

FORM OF ORDER AND TRANSMITTAL BY BOARD, COMMISSION, OR COUNCIL

State of Washington

STATE BOARD FOR COMMUNITY COLLEGE EDUCATION

(name of governing body)

(agency name, if applicable)

Resolution No. 79-44

Administrative Order No. 80

(1) Be it resolved by the State Board for Community College Education

acting at Everett Community College, 801 Wetmore, Everett, Washington 98201 (place)

that it does promulgate and adopted the annexed rules relating to:

annuities and retirement income plans for community college faculty and exempt administrative personnel, specifically amending WAC 131-16-011, 131-16-040, and 131-16-061.

(2) ALTERNATIVE A. Use only for Adoption of Permanent Rules.

This action is taken pursuant to Notice No. 79-10-158 filed with the code reviser on October 3, 1979. Such rules shall take effect:

- [X] pursuant to RCW 34.04.040(2).
[] at a later date, such date being

(2) ALTERNATIVE B. Use only for Adoption of Emergency Rules.

We, find that an emergency exists and that the foregoing order 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 public interest. A statement of the facts constituting such emergency is:

Such rules are therefore adopted as emergency rules to take effect upon filing with the code reviser.

(3) Pursuant to the requirements of RCW 34.04 (1977 c 19 § 2) that "every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules" (fill in statement (a), (b), or (c) as appropriate):

- [X] (a) This rule is promulgated pursuant to RCW 28B.10.400 and is intended to administratively implement that statute.
[] (b) This rule is promulgated pursuant to RCW which directs that the

(agency)

has authority to implement the provisions of

(name of act or RCW citation)

- [] (c) This rule is promulgated under the general rule-making authority of the

(agency)

as authorized in RCW

(4) The undersigned hereby declares that he has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) or the Higher Education Administrative Procedure Act (chapter 28B.19 RCW), as appropriate, and the State Register Act (chapter 34.08 RCW).

(5) This order after being first recorded in the order register of this governing body is herewith transmitted to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

APPROVED AND ADOPTED November 29, 1979

NOV 30 1979

By Gilbert J. Carbone

Assistant Director

Title

State of Washington  
STATE BOARD FOR COMMUNITY COLLEGE EDUCATION  
Olympia

Rule Purpose and Implementation Statement:

Pursuant to Chapter 34.04 RCW and WAC 1-12-065, the following rule purpose and implementation statement is provided:

1) The adoption of these amendments to chapter 131-16 WAC carry out the amendments to RCW 28B.10.400 adopted by the legislature as chapter 259, Laws of 1979, 1st Ex. Sess. providing that higher education employees who participate in the annuity retirement system established under that statute can identify a "designated beneficiary" other than a spouse to receive any survivor's benefits which may be payable following the death of the annuitant. In addition, an amendment was made to language regarding retirement age to bring the rule in line with mandatory legislation adopted by the legislature as chapter 159, Laws of 1979, 1st Ex. Sess.

2) Agency personnel who are responsible for drafting, implementing, and enforcing this rule are:

Drafting - Gilbert J. Carbone, Assistant Director  
(SCAN 234-3650)

General Responsibility - John N. Terrey, Executive Director  
(SCAN 234-7412)

Application of this rule is made by the various community colleges through their business and employee benefits officers as they administer the provisions of chapter 131-16 WAC with respect to retirement program membership for eligible community college employees.

3) To our knowledge there are no opponents of this rule action. Proponents are the State Board for Community College Education, its staff, and representatives of the various community colleges, their administrators, and staffs.

AMENDATORY SECTION (Amending Order 28, filed 7/1/74)

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.

(9) "Designated beneficiary" shall be defined as the surviving spouse of the retiree or, with the consent of such spouse, if any, such other person or persons as shall have an insurable interest in the retiree's life and shall have been nominated by written designation duly executed and filed with the retiree's institution of higher education.

AMENDATORY SECTION (Amending Order 28, filed 7/1/74)

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~~) seventy 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.

AMENDATORY SECTION (Amending Order 28, filed 7/1/74)

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 ((\$40)) ten dollars, 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 or designated beneficiary 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, or designated beneficiary acknowledging the supplemental retirement benefit option chosen by the participant.

(4) A retired participant who is reemployed 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.