

TRANSMITTAL OF RULES ADOPTED

FROM: State Board for Community College Education  
(Name of Agency)

TO: CODE REVISER  
LEGISLATIVE BLDG (Southwest Corner, Ground Floor)  
Olympia 98501

The enclosed Permanent rules  , being order No. 28  
Emergency rules

relating to (Name of rules or description of subject matter)

rule governing the TIAA/CREF retirement annuity program and a mandatory retirement rule for community college employees.

(ALTERNATIVE A. Use only for adoption of permanent rules)

pursuant to Notice No. 4687 <sup>①</sup> filed with the code reviser on 6/6/74 <sup>②</sup> were regularly adopted as permanent rules of this agency at OVTI, 2011 Mottman Rd. S.W., on 6/26/74 and are herewith filed in the office of the code reviser pursuant to chapter 34.04 RCW. The effective date of such rules shall be 7/1/74 <sup>③</sup>

(ALTERNATIVE B. Use only for adoption of emergency rules)

pursuant to its finding that the immediate adoption of these rules is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to the public interest, were regularly adopted as emergency rules of this agency at \_\_\_\_\_ on \_\_\_\_\_ and are herewith filed in the office of the code reviser pursuant to chapter 34.04 RCW.

The undersigned hereby certifies that the requirements of chapter 34.04 RCW and of the Open Public Meetings Act of 1971, chapter 42.30 RCW (1971 ex.s. c 250) have been fulfilled.

Dated this \_\_\_\_\_ 1st day of July 1974.

STATE OF WASHINGTON  
**FILED**  
JUL - 1 1974  
CODE REVISER'S OFFICE  
DOCKET # \_\_\_\_\_ FILE # \_\_\_\_\_

State Board for Community College Education  
(AGENCY)  
*[Signature]*  
BY \_\_\_\_\_  
Assistant Director  
Title

① NOTICE NUMBER AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE NO. OF LAST NOTICE)  
② STAMPED DATE AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE DATE OF LAST NOTICE)  
③ UNLESS A LATER DATE IS SPECIFIED IN THIS ORDER OR IS PRESCRIBED IN ANOTHER STATUTE, RULES ARE EFFECTIVE 30 DAYS AFTER FILING:  
RCW 34.04.040. LEAVE THIS SPEACE BLANK EXCEPT IN SUCH SPECIAL CASES.  
FORM REVISED, EFFECTIVE 8/9/71 [FORM CR-2]

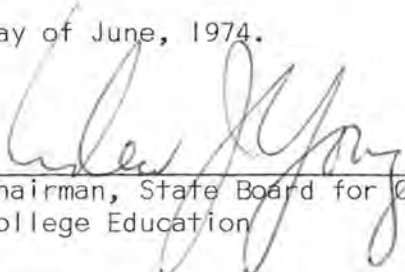
STATE OF WASHINGTON  
STATE BOARD FOR COMMUNITY COLLEGE EDUCATION  
ADMINISTRATIVE ORDER NO. 28  
SBCCE ORDER REGISTER

A resolution relating to the adoption of a permanent rule governing the TIAA/CREF retirement annuity program and a mandatory retirement rule for community college employees.

BE IT RESOLVED by the State Board for Community College Education that it hereby approve and adopt as permanent rules of the Washington State system of community colleges amendments to WAC 131-16-020, WAC 131-16-030, WAC 131-16-040, WAC 131-16-050, WAC 131-16-065, and that it further establish new rules identified as WAC 131-16-005, WAC 131-16-011, WAC 131-16-015, WAC 131-16-061, and WAC 131-16-069, annexed hereto and incorporated by reference.

This resolution and the annexed regulations, after being first recorded as an Administrative Order in the Order Register of the State Board for Community College Education, shall be forwarded to the Code Reviser for filing pursuant to RCW 34.04 and WAC 1-12-050.

Approved and adopted this 26th day of June, 1974.

