer in excess of the employer's legal authority are not reportable.

Example: School districts are prohibited from increasing an employee's salary to include a payment in lieu of a fringe benefit per RCW 28A.400.220. If a district increased a person's salary instead of providing a fringe benefit, the payment would be illegal and should not be reported.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-482, filed 12/12/00, effective 1/12/01.]

WAC 415-110-483 Optional payments. If an employee can receive an additional payment only on the condition of taking an action other than providing service to the employer, the payment is not for services rendered and is not reportable compensation.

Example: An employer offers to make a contribution to a deferred compensation plan on behalf of an employee only if the employee agrees to defer a portion of his or her salary. Because the employee does not have a right to receive the contribution based solely on the rendering of service, the employer payment is not reportable compensation.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-483, filed 12/12/00, effective 1/12/01.]

WAC 415-110-484 Reimbursements for expenses. Reimbursements are not earned for services rendered and thus are not reportable compensation. Typical reimbursement payments include mileage reimbursements for use of a private car on employer business, see WAC 415-110-485, or meal and lodging reimbursements for business trips.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-484, filed 12/12/00, effective 1/12/01.]

WAC 415-110-485 Vehicle allowances—Are vehicle allowances earnable compensation? (1) **If your employer provides you any payment or allowance in lieu of a reimbursement for expenses you incur or expect to incur in performing services for your employer, the payment or allowance is not compensation earnable.** Your vehicle allowance does not qualify as compensation earnable if you receive the allowance in lieu of reimbursement for expenses that you incur or expect to incur in using your own vehicle for business purposes.

(2) **The department presumes that any vehicle allowance provided to you by your employer is a payment in lieu of reimbursement for expenses and is not compensation earnable.** If the contract authorizing your vehicle allowance states that it is provided solely in lieu of reimbursement for expenses that you incur or expect to incur in using your own vehicle for business purposes, the department's presumption is not rebuttable.

(3) **Your vehicle allowance may qualify as compensation earnable to the extent that it exceeds your actual expenses.** If your employer documents that your vehicle allowance exceeds the actual expenses you incur in driving your own vehicle for business purposes, the excess amount is compensation earnable. Your employer must maintain monthly contemporaneous records documenting the following:

(a) The dates, if any, on which you used a privately owned vehicle in performing services for your employer;

(b) The miles you drove the vehicle on each of these trips; and

(c) Your itinerary for each of these trips.

(4) **How to determine what amount of your vehicle allowance, if any, is reportable as compensation earnable.** If your employer documents that your vehicle allowance exceeds the actual expenses you incur in using your own vehicle for business purposes, your employer must report to the department as compensation earnable:

Your Vehicle Allowance LESS (Miles x IRS Rate)

(a) "Miles" above means the number of miles you drove a privately owned vehicle for business purposes during the month.

(b) "IRS rate" above means the Internal Revenue Service mileage rate for use by taxpayers computing the value of the use of a vehicle.

(5) **Your vehicle allowance qualifies as compensation earnable if you also receive a separate reimbursement for each occasion you use your own vehicle for business purposes.** If, in addition to your vehicle allowance, you receive a separate reimbursement for vehicle expenses for each occasion that you use a privately owned vehicle for business purposes, your vehicle allowance is compensation earnable.

(6) **Any part of your vehicle allowance that qualifies as earnable compensation is excess compensation.** If any part of your vehicle allowance is included in the calculation of your retirement allowance, your employer will be billed for excess compensation under RCW 41.50.150. Your employer's bill will equal the total estimated cost of the portion of your retirement allowance payment attributable to your vehicle allowance.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-485, filed 12/12/00, effective 1/12/01.]

WAC 415-110-487 Retirement bonus or incentive. A payment made to an employee as a bonus or incentive when retiring or terminating is not a payment for services rendered. Rather, the payment is made in exchange for an employee's promise or notification of intent to retire or terminate. A retirement or termination bonus or incentive is not reportable compensation.

Example: A collective bargaining agreement authorizes a school district to pay employees a higher salary during the last two years of employment if the employee gives written notice of his or her intent to retire or terminate. Because the payment is in exchange for the agreement to retire or terminate and not for services, the payment is not reportable compensation.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-487, filed 12/12/00, effective 1/12/01.]

WAC 415-110-488 Severance pay not earned over time—Contract buy outs. Severance pay that is not earned over time is not earned for services rendered and is not reportable. An example of severance pay not earned over time is a payment negotiated as part of termination agreement.

Example: At the time of an employee's termination the employer agrees to pay a lump sum payment equal to two months' salary. The employer identifies this payment as "severance pay." Because the payment was not earned for services rendered, it is not reportable compensation and will not be included in the retirement calculation.

For treatment of severance pay earned over time, see WAC 415-110-458.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-488, filed 12/12/00, effective 1/12/01.]

WAC 415-110-491 Salary imputed to periods of unpaid leave. In some circumstances specified in statute, a member may elect to establish service credit for periods of unpaid leave. The salary imputed to a member for purposes of calculating contributions owing for such periods of leave is not reportable compensation. Depending on the type of leave, the imputed compensation may or may not be included as average final compensation in calculating a member's retirement allowance.

(1) Unpaid authorized leave of absence. For information about purchasing service credit for periods of unpaid authorized leave of absence, see:

(a) Plan 2: WAC 415-02-175 and RCW 41.35.470; and

(b) Plan 3: WAC 415-02-175 and RCW 41.35.650.

(2) Periods of disability. See RCW 41.35.070 for information about establishing service credit for periods of disability covered by industrial insurance.

(3) Military leave. Salary imputed to a member for purposes of calculating contributions owing for periods of interrupted military service is not reportable compensation. Federal law requires that if a member elects to purchase credit for such periods of military service, and that period falls in the member's average final compensation period, the member is entitled to have the imputed salary he or she would have earned during the period of absence used in the calculation of his or her average final compensation.

[Statutory Authority: RCW 41.50.050(5). WSR 04-20-005, § 415-110-491, filed 9/23/04, effective 10/24/04. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-491, filed 12/12/00, effective 1/12/01.]

MEMBERSHIP

WAC 415-110-550 Elected officials—Eligibility for retirement service membership. (1) For purposes of this section and WAC 415-110-570, and pursuant to RCW 41.35.030 and 41.35.010, "elected" officials means:

(a) Individuals who are elected or appointed to any vacant elective office at a school district or educational service district; or

(b) Active SERS members who become elected or appointed to any state elective position.

(2) An active member of SERS who is elected to a state elective position may elect to continue membership in SERS or apply for membership in PERS pursuant to RCW 41.40.023(3).

(3) An active member of SERS who is elected or appointed to a nonstate elective position for an employer other than a school district or educational service district, does not have the option to continue membership in SERS pursuant to such elected service. However, the member may apply for membership in PERS pursuant to RCW 41.40.023(3).

(4) Pursuant to RCW 41.35.030 (2)(a), elected officials are exempted from retirement system membership but may apply for membership during the official's current term of elected office. To apply for membership, the official shall submit a written application directly to the department. If the department approves the application, the elected official is entitled to establish membership and service credit retroactive to the first day of the official's current term of elected service. To establish such membership, the official shall pay the required employee contributions for the official's current term of elected service with interest as determined by the department.

