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HOUSE BILL 2535

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Alexander, Fromhold, Conway, Rockefeller, Simpson, G., Kessler, Moeller, Chase, Bush and Armstrong; by request of Select Committee on Pension Policy

Read first time 01/15/2004. Referred to Committee on Appropriations.

1 AN ACT Relating to permitting members of the public employees'  
2 retirement system plan 2 and plan 3 and the school employees'  
3 retirement system plan 2 and plan 3 who qualify for early retirement or  
4 alternate early retirement to make a one-time purchase of additional  
5 service credit; adding new sections to chapter 41.40 RCW; adding new  
6 sections to chapter 41.35 RCW; and providing an effective date.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.40 RCW  
9 under the subchapter heading "plan 2" to read as follows:

10 (1) A member eligible to retire under RCW 41.40.630 (2) or (3) may,  
11 at the time of filing a written application for retirement with the  
12 department, apply to the department to make a one-time purchase of up  
13 to five years of additional service credit.

14 (2) To purchase additional service credit under this section, a  
15 member shall pay the actuarial equivalent value of the resulting  
16 increase in the member's benefit.

17 (3) Subject to rules adopted by the department, a member purchasing  
18 additional service credit under this section may pay all or part of the  
19 cost with a lump sum payment, eligible rollover, direct rollover, or

1 trustee-to-trustee transfer from an eligible retirement plan. The  
2 department shall adopt rules to ensure that all lump sum payments,  
3 rollovers, and transfers comply with the requirements of the internal  
4 revenue code and regulations adopted by the internal revenue service.  
5 The rules adopted by the department may condition the acceptance of a  
6 rollover or transfer from another plan on the receipt of information  
7 necessary to enable the department to determine the eligibility of any  
8 transferred funds for tax-free rollover treatment or other treatment  
9 under federal income tax law.

10 (4) Additional service credit purchased under this section is not  
11 membership service, and may not be used to qualify a member for  
12 retirement under RCW 41.40.630.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW  
14 under the subchapter heading "plan 3" to read as follows:

15 (1) A member eligible to retire under RCW 41.40.820 (2) or (3) may,  
16 at the time of filing a written application for retirement with the  
17 department, apply to the department to make a one-time purchase of up  
18 to five years of additional service credit.

19 (2) To purchase additional service credit under this section, a  
20 member shall pay the actuarial equivalent value of the resulting  
21 increase in the member's benefit.

22 (3) Subject to rules adopted by the department, a member purchasing  
23 additional service credit under this section may pay all or part of the  
24 cost with a lump sum payment, eligible rollover, direct rollover, or  
25 trustee-to-trustee transfer from an eligible retirement plan. The  
26 department shall adopt rules to ensure that all lump sum payments,  
27 rollovers, and transfers comply with the requirements of the internal  
28 revenue code and regulations adopted by the internal revenue service.  
29 The rules adopted by the department may condition the acceptance of a  
30 rollover or transfer from another plan on the receipt of information  
31 necessary to enable the department to determine the eligibility of any  
32 transferred funds for tax-free rollover treatment or other treatment  
33 under federal income tax law.

34 (4) Additional service credit purchased under this section is not  
35 membership service, and may not be used to qualify for retirement under  
36 RCW 41.40.820.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 41.35 RCW  
2 under the subchapter heading "plan 2" to read as follows:

3        (1) A member eligible to retire under RCW 41.35.420 (2) or (3) may,  
4 at the time of filing a written application for retirement with the  
5 department, apply to the department to make a one-time purchase of up  
6 to five years of additional service credit.

7        (2) To purchase additional service credit under this section, a  
8 member shall pay the actuarial equivalent value of the resulting  
9 increase in the member's benefit.

10       (3) Subject to rules adopted by the department, a member purchasing  
11 additional service credit under this section may pay all or part of the  
12 cost with a lump sum payment, eligible rollover, direct rollover, or  
13 trustee-to-trustee transfer from an eligible retirement plan. The  
14 department shall adopt rules to ensure that all lump sum payments,  
15 rollovers, and transfers comply with the requirements of the internal  
16 revenue code and regulations adopted by the internal revenue service.  
17 The rules adopted by the department may condition the acceptance of a  
18 rollover or transfer from another plan on the receipt of information  
19 necessary to enable the department to determine the eligibility of any  
20 transferred funds for tax-free rollover treatment or other treatment  
21 under federal income tax law.

22       (4) Additional service credit purchased under this section is not  
23 membership service, and may not be used to qualify a member for  
24 retirement under RCW 41.35.420.

25       NEW SECTION.    **Sec. 4.**    A new section is added to chapter 41.35 RCW  
26 under the subchapter heading "plan 3" to read as follows:

27       (1) A member eligible to retire under RCW 41.35.680 (2) or (3) may,  
28 at the time of filing a written application for retirement with the  
29 department, apply to the department to make a one-time purchase of up  
30 to five years of additional service credit.

31       (2) To purchase additional service credit under this section, a  
32 member shall pay the actuarial equivalent value of the resulting  
33 increase in the member's benefit.

34       (3) Subject to rules adopted by the department, a member purchasing  
35 additional service credit under this section may pay all or part of the  
36 cost with a lump sum payment, eligible rollover, direct rollover, or  
37 trustee-to-trustee transfer from an eligible retirement plan. The

1 department shall adopt rules to ensure that all lump sum payments,  
2 rollovers, and transfers comply with the requirements of the internal  
3 revenue code and regulations adopted by the internal revenue service.  
4 The rules adopted by the department may condition the acceptance of a  
5 rollover or transfer from another plan on the receipt of information  
6 necessary to enable the department to determine the eligibility of any  
7 transferred funds for tax-free rollover treatment or other treatment  
8 under federal income tax law.

9 (4) Additional service credit purchased under this section is not  
10 membership service, and may not be used to qualify for retirement under  
11 RCW 41.35.680.

12 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2006.

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