  
\_\_\_\_\_  
Chairman, State Board for Community  
College Education

WAC 131-16-005 MANDATORY RETIREMENT AGE DEFINED. The mandatory retirement age shall be defined as the end of the academic year in which an employee of a community college district attains age sixty-five; however, when officially approved by the district board of trustees, extension of service beyond the mandatory retirement age may be made for definite periods of time not to exceed one year each, but no such extensions shall postpone retirement beyond the end of the academic year in which age seventy is attained.

WAC 131-16-010 DESIGNATION OF COMMUNITY COLLEGE SYSTEM RETIREMENT PLAN. There is hereby established for the eligible employees of the community colleges of the State of Washington, a retirement plan which shall entitle such employees to purchase retirement annuities from the Teachers' Insurance Annuity Association (TIAA) and the College Retirement Equities Fund (CREF), hereafter called the TIAA/CREF Plan, in conjunction with the employing community college district as provided in regulations approved pursuant to this policy.

WAC 131-16-011 DEFINITIONS. For the purpose of WAC 131-16-005 through WAC 131-16-069, the following definitions shall apply:

(1) "Participant" shall be defined as any individual who is eligible to purchase retirement annuities through the TIAA/CREF Plan and whose basic contribution to such plan is matched by the employing college district or the State Board for Community College Education pursuant to the provisions of WAC 131-16-050.

(2) "Supplemental retirement benefit" shall be defined as payments, as calculated in accordance with WAC 131-16-061, made by the community college district or the State Board to an eligible retired participant or surviving spouse whose retirement benefits provided by the TIAA/CREF Plan do not attain the level of the retirement benefit goal established by WAC 131-16-015.

(3) "Year of full-time service" shall be defined as employment in an eligible position for a period of not less than five months in any fiscal year during which TIAA/CREF contributions were made by both the participant and a Washington public higher education institution; provided that not more than one year of full-time service will be credited for service in any one fiscal year.

(4) "Fiscal year" shall be defined as the period beginning on July 1 of any calendar year and ending on June 30 of the succeeding calendar year.

(5) "Average annual salary" shall be defined as the amount derived when the salary received during any two consecutive academic years of full-time service for which TIAA/CREF contributions were made by both the participant and a Washington public higher education institution is divided by two.

(6) "Academic year" shall be defined as the period beginning on September 1 of any calendar year and ending on August 31 of the next calendar year.

(7) "TIAA/CREF retirement benefit" shall be defined as the amount of annual retirement income derived from a participant's accumulated annuities including dividends at the time of retirement; provided that, solely for the purpose of calculating a potential Supplemental Retirement Benefit, such amount shall be adjusted to meet the assumptions set forth in WAC 131-16-061, subsection (2).

(8) "Salary" shall be defined as all remuneration received by the participant from the employing community college district or the State Board including summer quarter compensation, extra duty pay, leave stipends, and grants made by or through the college district or State Board.

WAC 131-16-015 RETIREMENT BENEFIT GOAL ESTABLISHED. Subject to the provisions of WAC 131-16-061, the retirement benefit goal for participants in the TIAA/CREF Plan is to provide participants at age sixty-five having twenty-five years of service a minimum annual retirement income, exclusive of Federal Old Age Survivors Insurance benefits, equivalent to fifty percent of the average salary for the two consecutive highest salaried years.

WAC 131-16-020 EMPLOYEES ELIGIBLE TO PARTICIPATE IN RETIREMENT ANNUITY PURCHASE PLAN.

(1) Classes of employees eligible to participate in the TIAA/CREF Plan are:

(a) All employees of community college districts holding probationary or tenured faculty appointments as defined by RCW 28B.50.851.

(b) All employees of community college districts holding administrative appointments as defined by RCW 28B.50.851.

(c) The president of any community college or community college district.

(d) The State Director for Community College Education and any member of his staff that he may designate.

(e) Other such full-time employees as may be designated by the district boards of trustees so long as they are in positions exempt under the provisions of Chapter 28B.16 RCW, The State Higher Education Personnel Law.