(5) Upon establishing membership for the official's current term of elected office, the official is entitled to establish membership and service credit retroactive to the first day of any previous elected term or terms of office. The official will be required to establish membership for all consecutive terms of office. To exercise this option, the official shall apply to the department pursuant to subsection (4) of this section. If the department approves the application, the official shall:

(a) Pay the required employee contributions for such previous term or terms of elected service with interest as determined by the department; and

(b) Pay the required employer contributions for such previous term or terms of elected service with interest as determined by the department. The employer may, at its discretion, pay the required employer contributions plus interest in lieu of the employee making payment of this amount.

(6) If an official is employed in an eligible position at the time of election to office and will hold multiple positions concurrently the official may:

(a) Apply to the department to participate in membership pursuant to the official's elected position as provided in subsection (4) of this section; or

(b) Choose not to participate pursuant to the official's elected position while continuing membership through the nonelected position.

(7) Except as provided under RCW 41.35.030, once an elected official has exercised the option of becoming a member of the retirement system the official shall be a member until the official separates from all eligible public employment. An official does not separate from public employment when that official's term of office ends and the official commences another term of office in the same or a different position for the same employer without a break in service. An official does not separate from service if the official resigns from the official's elected position and is later reappointed to the same position during the same term.

(8) The department will apply this section to service by elected officials which occurred prior to the effective date of this section.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-550, filed 12/12/00, effective 1/12/01.]

WAC 415-110-560 Appointed officials—Eligibility and application for retirement service membership. (1) For purposes of this section and WAC 415-110-570, and pursuant to RCW 41.35.030 and 41.35.010, "appointed" officials means only those individuals who are active SERS members or were previously active SERS members and are appointed directly by the governor to any position, including but not limited to, agency directorships and memberships on a state committee, board or commission.

(2) An individual must be a gubernatorial appointee or be appointed to serve in a position that meets the requirements of RCW 41.35.010 in order to be eligible for membership and service credit.

(3) Pursuant to RCW 41.35.030, appointed officials are exempted from retirement system membership but may apply for membership during the official's current appointed term of office. To apply for membership, the official shall submit a written application directly to the department. If the department approves the application, the official is entitled to establish membership and service credit retroactive to the first day of the official's current term of appointed service. To establish such membership, the official shall pay the required employee contributions for the official's current term of appointed service with interest as determined by the department.

(4) Upon establishing membership for the official's current term of appointed service, the official is entitled to establish membership retroactive to the first day of any previous elected term or terms of office. To exercise this option, the official shall apply to the department pursuant to subsection (3) of this section. If the department approves the application, the official shall:

(a) Pay the required employee contributions for such previous term or terms of elected service with interest as determined by the department; and

(b) Pay the required employer contributions for such previous term or terms of elected service with interest as determined by the department. The employer may, at its discretion, pay the required em-

ployer contributions plus interest in lieu of the employee making payment of this amount.

(c) "Current term of appointed service" includes an appointed official's entire current term of service. If the official has not been appointed to a position with a set term of office, "current term of appointed service" includes all uninterrupted service in the official's current appointed position.

(5) If an appointed official is employed in an eligible position at the time of appointment to office and will hold the two positions concurrently, the official may:

(a) Apply to the department to participate in membership pursuant to the appointed position as provided in subsection (3) of this section; or

(b) Choose not to participate pursuant to the official's appointed position while continuing membership through the nonappointive position.

(6) Once an appointed official has exercised the option of becoming a member of the retirement system either at the start of the official's initial term or at a successive term, the official shall be a member until the official separates from all eligible public employment. An appointed official does not separate from public employment when that official's term of office ends and the official commences another term of office in the same or a different position for the same employer without a break in service. An appointed official does not separate from service if the official resigns from the appointed position and is later reappointed to the position during the same term.

(7) The department will apply this section to service by appointed officials which occurred prior to the effective date of this section.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-560, filed 12/12/00, effective 1/12/01.]

WAC 415-110-570 Elected and appointed officials—Requirements for service credit. (1) SERS members who were elected to office by statewide election and elect membership in SERS pursuant to WAC 415-110-550, may receive one month of service credit for each month during which they earn compensation pursuant to their elected positions.

(2) Except for officials covered under subsection (1) of this section, members who were elected to office or appointed by the governor to positions and elect membership in SERS pursuant to WAC 415-110-550 or 415-110-560, may receive service credit only for months during which they are compensated:

(a) In excess of ninety times the state hourly minimum wage in effect at the time they render the service; and

(b) For ninety or more total hours of work.

(3) On or after September 1, 1991, except for officials covered under subsection (1) of this section, members who were elected to office or appointed by the governor to positions and elect membership in SERS pursuant to WAC 415-110-550 or 415-110-560, may earn:

(a) One month of service credit for each month during which they are compensated:

(i) For ninety or more total hours of work; and

(ii) In excess of ninety times the state hourly minimum wage in effect at the time they render the service; or

(b) One-half month of service credit for each month during which they are compensated:

(i) For less than ninety hours but equal to or more than seventy total hours of work; and

(ii) In excess of ninety times the state hourly minimum wage in effect at the time they render the service; or

(c) One-quarter month of service credit for each month during which they are compensated:

(i) For less than seventy total hours of work; and

(ii) In excess of ninety times the state hourly minimum wage in effect at the time they render the service.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-570, filed 12/12/00, effective 1/12/01.]

WAC 415-110-575 How is the compensation adjustment for elected officials computed? (1) This section provides the department's inflation adjustment under RCW 41.35.030 (2)(b) regarding elected officials.

(2) The department uses the criteria in RCW 41.26.240[1] in making annual inflation adjustments to the fifteen thousand dollar compensation threshold stated in RCW 41.35.030 (2)(b).

(3) The department adjusts the compensation threshold on April 1st of each year.[2]

(4) The department makes this information available upon request. For further information, please contact the department. Please see WAC 415-06-100 for contact information.

Footnotes to section:

1 The department uses this LEOFF statute because the statute explains how to use the Consumer Price Index for Seattle in making these annual adjustments.

2 In 2001 the threshold was $19,263. In 2002 the threshold was $19,948.

[Statutory Authority: RCW 41.50.050(5), 41.40.023, 41.40.037. WSR 03-08-090, § 415-110-575, filed 4/2/03, effective 5/1/03.]

WAC 415-110-610 What are my retirement benefit options? Upon retirement for service under RCW 41.35.420 or 41.35.680, or for disability under RCW 41.35.440 or 41.35.690, you must choose to have the defined benefit portion of your retirement benefit paid to you by one of the options described in this section.

(1) **Which option will pay my beneficiary a monthly benefit after my death?** Options described in subsection (2)(b) through (d) of this section will pay a monthly benefit to your survivor after your death. The person you name at the time of retirement to receive a monthly benefit after your death is referred to as your "survivor beneficiary." After your death, your survivor beneficiary will receive a monthly benefit for the duration of their life. Your monthly retirement benefit will be reduced to offset the cost of the survivor option. See WAC 415-02-380 for more information on how your monthly benefit will be affected if you choose a survivor option.

