
SENATE BILL 5715

State of Washington 56th Legislature 1999 Regular Session

By Senators Goings, Winsley, Kline, Eide, Shin, B. Sheldon and Costa

Read first time 02/04/1999. Referred to Committee on Ways & Means.

1 AN ACT Relating to sharing extraordinary investment gains; amending
2 RCW 41.31.010, 41.31A.020, and 41.31A.030; creating a new section; and
3 providing an effective date.

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

5 **Sec. 1.** RCW 41.31.010 and 1998 c 340 s 1 are each amended to read
6 as follows:

7 Beginning July 1, 1998, and on January 1, 2000, and on each January
8 1st (~~((of even-numbered years))~~) thereafter, the annual increase amount
9 as defined in RCW 41.32.010 and 41.40.010 shall be increased by the
10 gain-sharing increase amount, if any. The monthly retirement allowance
11 of a person in receipt of the benefit provided in RCW 41.32.489 or
12 41.40.197 shall immediately be adjusted to reflect any increase.

13 **Sec. 2.** RCW 41.31A.020 and 1998 c 341 s 312 are each amended to
14 read as follows:

15 (1) (~~((On))~~) Beginning January 1, 2002, and on each January 1st (~~((of~~
16 ~~even-numbered years))~~) thereafter, the member account of a person
17 meeting the requirements of this section shall be credited by the
18 extraordinary investment gain amount.

1 (2) The following persons shall be eligible for the benefit
2 provided in subsection (1) of this section:

3 (a) Any member of the teachers' retirement system plan 3 or the
4 Washington school employees' retirement system plan 3 who earned
5 service credit during the twelve-month period from September 1st to
6 August 31st immediately preceding the distribution and had a balance of
7 at least one thousand dollars in their member account on August 31st of
8 the year immediately preceding the distribution; or

9 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875 or
10 41.35.680; or

11 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and
12 who:

13 (i) Completed ten service credit years; or

14 (ii) Completed five service credit years, including twelve service
15 months after attaining age fifty-four; or

16 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
17 who has completed five service credit years by July 1, 1996, under plan
18 2 and who transferred to plan 3 under RCW 41.32.817; or

19 (e) Any classified employee who is a retiree pursuant to RCW
20 41.34.020(8) and who has completed five service credit years by
21 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
22 or

23 (f) Any person who had a balance of at least one thousand dollars
24 in their member account on August 31st of the year immediately
25 preceding the distribution and who:

26 (i) Completed ten service credit years; or

27 (ii) Completed five service credit years, including twelve service
28 months after attaining age fifty-four; or

29 (g) Any teacher who had a balance of at least one thousand dollars
30 in their member account on August 31st of the year immediately
31 preceding the distribution and who has completed five service credit
32 years by July 1, 1996, under plan 2 and who transferred to plan 3 under
33 RCW 41.32.817; or

34 (h) Any classified employee who had a balance of at least one
35 thousand dollars in their member account on August 31st of the year
36 immediately preceding the distribution and who has completed five
37 service credit years by September 1, 2000, and who transferred to plan
38 3 under RCW 41.35.510.

1 (3) The extraordinary investment gain amount shall be calculated as
2 follows:

3 (a) One-half of the sum of the value of the net assets held in
4 trust for pension benefits in the teachers' retirement system combined
5 plan 2 and 3 fund and the Washington school employees' retirement
6 system combined plan 2 and 3 fund at the close of the previous state
7 fiscal year not including the amount attributable to member accounts;

8 (b) Multiplied by the amount which the compound average of
9 investment returns on those assets over the previous four state fiscal
10 years exceeds ten percent;

11 (c) Multiplied by the proportion of:

12 (i) The sum of the service credit on August 31st of the previous
13 year of all persons eligible for the benefit provided in subsection (1)
14 of this section; to

15 (ii) The sum of the service credit on August 31st of the previous
16 year of:

17 (A) All persons eligible for the benefit provided in subsection (1)
18 of this section;

19 (B) Any person who earned service credit in the teachers'
20 retirement system plan 2 or the Washington school employees' retirement
21 system plan 2 during the twelve-month period from September 1st to
22 August 31st immediately preceding the distribution;

23 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765 or
24 41.35.420; and

25 (D) Any person with five or more years of service in the teachers'
26 retirement system plan 2 or the Washington school employees' retirement
27 system plan 2;

28 (d) Divided proportionally among persons eligible for the benefit
29 provided in subsection (1) of this section on the basis of their
30 service credit total on August 31st of the previous year.

31 (4) The legislature reserves the right to amend or repeal this
32 section in the future and no member or beneficiary has a contractual
33 right to receive this distribution not granted prior to that time.

34 **Sec. 3.** RCW 41.31A.030 and 1998 c 341 s 313 are each amended to
35 read as follows:

36 (1) On March 1, 2001, the member account of a person meeting the
37 requirements of this section shall be credited by the 1998 retroactive

1 extraordinary investment gain amount and the years 2000 and 2001
2 retroactive extraordinary investment gain amount.