(2) A full-time employee shall be defined as one who is employed for at least 80 percent of the normal work period for his class of employee; however, any such employee who is employed for less than 90 days during the fiscal year or who is designated as a temporary employee shall not be eligible for participation in this plan.

(3) An employee reclassified to an eligible position may become a participant if he so elects in writing within six months after being reclassified. If he does not so elect, he hereby permanently waives his right to become a participant.

(4) Any participant who has not retired and whose employment is reduced to less than the amount specified for eligibility to participate in the TIAA/CREF Plan shall continue to be a participant as long as he continues to be employed in an eligible position.

(5) Any eligible employee may become a participant immediately upon employment but must become a participant within two years following initial appointment.

WAC 131-16-030 OPTIONAL PARTICIPATION FOR CERTAIN EMPLOYEES. After January 1, 1970, participation in the TIAA/CREF Plan shall be required of all eligible new employees except for such new employees who at the time of employment are members of the Washington State Teachers' Retirement System (WSTRS) or the Washington Public Employees' Retirement System (WPERS) and who elect to retain such membership. All eligible employees who were employed prior to January 1, 1970, shall indicate in writing no later than January 1, 1971, whether they wish to participate in the TIAA/CREF Plan or to retain membership in the retirement plan in which they then hold membership; provided that any such eligible employee who has not established sufficient retirement credit in the Washington State Teachers' Retirement System or the Washington Public Employees' Retirement System to qualify for deferred retirement allowances may delay exercising his option to participate in the TIAA/CREF Plan no longer than one calendar year following the date upon which he established sufficient retirement credit to qualify for such deferred retirement allowances, commonly called a vested right to receive retirement benefits. However, once an employee elects to participate in the TIAA/CREF Plan, such choice shall



be irrevocable so long as he shall remain an employee of any community college district of the state or of the State Board for Community College Education. Eligible employees who retain membership in WSTRS or WPERs may, in addition, participate in the TIAA/CREF Plan on a non-contributory basis through tax-deferred annuity purchase agreements between the individual and the employing community college district under provisions of Section 403(b) of the United States Internal Revenue Code.

WAC 131-16-040 SPECIAL RETIREMENT PROVISIONS FOR TIAA/CREF PARTICIPANTS.

(1) The normal retirement age shall be defined as the end of the academic year in which the participant attains age sixty-five; provided that any participant may elect to retire at the earliest age specified for retirement by federal social security law.

(2) There shall be no prior service benefits associated with participation in the TIAA/CREF Plan.

(3) The board of trustees of any college district may approve the retirement of any employee under the age of sixty-five for reasons of health or permanent disability either upon the request of the individual employee or the district president; provided that the board of trustees shall first give reasonable consideration to the written recommendations regarding such requested retirement from the employee's personal physician and, if requested by either the employee or the district president, a review of such recommendations by another physician appointed by the board of trustees.

WAC 131-16-050 CONTRIBUTION RATES ESTABLISHED.

(1) Each participant in the TIAA/CREF Plan shall contribute five percent until the end of the calendar year during which he attains his 35th birthday and seven and one-half percent thereafter of all remuneration he receives from the employing community college district and the employing district shall contribute a like sum, each on a monthly basis. A participant may further elect to increase the rate to ten percent at any time following the calendar year during which he attains his 50th birthday and the employing district shall contribute a like sum. The sum of the participant's and the community college district's contribution shall be forwarded to TIAA/CREF for the purchase of retirement annuities. The combined contribution may be divided between TIAA and CREF premium payments as directed by the participant.

(2) During periods when participants are on leave of absence and are receiving partial compensation from a community college district, the employing community college district shall continue to make contributions on the same basis as herein provided if the participant agrees to contribute in a like manner.