(2) **What are my benefit options?**

(a) **Option one: Standard benefit (nonsurvivor option).** The department will pay you a monthly retirement benefit throughout your lifetime. Your monthly benefit will cease upon your death.

(b) **Option two: Joint and 100 percent survivor benefit.** The department will pay you a reduced monthly retirement benefit throughout your lifetime. After your death, your survivor beneficiary will receive a gross monthly benefit equal to your gross monthly benefit.

(c) **Option three: Joint and 50 percent survivor benefit.** The department will pay you a reduced monthly retirement benefit throughout your lifetime. After your death, your survivor beneficiary will receive a gross monthly benefit equal to 50 percent of your gross monthly benefit.

(d) **Option four: Joint and two-thirds survivor benefit.** The department will pay you a reduced monthly retirement benefit throughout your lifetime. After your death, your survivor beneficiary will receive a gross monthly benefit equal to two-thirds (66.667%) of your gross monthly benefit.

(3) **Do I need my spouse's consent on the option I choose?** The option you select will determine whether spousal consent is required. For purposes of this section, a registered domestic partnership is treated the same as a spousal relationship.

(a) If you are married and select a nonsurvivor benefit option, you must provide your spouse's consent, verified by a notarized signature or other means acceptable to the department. If you do not provide verified spousal consent, the department will pay you a monthly retirement benefit based on option three (joint and 50 percent benefit) with your spouse as the survivor beneficiary as required by RCW 41.35.220.

(b) If you are married and select a survivor benefit option for your spouse, spousal consent is not required. The department will pay you a monthly benefit based on the option you selected.

(c) If you are married and select a survivor benefit option for someone other than your spouse, spousal consent is required, verified by a notarized signature or other means acceptable to the department. If you do not provide verified spousal consent, the department will pay you a monthly retirement benefit based on option three (joint and 50 percent benefit) with your spouse as the survivor beneficiary as required by RCW 41.35.220.

(d) If your survivor beneficiary has been designated by a dissolution order according to subsection (4) of this section, which was filed with the department at least 30 days before your retirement date, spousal consent is not required.

(4) **Can a dissolution order require that a former spouse be designated as a survivor beneficiary?** Yes. A dissolution order may require that a former spouse be designated as a survivor beneficiary. The department is required to pay survivor benefits to a former spouse pursuant to a dissolution order that complies with RCW 41.50.790.

(5) **What happens if I choose a benefit option with a survivor option and my survivor beneficiary dies before I do?** If your survivor beneficiary dies before you do, you may request to have your benefit increased as described in WAC 415-02-380.

(6) **May I change my benefit option after retirement?** Your choice of a benefit option is irrevocable with the following four exceptions:

(a) **Return to membership.** If you retire and then return to membership for at least two years of uninterrupted service, you may choose a different retirement option upon your subsequent retirement. See RCW 41.35.060.

(b) **Postretirement marriage option.** If you select the standard benefit option at the time of retirement and marry after retirement, you may select a survivor benefit option and name your current spouse as survivor beneficiary, provided that:

(i) Your benefit is not subject to a property division obligation pursuant to a dissolution order. See WAC 415-01-500;

(ii) The selection is made during a one-year window, on or after the date of the first anniversary and before the second anniversary of your postretirement marriage;

(iii) You provide a copy of your certified marriage certificate to the department; and

(iv) You provide proof of your current spouse's birthdate.

(c) **Removal of a nonspouse survivor option.** If you select a survivor benefit option and name a nonspouse as your survivor beneficiary at the time of retirement, you may remove that survivor beneficiary designation and have your benefit adjusted to a standard benefit. You may exercise this option one time only.

(d) **One-time change of survivor.** You may change your benefit option and/or designated survivor one time within 90 days from the date your first benefit payment is issued. Your change request must be in writing, and must comply with other requirements as described in this section. Your new benefit amount will be effective the first of the month following the receipt of your request by the department.

(7) **Who will receive the balance of my accumulated contributions, if any, after my death?**

(a) **Plan 2 members:**

(i) If you do not have a survivor beneficiary at the time of your death, and you die before the total of the retirement benefit paid equals the amount of your accumulated contributions at the time of retirement, the balance will be paid:

(A) To the person or entity (i.e., trust, organization, or estate) you have nominated by written designation, executed and filed with the department.

(B) If you have not designated a beneficiary, or if your designated beneficiary is no longer living or in existence, then to your surviving spouse.

(C) If not paid according to (a)(i)(A) or (B) of this subsection, then to your estate.

(ii) If you have a survivor beneficiary at the time of your death, and your survivor beneficiary dies before the total of the retirement benefit paid equals the amount of your accumulated contributions at the time of retirement, the balance will be paid:

(A) To the person or entity (i.e., trust, organization, or estate) your survivor beneficiary has nominated by written designation, executed and filed with the department.

(B) If your survivor beneficiary has not designated a beneficiary, or if the designated beneficiary is no longer living or in existence, then to your survivor beneficiary's spouse.

(C) If not paid according to (a)(ii)(A) or (B) of this subsection, then to your survivor beneficiary's estate.

(b) **Plan 3 members:** The defined benefit stops upon your death or upon the death of your survivor beneficiary, if applicable. As a Plan 3 member, you do not contribute to the defined benefit portion of your retirement benefit. The defined contribution portion of your benefit will be distributed according to WAC 415-111-310.

(8) For more information, see RCW 41.35.220.

[Statutory Authority: RCW 41.50.050. WSR 25-18-099, s 415-110-610, filed 9/2/25, effective 10/3/25; WSR 22-01-061, § 415-110-610, filed 12/8/21, effective 1/8/22; WSR 20-13-065, § 415-110-610, filed 6/15/20, effective 7/16/20; WSR 20-06-040, § 415-110-610, filed 2/27/20, effective 3/29/20. Statutory Authority: RCW 41.50.050(5). WSR 13-18-034, § 415-110-610, filed 8/28/13, effective 10/1/13. Statutory Authority: RCW 41.50.050(5), 41.35.220. WSR 05-23-062, § 415-110-610, filed 11/14/05, effective 12/15/05.]

WAC 415-110-679 Purpose and scope of eligibility rules. WAC 415-110-680 through 415-110-728 codify the department's existing interpretation of statutes and existing administrative practice regarding eligibility for membership in Plan 2 and Plan 3. The department has applied and will apply these rules to determine eligibility for service occurring prior to effective dates of these sections.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-679, filed 12/12/00, effective 1/12/01.]

WAC 415-110-680 Am I eligible for membership? (1) **You are eligible for membership if you are employed in an eligible position.** Your position is eligible under RCW 41.35.010 if the position, as defined by your employer, normally requires at least five months of seventy or more hours of compensated service per month during each year. If you are a PERS Plan 1 member working in a SERS substitute position, the SERS substitute laws do not apply. If you are a Plan 2 or 3 member, hours worked as a SERS substitute are not counted when determining eligibility for membership.

(2) **If you leave an eligible position to serve in a project position, you may retain eligibility.**

(a) Project positions may use a twelve-month period other than a school year to evaluate eligibility. The employer must consistently apply this twelve-month period to evaluate the eligibility of this position.