3 (2) The following persons shall be eligible for the benefits
4 provided in subsection (1) of this section:

5 (a) Any classified employee who earned service credit during the
6 twelve-month period from September 1st to August 31st immediately
7 preceding the distribution and who transferred to plan 3 under RCW
8 41.35.510; or

9 (b) Any classified employee in receipt of a benefit pursuant to RCW
10 41.35.680 and who has completed five service credit years by September
11 1, 2000, and who transferred to plan 3 under RCW 41.35.510; or

12 (c) Any classified employee who is a retiree pursuant to RCW
13 41.34.020(8) and who has completed five service credit years by
14 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
15 or

16 (d) Any classified employee who has a balance of at least one
17 thousand dollars in his or her member account and who has completed
18 five service credit years by September 1, 2000, and who transferred to
19 plan 3 under RCW 41.35.510.

20 (3) The 1998 retroactive extraordinary investment gain amount shall
21 be calculated as follows:

22 (a) An amount equal to the average benefit per year of service paid
23 to members of the teachers' retirement system plan 3 pursuant to
24 section 309, chapter 341, Laws of 1998 in 1998;

25 (b) Distributed to persons eligible for the benefit provided in
26 subsection (1) of this section on the basis of their service credit
27 total on August 31, 1997.

28 (4) The 2000 and 2001 retroactive extraordinary investment gain
29 amounts shall be calculated as follows:

30 (a) An amount equal to the average benefit per year of service paid
31 to members of the teachers' retirement system plan 3 pursuant to
32 section 309, chapter 341, Laws of 1998 in 2000;

33 (b) An amount equal to the average benefit per year of service
34 paid to members of the teachers' retirement system plan 3 pursuant to
35 section 4 of this act;

36 (c) Distributed to persons eligible for the benefit provided in
37 subsection (1) of this section on the basis of their service credit
38 total on August 31, 1999, for the year 2000 gain sharing amount and
39 August 31, 2000, for the year 2001 gain sharing amount.

1 (5) The legislature reserves the right to amend or repeal this
2 section in the future and no member or beneficiary has a contractual
3 right to receive this distribution not granted prior to that time.

4 NEW SECTION. **Sec. 4.** (1) On January 1, 2001, the member account
5 of a person meeting the requirements of this section shall be credited
6 by the extraordinary investment gain amount.

7 (2) The following persons are eligible for the benefit provided in
8 subsection (1) of this section:

9 (a) Any member of the teachers' retirement system plan 3 who earned
10 service credit during the twelve-month period from September 1st to
11 August 31st immediately preceding the distribution and had a balance of
12 at least one thousand dollars in their member account on August 31st of
13 the year immediately preceding the distribution; or

14 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875;
15 or

16 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and
17 who:

18 (i) Completed ten service credit years; or

19 (ii) Completed five service credit years, including twelve service
20 months after attaining age fifty-four; or

21 (iii) Completed five service credit years by July 1, 1996, under
22 plan 2 and who transferred to plan 3 under RCW 41.32.817; or

23 (d) Any person who had a balance of at least one thousand dollars
24 in their member account on August 31st of the year immediately
25 preceding the distribution and who:

26 (i) Completed ten service credit years; or

27 (ii) Completed five service credit years, including twelve service
28 months after attaining age fifty-four; or

29 (iii) Completed five service credit years by July 1, 1996, under
30 plan 2 and who transferred to plan 3 under RCW 41.32.817.

31 (3) The extraordinary investment gain amount shall be calculated as
32 follows:

33 (a) One-half of the sum of the value of the net assets held in
34 trust for pension benefits in the public employees' retirement system
35 plan 2 fund and the teachers' retirement system combined plan 2 and 3
36 fund at the close of the previous state fiscal year not including the
37 amount attributable to member accounts;

1 (b) Multiplied by the amount which the compound average of
2 investment returns on those assets over the previous four state fiscal
3 years exceeds ten percent;

4 (c) Multiplied by the proportion of:

5 (i) The sum of the service credit on August 31st of the previous
6 year of all persons eligible for the benefit provided in subsection (1)
7 of this section; to

8 (ii) The sum of the service credit on August 31st of the previous
9 year of:

10 (A) All persons eligible for the benefit provided in subsection (1)
11 of this section;

12 (B) Any person who earned service credit in the teachers'
13 retirement system plan 2 or the public employees' retirement system
14 plan 2 during the twelve-month period from September 1st to August 31st
15 immediately preceding the distribution;

16 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765 or
17 41.40.630; and

18 (D) Any person with five or more years of service in the teachers'
19 retirement system plan 2 or the public employees' retirement system
20 plan 2;

21 (d) Divided proportionally among persons eligible for the benefit
22 provided in subsection (1) of this section on the basis of their
23 service credit total on August 31st of the previous year.

24 (4) The distribution provided for in this section shall be made
25 solely from assets included in the teachers' retirement system combined
26 plan 2 and 3 fund.

27 NEW SECTION. **Sec. 5.** Section 4 of this act is added to chapter
28 41.34 RCW, but because of its temporary nature, shall not be codified.

29 NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act take effect
30 September 1, 2000.

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