(3) Any of the following allocations of the combined contributions may be elected at any time by the participant as the premium basis for purchase of TIAA and CREF annuities:

| <u>TIAA</u> | <u>CREF</u> |
|-------------|-------------|
| 100%        | 0%          |
| 75%         | 25%         |
| 50%         | 50%         |
| 25%         | 75%         |
| 0%          | 100%        |

(4) Any eligible employee may enter into an agreement with the college district to reduce the employee's monthly salary by the amount of the required employee's monthly contribution and any supplemental amount within the limits prescribed in the Internal Revenue Code, such amount

to be transmitted to TIAA/CREF to purchase retirement annuities in the name of the employee, thereby deferring the federal income tax normally due on that amount until it is received as retirement annuity income; provided that after one year from the effective date of the agreement, either party may terminate the agreement; and provided further that no more than one agreement for such salary reduction may be made within any taxable year of the employee except to the extent otherwise permitted by the regulations under Section 403(b) of the Internal Revenue Code.

WAC 131-16-060 REPURCHASE OF ANNUITY CONTRACT UNDER CERTAIN CONDITIONS.

In the event a participant in TIAA or TIAA/CREF leaves the employ of any Washington community college for reasons other than retirement or disability and requests repurchase of his annuity, the State Board for Community College Education approves such repurchases as are recommended by the appropriate district board of trustees provided that TIAA/CREF agrees to such repurchase and provided further that the portion of the repurchase attributable to contributions made by employing community college district shall be returned to that district by TIAA/CREF.

The State Board will agree to the repurchase of contracts only if all the following conditions are met:

- (a) Payments to the annuitant have not begun;
- (b) The annuity has been in force for five years or less;
- (c) The annuitant requests repurchase of all annuities he owns;
- (d) The annuitant is neither employed at nor is transferring to an institution having a TIAA/CREF Retirement Plan;
- (e) All educational institutions that contributed any part of the premiums consent to the repurchase;
- (f) If the annuitant has more than one annuity, the total value of all TIAA/CREF annuities and the longest duration of any of them shall govern in determining whether a repurchase will be made under this rule.

WAC 131-16-061 SUPPLEMENTAL RETIREMENT BENEFITS.

(1) A participant is eligible to receive supplemental retirement benefit payments if at the time of retirement the participant is age sixty-two or over and has participated in the TIAA/CREF plan at a Washington public institution of higher education for at least ten years; provided that the amount of the supplemental retirement benefit, as calculated in accordance with the provisions of this section, is a positive amount.

(2) Subject to the provisions of subdivisions (c), (d), and (e) of this subsection, the annual amount of supplemental retirement benefit payable to a participant upon retirement is the excess, if any, when the value determined in subdivision (b) is subtracted from the value determined in subdivision (a), as follows:

(a) The lesser of fifty percent of the participant's average annual salary or two percent of the average annual salary multiplied by the number of years of full-time service; provided that if the participant did not elect to contribute ten percent of salary beginning July 1, 1974, or if later, after the first day of the calendar year following attainment of age fifty, service for such periods shall be calculated at the rate of one and one-half percent instead of two percent.

(b) The TIAA/CREF retirement benefit the participant would receive in the first month of retirement multiplied by twelve; provided that such benefit shall be calculated on the following assumptions:

(i) After July 1, 1974, fifty percent of the combined contributions were made to TIAA and fifty percent to CREF during each year of full-time service; provided that benefit calculations related to contributions made prior to July 1, 1974, shall be computed on the basis of actual allocations between TIAA and CREF; and

(ii) The full TIAA/CREF annuity accumulations, including all dividends payable by TIAA and further including the amounts, if any, paid in a single sum under the retirement transition benefit option, were fully settled on a joint and two-thirds survivorship option with a ten-year guarantee, using actual ages of retiree and spouse, but not exceeding a five-year difference; except that for unmarried participants the TIAA accumulations, including dividends, were settled on an installment refund option and the CREF accumulations were settled on a life annuity with ten-year guarantee option, all to be based on TIAA/CREF estimates at the time of retirement; and

(iii) Annuity benefits purchased by premiums paid other than as a participant in a Washington public institution of higher education TIAA/CREF retirement plan shall be excluded.