(b) If you are a member and you leave employment in an eligible position to serve in a project position, the project position is eligible if:

(i) The position, as defined by the employer, normally requires at least five months of seventy or more hours of compensated service each month; or

(ii) The position requires at least seventy hours per month and you take the position with the understanding that you are expected to return to your permanent eligible position at the completion of the project.

(3) **Defined terms used.** Definitions for the following terms used in this section may be found in the sections listed.

(a) "Eligible position" - RCW 41.35.010.
(b) "Employer" - RCW 41.35.010.
(c) "Member" - RCW 41.35.010.
(d) "Membership" - RCW 41.35.030.
(e) "Normally" - WAC 415-110-010.
(f) "Project position" - WAC 415-110-010.
(g) "Year" - WAC 415-110-010.

[Statutory Authority: RCW 41.50.050(5), 41.35.010, 41.35.030, 41.35.033. WSR 04-04-041, § 415-110-680, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-680, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-680, filed 12/12/00, effective 1/12/01.]

WAC 415-110-685 Am I eligible for membership and service credit as a classified substitute employee? You may be eligible to apply for membership and receive service credit for time worked as a classified substitute employee that occurred on or after July 27, 2003.

(1) If you have never been a member of the school employees' retirement system (SERS), you may establish membership in Plan 2 or Plan 3 if you worked as a classified employee for 70 or more hours per month during at least five months within a single school year period of September 1st through August 31st. Your membership will begin when your first optional bill to purchase substitute teaching service credit is paid in full.

(2) If you have already established membership in SERS Plan 3, or if you have established membership in SERS Plan 2 and have not withdrawn your contributions, you may apply to the department for service credit as described in subsection (4) of this section, for any compensated employment as a classified substitute employee that occurs after your first month of established service credit. You may apply for service credit for compensated employment as a classified substitute employee that occurred prior to your first month of established service credit if it meets the requirements for membership as described in subsection (1) of this section.

(3) If you previously established membership in SERS Plan 2 and withdrew your contributions, you may reestablish your membership by purchasing service credit if you worked as a classified substitute employee for 70 or more hours per month during at least five months within a single school year period of September 1st through August 31st.

(4) To apply, you must submit a classified substitute's application for service credit.

(a) Applications must be submitted no earlier than September 1st following the end of the school year in which you worked.

(b) If you are establishing membership in SERS for the first time, you must also submit a member information form to indicate your selection of Plan 2 or Plan 3.

(c) If you are an established Plan 3 member, you may also submit a member information form to indicate your contribution rate and investment options. If you request a bill for your time as a substitute without completing a form, your contribution rate and investment option will be made at the default rate and investment option.

(d) If you are purchasing service credit for the 2003-04 school year, you must also submit quarterly reports to DRS along with your application for service credit. Quarterly reports must show the exact hours worked and compensation earned each month, and must be signed by the employer.

(5) To receive classified substitute employee's service credit, you must pay the appropriate member contributions.

(a) Upon receipt of your application materials, the department will determine the amount of service credit you are eligible to pur-

chase and will provide an optional bill for the amount due. Your service credit will be applied when the bill is paid in full.

(b) You have six months following the end of the school year in which you worked to pay the member contributions interest-free. Interest will begin to accrue on the first day of the seventh month following the end of the school year. The school year ends on August 31st for Plans 2 and 3.

(i) SERS Plan 2. If payment is received after the six month interest-free period, the amount due will include interest on both the member and employer contributions.

(ii) SERS Plan 3. If payment is received after the six month interest-free period, the amount due will include interest on the Plan 3 employer contributions.

(6) Defined terms used. Definitions for the following terms used in this section may be found in the sections listed.

(a) "Classified employee" - RCW 41.35.010.

(b) "Member" - RCW 41.35.010.

(c) "Service" - RCW 41.35.010.

(d) "Substitute employee" - RCW 41.35.010.

[Statutory Authority: RCW 41.50.050. WSR 24-11-018, § 415-110-685, filed 5/6/24, effective 6/6/24; WSR 22-13-091, § 415-110-685, filed 6/13/22, effective 7/14/22. Statutory Authority: RCW 41.50.050(5). WSR 17-02-032, § 415-110-685, filed 12/28/16, effective 1/28/17; WSR 13-08-055, § 415-110-685, filed 3/29/13, effective 5/1/13. Statutory Authority: RCW 41.50.050(5), 41.35.010, 41.35.030, 41.35.033. WSR 04-04-041, § 415-110-685, filed 1/29/04, effective 3/1/04.]

WAC 415-110-700 Can I qualify for membership if I work in more than one ineligible position with the same employer? (1) **All of your monthly work for an employer counts as one position.** If you are employed with the same employer in two ineligible positions during a year which, when combined, equate to an eligible position and your employer expects you to continue in this employment for a second consecutive year, your employer will report the total hours you work in both positions to the department as an eligible position.

Example: A person normally works for one employer as a cook for forty hours each month and as a bus driver for forty hours each month. The person is eligible for membership because he works a total of eighty hours each month for at least five months each year and this is the normal pattern of his employment.

Example: A person normally works for one employer for forty hours each month as a cook. For one year only, she takes on extra duties by also working forty hours per month as a bus driver. Although she worked eighty hours each month for five or more months during one year, she is not eligible for membership because these hours are not the normal pattern of her employment.

Example: A person works for one employer for forty hours each month as a cook and also works for another employer for forty hours each month as a bus driver. The person is not eligible for membership because he cannot combine the hours of employment with these separate employers to establish membership.

(2) **You may be reported in TRS if you work in two positions and one position is covered under TRS.** See WAC 415-110-728.

(3) **Defined terms used.** Definitions for the following terms used in this section may be found in the sections listed.

(a) "Eligible position" - RCW 41.35.010.

(b) "Employer" - RCW 41.35.010.

(c) "Ineligible position" - RCW 41.35.010.

(d) "Membership" - RCW 41.35.030.

(e) "Normally" - WAC 415-110-010.

(f) "Report" - WAC 415-110-010.

(g) "Year" - WAC 415-110-010.

[Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-700, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-700, filed 12/12/00, effective 1/12/01.]

WAC 415-110-710 What are the return to work rules for SERS Plan 2 and Plan 3? (1) **How soon can I return to work after I retire without impacting my SERS retirement benefit?**

(a) You may begin working immediately after you retire without impacting your SERS retirement benefit if:

(i) You go to work for a private employer;

(ii) You are an independent contractor as defined in WAC 415-02-110; or

(iii) Your only employment is as an elected official and you end your SERS membership under RCW 41.35.030 (2)(b).

(b) If you retire and then return to work sooner than 30 consecutive calendar days from your accrual date (effective retirement date), your monthly retirement benefit will be reduced in accordance with RCW 41.35.060(1) until you remain absent for at least 30 consecutive calendar days.

(c) If you retire and remain absent at least 30 consecutive calendar days from your accrual date, if you meet the definition of separation in WAC 415-02-115, you may return to work in any position for any employer whose retirement plan is administered by the department of retirement systems (DRS) or a public institution of higher education, without impacting your SERS retirement benefit until you reach your applicable hour limit.