(c) The amount of supplemental retirement benefit for a participant who has not attained age sixty-five at retirement is the amount calculated in subsection (2) of this section reduced by one-half of one percent for each calendar month remaining until age sixty-five; provided that the supplemental retirement benefit for a participant retired for reason of health or permanent disability shall not be so reduced.

(d) Any portion of participant's TIAA and/or CREF annuity accumulation paid to a participant's spouse upon dissolution of a marriage shall be included in any subsequent calculation of supplemental retirement benefits just as if these funds had remained in the participant's TIAA and/or CREF annuity.

(e) The selection of a TIAA/CREF retirement option other than the joint and two-thirds survivorship with ten-year guarantee shall not alter the method of calculating the supplemental retirement benefit; however, if the participant's combined TIAA/CREF retirement benefit and calculated supplemental retirement benefit exceeds fifty percent of the participant's average annual salary, the supplemental retirement benefit shall be reduced so that the total combined benefits do not exceed fifty percent of average annual salary.

(3) The payment of supplemental retirement benefits shall be consistent with the following provisions:

(a) Supplemental retirement benefits shall be paid in equal monthly installments, except that if such monthly installments should be less than \$10, such benefit payments may be paid at longer intervals as determined by the employer.

(b) Supplemental retirement benefit payments will continue for the lifetime of the retired participant; however, prior to retirement, a participant may choose to provide for the continuation of supplemental retirement benefit payments, on an actuarially equivalent reduced basis, to his or her spouse after the retiree's death. Notification of such choice shall be filed in writing with the appropriate college district or State Board officer and shall be irrevocable after retirement. If such option is chosen, the supplemental retirement benefit payments shall be in the same proportion as the TIAA/CREF survivor annuity option elected by the participant.

(c) Prior to making any supplemental benefit payments, the employing college district or State Board shall obtain a document signed by the participant and spouse, if any, acknowledging the supplemental retirement benefit option chosen by the participant.

(4) A retired participant who is re-employed shall continue to be eligible to receive retirement income benefits, except that the supplemental retirement benefit shall not continue during periods of employment for more than forty percent of full-time or seventy hours per month or five months duration. Retirement contributions shall not be made from the salary for such employment, unless the individual once again becomes eligible to participate under the provisions of WAC 131-16-020.

WAC 131-16-065 OPTIONAL RETIREMENT TRANSITION BENEFIT. Employees participating in TIAA/CREF as identified in WAC 131-16-020 may choose the optional retirement transition benefit that at the time of their retirement permits receipt of not more than ten percent of the accumulated value in each annuity in a lump-sum payment, provided that annuity benefits commence after the participant's fifty-fifth birthday. Benefits from the remainder of the combined annuity value shall be paid in the form of other retirement options then available to the annuitant as now or hereafter permitted by TIAA/CREF. Selection of the option to receive the retirement transition benefit shall be made immediately prior to retirement in such manner as now or hereafter permitted by TIAA/CREF.

WAC 131-16-066 SINGLE SUM DEATH BENEFIT TO SPOUSE BENEFICIARIES. Unless previously indicated to the contrary by the participating employee in writing directly to TIAA/CREF, the surviving spouse of any TIAA/CREF Plan participant who dies before retirement shall be entitled to receive a single sum death benefit in the amount of the then current value of the annuity accumulation.

WAC 131-16-069 APPLICATION OF RETIREMENT PLAN TO EMPLOYEES OF STATE BOARD. The provisions of WAC 131-16-005 through WAC 131-16-066 shall apply to eligible employees of the State Board for Community College Education who are participants in the TIAA/CREF Plan and whose contributions to such plan are matched by contributions by the State Board. The term "Washington public higher education institution" shall be construed to include the State Board for Community College Education for the purposes of administration of this retirement annuity plan.