(d) If you worked prior to retirement in an ineligible position and continue to work beyond retirement, this will not be considered a violation of the 30 consecutive days in (b) and (c) of this subsection assuming that separation from your employer as defined in WAC 415-02-115 was satisfied.

Examples:

(i) Pat works for Evergreen School District and fully separates employment at the age of 60. Pat then moves to Spokane and begins employment with the Spokane Library District in a position that is not eligible for retirement benefits. This employment continues and the position remains ineligible for retirement benefits. At age 65 Pat is eligible to begin collecting the school employees' retirement system (SERS) retirement benefit earned while working at Evergreen School District, without terminating employment from Spokane Library District.

(ii) Skyler works for Odessa School District until age 65 in a retirement eligible position, then begins working part time for the

same school in a position that is not eligible for retirement. Skyler is not eligible to begin receiving their retirement benefit because they have not yet separated from employment with the employer they participated in the retirement system with.

(iii) Parker works for Spokane Public Schools until age 63 at which point, they separate employment and have their name placed on the on-call substitute list at a number of local school districts. Parker substitutes occasionally for the Deer Park, Mead, and Cheney schools. At age 65 they are eligible to begin collecting the SERS benefit that was earned while working at the Spokane Public Schools without terminating employment from the substitute positions.

(iv) Taylor works for two different employers over the same period of time. The position with employer one is a retirement eligible position and the position with employer two does not meet the requirements for retirement eligibility. Prior to age 65 Taylor separates from employment with employer one but continues to work for employer two in the ineligible position. When Taylor reaches age 65 they are eligible to begin receiving their retirement benefit because they have separated from employment with the employer they participated in the retirement system with.

(2) **What is the annual hour limit?** All retirees including those retired under the alternate early retirement factors after separating from employment and being absent at least 30 consecutive calendar days as described in subsection (1)(c) of this section, your annual hour limit will be based on the position you return to.

(a) **No limit.** You may work as many hours as you want without affecting your retirement benefit if you work:

(i) In a position that is not eligible for membership in a DRS or higher education retirement plan;

(ii) As an independent contractor;

(iii) For a private employer; or

(iv) If you end your SERS membership as an elected official under RCW 41.35.030 (2)(b).

(b) **Eight hundred sixty-seven-hour limit.** You may work up to 867 hours in a calendar year, in a position which is eligible for membership in a DRS or public institution of higher education retirement plan, before your retirement benefit is suspended.

(c) **One thousand forty-hour limit.** From March 23, 2022, through January 1, 2030, you may work up to 1,040 hours in a calendar year, at a school district in a nonadministrative position that is eligible for membership in a DRS retirement plan, before your retirement allowance is suspended.

(3) **What hours count toward the annual hour limit?**

(a) **Counted toward the annual hour limit:** All compensated hours that are worked in an eligible position covered by a DRS or higher education retirement plan, including the use of earned sick leave, vacation days, paid holidays, compensatory time, and cashouts of compensatory time.

(b) **Not counted toward the annual hour limit:** Cashouts of unused sick and vacation leave.

(4) **What happens if I work more than the annual hour limit?**

(a) If you work more than the annual hour limit, your retirement benefit will be suspended. The suspension will be effective the day after you exceed the hour limit. DRS will prorate your retirement benefit for the month in which you exceed the limit.

(b) Your retirement benefit will be restarted beginning the next calendar year (January) or the day after you terminate all eligible employment, whichever occurs first.

(c) DRS will recover any overpayments made to you for the month(s) in which you exceeded the annual hour limit and received a retirement benefit. See RCW 41.50.130.

(5) **Can I return to SERS membership?**

(a) If you retire from SERS, you have the option to return to membership if you are employed by a SERS employer and meet the eligibility criteria. The option to return to membership is prospective from the first day of the month following the month in which you request to return to membership. See RCW 41.35.030(3).

(b) If you reenter SERS membership and later choose to retire again, DRS will recalculate your retirement benefit under the applicable statutes and regulations. See WAC 415-110-830. You will be subject to the return to work rules in place at the time of your reretirement.

(c) If you are a retiree from another retirement system administered by DRS, you may choose to enter SERS membership if you are eligible. See WAC 415-110-725. The option to enter membership is prospective from the first day of the month following the month in which you request membership. See RCW 41.04.270 and 41.35.030.

(6) **What if I retired from SERS and another DRS retirement system?** If you return to work after retirement from SERS and another DRS retirement system, see WAC 415-113-300 to determine the effect of returning to work.

Note: You may have a choice of returning to membership. See the following WAC sections for more information: WAC 415-108-725, 415-110-725, 415-112-546, 415-106-725, and 415-104-111.

(7) **Terms used.**

(a) Accrual date - RCW 41.35.450, 41.35.640.

(b) Elected official - WAC 415-110-550.

(c) Eligible position - RCW 41.35.010; WAC 415-110-680 through 415-110-700.

(d) Ineligible position - RCW 41.35.010.

(e) Member - RCW 41.35.010.

(f) Month - Calendar month as defined in WAC 415-02-030.

(g) Nonadministrative position - WAC 415-02-030.

(h) Public institution of higher education - RCW 28B.10.400.

(i) SERS - School employees' retirement system.

[Statutory Authority: RCW 41.50.050 and 2025 c 284. WSR 25-19-015, s 415-110-710, filed 9/4/25, effective 9/5/25. Statutory Authority: RCW 41.50.050, 2022 c 110, 2023 c 99, and 2023 c 410. WSR 23-24-091, § 415-110-710, filed 12/5/23, effective 12/7/23. Statutory Authority: RCW 41.50.050. WSR 20-01-079, § 415-110-710, filed 12/11/19, effective 1/11/20. Statutory Authority: RCW 41.50.050(5). WSR 16-17-047, § 415-110-710, filed 8/11/16, effective 9/11/16. Statutory Authority: RCW 41.50.050(5), 41.40.010(42), 41.40.037. WSR 04-04-037, § 415-110-710, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5), 41.04.270, 41.26.030, 41.32.010, 41.32.025, 41.32.480, 41.32.500, 41.32.570, 41.32.765, 41.32.795, 41.32.802, 41.32.855, 41.32.860, 41.32.862, 41.35.010, 41.35.030, 41.35.060, 41.35.450, 41.35.640, 41.40.010, 41.40.023, 41.40.037, 41.40.150, 41.40.193, 41.40.680, 41.40.750, 41.40.801. WSR 02-02-060, § 415-110-710, filed 12/28/01, effective 1/1/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-710, filed 12/12/00, effective 1/12/01.]

WAC 415-110-720 Participation—Can I be excluded from participating in membership even if I am employed in an eligible position? (1) **You may be exempt from participating in membership even if you meet eligibility criteria.** Even if you are employed in an eligible position you are exempt from participating in SERS if your individual circumstances qualify you for one of the exceptions to membership under RCW 41.35.030.

(2) **If you work for a SERS employer after you retire, you are subject to postretirement employment restrictions, even if you are excluded from participating in membership.** If you become employed in an eligible position after you retire, you are subject to the postretirement employment restrictions under RCW 41.35.230 even if you are excluded from membership.

(3) Defined terms used. Definitions for the following terms used in this section may be found in the sections listed.

(a) "Eligible position" - RCW 41.35.010.

(b) "Employer" - RCW 41.35.010.

(c) "Ineligible position" - RCW 41.35.010.

(d) "Membership" - RCW 41.35.030.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-720, filed 12/12/00, effective 1/12/01.]

WAC 415-110-725 If I have retired from another retirement system or am eligible to retire, am I excluded from participating in SERS? (1) If you have **retired** from another retirement system authorized by the laws of this state, you cannot participate in SERS membership unless:

(a) You accrued less than fifteen years of service credit in the other retirement system; or

(b) You are a LEOFF Plan 2 retiree returning to work in a SERS eligible position and choose to participate in SERS membership. See WAC 415-104-111.

(2) If you are **eligible for normal retirement** from another retirement system listed in RCW 41.50.030, you cannot participate in SERS membership unless:

(a) You accrued less than fifteen years of service credit in the other retirement system; or

(b) You are a dual member as described is RCW 41.54.010.

(3) If you are **receiving a disability allowance** from another retirement system listed in RCW 41.50.030, you cannot participate in SERS membership unless you are a LEOFF Plan 2 retiree returning to work in a SERS eligible position and choose to participate in SERS membership. See WAC 415-104-111.

(4) Defined terms used. Definitions for the following terms used in this section may be found in the sections listed.

(a) "Membership" - RCW 41.35.030.

(b) "Service" - RCW 41.35.010.

(c) "Normal retirement" – A member is eligible for normal retirement when they have met their plan's age and/or service credit requirements for a full retirement benefit. Normal retirement does not include early retirement with a reduced benefit, or early retirement with employment restrictions prior to full retirement age. See the following plan definitions of normal retirement:

Public Employees' Retirement System (PERS) Plan 1 - RCW 41.40.180;
Public Employees' Retirement System (PERS) Plan 2 - RCW 41.40.630(1);
Public Employees' Retirement System (PERS) Plan 3 - RCW 41.40.820(1);
Public Safety Employees' Retirement System (PSERS) - RCW 41.37.210 (1) and (2);
School Employees' Retirement System (SERS) Plan 2 - RCW 41.35.420(1);
School Employees' Retirement System (SERS) Plan 3 - RCW 41.35.680(1);
Teachers' Retirement System (TRS) Plan 1 - RCW 41.32.480(1);
Teachers' Retirement System (TRS) Plan 2 - RCW 41.32.765(1);
Teachers' Retirement System (TRS) Plan 3 - RCW 41.32.875(1);
Washington State Patrol Retirement System (WSPRS) - RCW 43.43.250(2).

[Statutory Authority: RCW 41.50.050(5). WSR 18-08-040, § 415-110-725, filed 3/28/18, effective 4/28/18. Statutory Authority: RCW 41.50.050(5), 41.04.270, and 41.26.500. WSR 09-19-046, § 415-110-725, filed 9/10/09, effective 10/11/09. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-725, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-725, filed 12/12/00, effective 1/12/01.]

WAC 415-110-728 If I work in both a SERS position and TRS position during the same school year, which system will I be in? (1) If you work in both a SERS and TRS position during the same year, your membership status and the nature of your positions will determine the system your employer will report you in. You will be reported in either SERS or TRS according to the following table:

Former TRS Plan 1 Members [1]/

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-eligible position and a full-time teaching position	Same SERS employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS-eligible position and a less than full-time teaching position	Same SERS employer	**SERS** regular reporting for both positions.
	Separate SERS employers	**SERS** regular reporting for SERS position. **TRS** substitute reporting for TRS position. If the service qualifies you to reestablish membership under RCW 41.32.240 and you choose to purchase the service, then any previously reported SERS service for that same fiscal year will be transferred to TRS.
A SERS substitute or ineligible position and a full-time teaching position	Same SERS employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position.

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
		SERS substitute reporting for SERS position. If you choose to purchase the service, it will be billed in TRS.
A SERS substitute or ineligible position and a less than full-time teaching position	Same SERS employer	**TRS** regular reporting if combined, the position would qualify as a full-time teaching position. Otherwise report all of the time as TRS substitute reporting.
	Separate SERS employers	**SERS** substitute reporting for SERS position. **TRS** substitute reporting for TRS position. If the TRS service qualifies you to reestablish membership and you choose to purchase the service credit, then any time for that same fiscal year must be purchased as TRS service credit. If the SERS service qualifies you for membership and you choose to purchase only the SERS service, it will be billed in SERS.

TRS Plan 1 Members

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-eligible position and a full-time teaching position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS-eligible position and a less than full-time teaching position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS substitute or ineligible position and a full-time teaching position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position. **SERS** substitute reporting for SERS position. If you purchase the SERS service, it will be billed into TRS.
A SERS substitute or ineligible position and less than full-time teaching position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position. **SERS** substitute reporting for SERS position. If you purchase the SERS service, it will be billed into TRS.

TRS Plan 2 or 3 Members

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-eligible position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS-eligible position and a TRS-ineligible or substitute position	Same employer	**SERS** regular reporting for both positions.
	Separate SERS employers	**SERS** regular reporting for SERS position. **TRS** substitute reporting for TRS position. If you choose to purchase the service, then any previously reported SERS service for that same school year will be transferred to TRS.
A SERS-ineligible or substitute position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position. **SERS** substitute reporting for the SERS position. If the SERS service qualifies for membership, then it would be billed into TRS.

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-ineligible or substitute position and a TRS-ineligible or substitute position	Same employer	**TRS** regular reporting if combined, the position would qualify as an eligible teaching position. Otherwise report all of the time as TRS substitute reporting.
	Separate SERS employers	**TRS** substitute reporting for TRS position. If you choose to purchase the service credit, then any time for that same fiscal year must be purchased as TRS service credit. **SERS** substitute reporting for SERS position. If the SERS service qualifies you for membership and you choose to purchase only the SERS service, it will be billed in SERS.

SERS Members

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-eligible position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS-eligible position and a TRS-ineligible or substitute position	Same employer	**SERS** regular reporting for both positions.
	Separate SERS employers	**SERS** regular reporting for SERS position. **TRS** substitute reporting for TRS position. If the service qualifies you to establish membership and you choose to purchase the service, then any previously reported SERS service for that same school year will be transferred to TRS.
A SERS-ineligible or substitute position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position. **SERS** substitute reporting for the SERS position. If you purchase the SERS service, it would be billed into TRS.
A SERS-ineligible or substitute position and a TRS-ineligible or substitute position	Same employer	**TRS** regular reporting if combined, the position would qualify as an eligible teaching position. Otherwise report all of the time as TRS substitute reporting.
	Separate SERS employers	**TRS** substitute reporting for TRS position. If the TRS service qualifies you to establish membership and you choose to purchase the service credit, then any time for that same fiscal year must be purchased as TRS service credit. **SERS** substitute reporting for SERS position. If you choose to purchase only the SERS service, it will be billed in SERS.

Neither TRS Nor SERS Member

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
A SERS-eligible position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for both positions.
A SERS-eligible position and a TRS-ineligible or substitute position	Same employer	**SERS** regular reporting for both positions.
	Separate SERS employers	**SERS** regular reporting for SERS position.

Type of Employment [2]/	Type of Employer(s)	System You Will Be Reported In
		TRS substitute reporting for TRS position. If the service qualifies you to establish membership and you choose to purchase the service, then any previously reported SERS service for that same school year will be transferred to TRS.
A SERS-ineligible or substitute position and a TRS-eligible position	Same employer	**TRS** regular reporting for both positions.
	Separate SERS employers	**TRS** regular reporting for TRS position. **SERS** substitute reporting for the SERS position. If the SERS service qualifies for membership, and you choose to purchase the service, then it would be billed into TRS.
A SERS-ineligible or substitute position and a TRS-ineligible or substitute position	Same employer	**TRS** regular reporting if combined, the position would qualify as an eligible teaching position. Otherwise report all of the time as TRS substitute reporting.
	Separate SERS employers	**TRS** substitute reporting for TRS position. If the TRS service qualifies you to establish membership and you choose to purchase the service credit, then any time for that same school year must be purchased as TRS service credit. **SERS** substitute reporting for SERS position. If the SERS service qualifies you for membership and you choose to purchase only the SERS service, it will be billed in SERS.

1/ "Former TRS 1 member," as used here, means you terminate your membership by withdrawing your contributions.
2/ Means during the same school year.

(2) **Defined terms used.** Definitions for the following terms used in this section may be found in the sections listed.

(a) "Eligible position" - RCW 41.35.010 (SERS); RCW 41.32.010 (TRS).

(b) "Employer" - RCW 41.35.010 (SERS); RCW 41.32.010 (TRS).

(c) "Ineligible position" - RCW 41.35.010 (SERS); RCW 41.32.010 (TRS).

(d) "Member" - RCW 41.35.010 (SERS); RCW 41.32.010 (TRS).

(e) "Membership" - RCW 41.35.030 (SERS).

(f) "Report" - WAC 415-110-010.

(g) "Service" - RCW 41.35.010 (SERS); RCW 41.32.010 (TRS).

[Statutory Authority: RCW 41.50.050(5), 41.35.010, 41.35.030, 41.35.033. WSR 04-04-041, § 415-110-728, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5) and chapter 41.35 RCW. WSR 02-18-046, § 415-110-728, filed 8/28/02, effective 9/30/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-728, filed 12/12/00, effective 1/12/01.]

WAC 415-110-800 When does a member of the school employees' retirement system (SERS) enter retirement status? A member of the SERS enters retirement status when he or she:

(1) Has separated from service as defined in RCW 41.35.010;

(2) Has no written agreement to return to public employment prior to entering "retiree status"; and

(3) Has applied for retirement, the accrual date has been determined under RCW 41.35.450 or 41.35.640, and the benefit begins to accrue.

Example: Doug is eligible for retirement on July 1st. He submits an application on June 1st with a July 1st retirement date. His last day of employment is June 30th and he does not have an agreement to return to work.
Doug's retirement date (accrual date) is July 1st, and the benefit begins to accrue. The first retirement payment will be paid at the end of July. Doug entered "retiree status" effective July 1st.

[Statutory Authority: RCW 41.50.050. WSR 22-13-091, § 415-110-800, filed 6/13/22, effective 7/14/22. Statutory Authority: RCW 41.50.050(5), 41.04.270, 41.26.030, 41.32.010, 41.32.025, 41.32.480, 41.32.500, 41.32.570, 41.32.765, 41.32.795, 41.32.802, 41.32.855, 41.32.860, 41.32.862, 41.35.010, 41.35.030, 41.35.060, 41.35.450, 41.35.640, 41.40.010, 41.40.023, 41.40.037, 41.40.150, 41.40.193, 41.40.680, 41.40.750, 41.40.801. WSR 02-02-060, § 415-110-800, filed 12/28/01, effective 1/1/02.]

WAC 415-110-815 What is the minimum dollar limit used to determine a Plan 3 lump sum benefit payment? (1) The minimum dollar limit under RCW 41.35.670 for determining if a lump sum payment may be received instead of a monthly benefit is increased to $119.41 as of March 1, 2002.

(2) The limit established in subsection (1) of this section will be increased each January 1st by three percent beginning January 1, 2003.

[Statutory Authority: RCW 41.50.050(5) and 41.35.670. WSR 02-03-120, § 415-110-815, filed 1/23/02, effective 3/1/02.]

WAC 415-110-817 May I waive my Plan 3 one percent retirement benefit? (1) **Why would I want to waive my Plan 3 one percent retirement benefit?** Some state retirement systems have provisions that allow members to purchase service credit earned elsewhere. If you are employed by one of these states and wish to purchase service credit for time worked in Washington, you may be required by that state to show proof that you have waived all of your rights to retirement benefits from Washington as a condition for purchasing the service credit.

(2) **Do I qualify to waive my Plan 3 one percent retirement benefit?** You may irrevocably waive your Plan 3 one percent retirement benefit if:

(a) You are separated from all Plan 3 eligible employment;

(b) You withdrew your funds in your Plan 3 member account or are receiving distributions from your Plan 3 member account;

(c) Your spouse consents to the waiver if you are married;

(d) There is not a court order or administrative order that affects your right to waive your benefits; and

(e) You have not received, or are not receiving, a defined benefit payment.

(3) **How do I waive my one percent retirement benefit?** You may waive your right to this benefit by submitting a properly completed form, available through the department. The date of the waiver will be the date the department receives your form.

(4) **Will I get service credit for eligible time if it is discovered after I sign a waiver?** If periods of employment, prior to or within the waived time period, are discovered after you sign a waiver, you will not be credited for the service. However, your employer will be billed for employer contributions for any such period.

(5) **May I retract or withdraw my waiver in the future?** No. You irrevocably give up all rights to any retirement benefits when you submit your signed waiver.

(6) **What are my retirement options if I return to work in a (PERS/SERS/TRS) eligible position?** You will be a member of Plan 3 and will begin accumulating service credit from your new date of hire. You will not be entitled to purchase back any of the Plan 3 service credit you waived.

[Statutory Authority: RCW 41.50.050(5) and 41.35.612. WSR 04-17-002, § 415-110-817, filed 8/4/04, effective 9/4/04.]

SERVICE RETIREMENT

WAC 415-110-820 Interim retirement allowance—Final computation of retirement allowance—Adjustment of retirement allowance for errors. (1) At the time of a member's application for retirement, the department does not have all information necessary to make a final computation of the member's retirement allowance. Based upon estimates of the retiree's compensation and earned service credit through the date of retirement, the department shall compute an interim retirement allowance made payable to the member in the interim between the member's date of retirement and the department's final computation of the member's retirement allowance. The interim retirement allowance is an initial, estimated computation of the retiree's retirement allowance subject to adjustment by the department based upon subsequent review of information provided by the member's employer.

(2) In computing the interim retirement allowance, the department shall, subject to later correction, consider only the amount of the member's salary actually reported by the employer up to the date of the interim computation, but shall impute the member's earned service credit for the same period.

(3) Following the department's computation of the interim benefit and receipt earnings history, the department shall complete a final computation of the member's retirement allowance. The department's final computation may either increase or decrease the amount of the interim retirement allowance computed pursuant to subsection (1) of this section.

(4) Pursuant to RCW 41.50.130, following the department's final computation of the member's retirement allowance as provided in subsection (3) of this section, the department may subsequently adjust a member's retirement allowance to correct any error in retirement system records. For purposes of this subsection, errors in retirement system records include, but are not limited to, the following:

(a) Applying an incorrect retirement allowance formula in computing the retirement allowance;

(b) Including service that is not creditable to the member;

(c) Including payments that do not constitute earnable compensation to a member in the member's retirement allowance computation, or excluding earnable compensation not reported by an employer;

(d) Benefit overpayments and underpayments;

(e) Including an individual in the membership of the retirement system who is not entitled to such membership.

[Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-820, filed 12/12/00, effective 1/12/01.]

WAC 415-110-830 How does the department calculate the retirement allowance of a SERS Plan 2 or Plan 3 member who retires, reenters SERS membership, and then retires again? This rule establishes a method to actuarially recompute your defined benefit retirement allowance if you are a Plan 2 or Plan 3 member who retires, reenters SERS membership causing your retirement allowance to stop, and then retires again.

(1) **The department will:**

(a) Recompute your retirement allowance pursuant to RCW 41.35.400 (Plan 2) or 41.35.620 (Plan 3) using:

(i) Your total years of career service, including service earned prior to your initial retirement and service earned after reentering membership; and

(ii) Any increase in your average final compensation resulting from your reentry into membership; and

(iii) An actuarial reduction of your retirement allowance to offset the cost of your benefit option if it includes a survivor feature. See WAC 415-110-326.

(b) Your benefit will be calculated in two separate parts based on service credit earned in each working period and any early retirement factors applicable based on the age of retirement for that period.

(i) The first part will include:

(A) Service credit that was used in the original retirement calculation.

(B) Any early retirement reduction factor that was in place at the time of the initial retirement.

(C) The highest salary considering the entire work history.

(D) Any previously earned cost-of-living adjustments.

(ii) The second part of the calculation will include:

(A) Only service credit earned during the return to membership working period.

(B) Any appropriate early retirement reduction factors in place at the time of reretirement.

(C) Any survivor factor in place at the time of reretirement will be applied to both retirement periods. You must return to work for at least 24 consecutive months to become eligible for any survivor benefit option other than the option you chose in your initial retirement (RCW 41.35.060(3)).

(D) The highest salary considering the entire work history.

Example: Pat became a Plan 2 member before May 1, 2013. Pat had 30 years of service when they initially retired at age 55 with an AFC of $5,000. An early retirement factor of .8 was applied to this initial retirement. Pat returned to membership at age 62 and worked for an additional three years and then reretired with a newly calculated AFC of $8,000. No early retirement factor is applicable. Pat also se-

lected a survivorship option at reretirement that will provide them .92 of their calculated retirement benefit.

The two parts of their retirement calculation would be as follows:

Retirement 1: 2% x 30 years x $8,000 x .8 x .92 = $3,532.80

Retirement 2: 2% x 3 years x $8,000 x .92 = $441.60

Part 1 will also include any cost-of-living adjustments previously applied prior to Pat returning to membership. Any early retirement factor applicable to retirement 2 will take into consideration total service credit earned over entire career.

(2) Under no circumstances will you receive a retirement allowance creditable to a month during which you earned service credit.

[Statutory Authority: RCW 41.50.050. WSR 26-09-063, s 415-110-830, filed 4/13/26, effective 5/14/26. Statutory Authority: RCW 41.50.050(5), 41.35.230, 41.35.060. WSR 05-12-043, § 415-110-830, filed 5/25/05, effective 6/25/05. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-830, filed 12/12/00, effective 1/12/01.]

MEMBERSHIP CONVERSION

WAC 415-110-910 Conversion of service from PERS to SERS. (1) **You will be converted from the public employees' retirement system (PERS) to the school employees' retirement system (SERS) if:**

(a) You were employed with a school district or educational service district in an eligible position as of September 1, 2000;

(b) You participated and then separated in PERS prior to September 1, 2000, and became reemployed in an eligible position at a school district or educational service district after September 1, 2000;

(c) You are a participating member in PERS and move to a SERS employer in an eligible position after September 1, 2000;

(d) You were or are a participating member of PERS Plan 2 and establish membership in SERS through the substitute process. (See WAC 415-110-680.)

(e) You retired out of PERS Plan 2 and:

(i) Returned to PERS covered employment and became an active PERS member; and

(ii) Were a member as of September 1, 2000, at a school district or educational service district; or

(f) You retired out of PERS Plan 2 and:

(i) Returned to PERS covered employment and became an active PERS member;

(ii) Separated from your PERS position; and

(iii) Become employed in an eligible SERS position prior to applying for reretirement in PERS.

(2) **What happens to my existing PERS service and account history when I am converted from PERS to SERS membership?** All of your PERS service and account history with any PERS employer will be moved to SERS.

(3) **How many times will my PERS service be moved to SERS?** Your PERS service shall be moved to SERS only once pursuant to subsection (1) of this section. After you have been converted from PERS to SERS, subsequent reenrollment(s) into SERS shall not cause any additional conversions of any PERS service. Any future eligible employment in

PERS shall be reported into PERS and any future eligible employment in SERS shall be reported into SERS.

Example: **Employed in PERS prior to conversion.** Joe has 15 years of service in PERS. He has been employed by a school district for the last 5 years. Joe previously was employed by a county for 10 years.

Conversion from PERS to SERS. Since Joe is employed with the school district on September 1, 2000, his PERS service is moved to SERS service. Both his 5 years of service with the school district and his 10 years of service with the county are moved to SERS. Joe's PERS account now has zero service credit and contributions; Joe's SERS account now has 15 years of service credit and contributions.

Return to PERS service. After another year of service with the school district, Joe separates employment with 16 years of credit in SERS and returns to employment with the county. Joe's 16 years of service remains in SERS and he begins to accrue service in PERS, starting from zero, for his new employment with the county.

Return to SERS employment. Joe works for the county for 5 years. He now has 5 years of service credit in PERS and he still has 16 years of service credit in SERS. Joe separates employment from the county and goes back to work in a SERS covered position with an educational service district. Joe's PERS employer will stop reporting him and the educational service district will begin reporting Joe into SERS. He will begin accumulating service in SERS starting at 16 years. The 5 years of service that Joe rendered at the county stays in PERS.

(4) **If I am a PERS Plan 2 retiree and become employed in an eligible SERS position, will my service be converted from PERS to SERS?** Except as allowed in subsection (1)(e) and (f) of this section, a PERS Plan 2 retiree will not have any of his or her service, account or retirement history converted to SERS.

[Statutory Authority: RCW 41.50.050(5), 41.35.010, 41.35.030, 41.35.033. WSR 04-04-041, § 415-110-910, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5), 41.35.005-[41.35.]030, 41.40.070. WSR 02-03-120, § 415-110-910, filed 1/23/02, effective 3/1/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-110-910, filed 12/12/00, effective 1/12/01.]