
SENATE BILL 5516

State of Washington 58th Legislature 2003 Regular Session

By Senators Carlson, Fraser and Winsley

Read first time 01/28/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to extraordinary investment gain sharing for plans
2 1 and 3; and amending RCW 41.31.010, 41.31.030, and 41.31A.020; 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 (1) Beginning January 1, 2005, and on January 1st of odd-numbered
8 years thereafter, the amount of extraordinary investment gains, if any,
9 shall be used to provide a lump sum payment to each plan 1 retiree
10 under chapters 41.32 and 41.40 RCW. The department shall calculate the
11 amount of each payment as follows:

12 (a) Each plan 1 retiree is awarded one point for each year of
13 service credit and two points for each year of retirement;

14 (b) The total amount of extraordinary investment gains under RCW
15 41.31.020 is divided by the total number of points awarded under (a) of
16 this subsection;

17 (c) Each retiree's individual point total is then multiplied by the
18 single point value determined under (b) of this subsection and that
19 amount is the odd year additional payment.

1 (2) Beginning July 1, 1998, and on January 1st of even-numbered
2 years thereafter, the annual increase amount as defined in RCW
3 41.32.010 and 41.40.010 shall be increased by the gain-sharing increase
4 amount, if any. The monthly retirement allowance of a person in
5 receipt of the benefit provided in RCW 41.32.489 or 41.40.197 shall
6 immediately be adjusted to reflect any increase.

7 **Sec. 2.** RCW 41.31.030 and 1998 c 340 s 3 are each amended to read
8 as follows:

9 The legislature reserves the right to amend or repeal this chapter
10 in the future and no member or beneficiary has a contractual right to
11 receive ((~~this~~)) a postretirement adjustment or lump sum payment not
12 granted prior to that amendment or repeal.

13 **Sec. 3.** RCW 41.31A.020 and 2000 c 247 s 408 are each amended to
14 read as follows:

15 (1) On January 1, 2004, and on January 1st of even-numbered years
16 thereafter, the member account of a person meeting the requirements of
17 this section shall be credited by the extraordinary investment gain
18 amount.

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

21 (a) Any member of the teachers' retirement system plan 3, the
22 Washington school employees' retirement system plan 3, or the public
23 employees' retirement system plan 3 who earned service credit during
24 the twelve-month period from September 1st to August 31st immediately
25 preceding the distribution and had a balance of at least one thousand
26 dollars in their member account on August 31st of the year immediately
27 preceding the distribution; or

28 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,
29 41.35.680, or 41.40.820; or

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

32 (i) Completed ten service credit years; or

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

35 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and

1 who has completed five service credit years by July 1, 1996, under plan
2 2 and who transferred to plan 3 under RCW 41.32.817; or

3 (e) Any classified employee who is a retiree pursuant to RCW
4 41.34.020(8) and who has completed five service credit years by
5 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
6 or

7 (f) Any public employee who is a retiree pursuant to RCW
8 41.40.010(29) and who has completed five service credit years by March
9 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

10 (g) Any person who had a balance of at least one thousand dollars
11 in their member account on August 31st of the year immediately
12 preceding the distribution and 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 (h) Any teacher who had a balance of at least one thousand dollars
17 in their member account on August 31st of the year immediately
18 preceding the distribution and who has completed five service credit
19 years by July 1, 1996, under plan 2 and who transferred to plan 3 under
20 RCW 41.32.817; or

21 (i) Any classified employee who had a balance of at least one
22 thousand dollars in their member account on August 31st of the year
23 immediately preceding the distribution and who has completed five
24 service credit years by September 1, 2000, and who transferred to plan
25 3 under RCW 41.35.510; or

26 (j) Any public employee who had a balance of at least one thousand
27 dollars in their member account on August 31st of the year immediately
28 preceding the distribution and who has completed five service credit
29 years by March 1, 2002, and who transferred to plan 3 under RCW
30 41.40.795.

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 teachers' retirement system combined
35 plan 2 and 3 fund, the Washington school employees' retirement system
36 combined plan 2 and 3 fund, and the public employees' retirement system
37 combined plan 2 and 3 fund at the close of the previous state fiscal
38 year not including the 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, the Washington school employees' retirement
14 system plan 2, or the public employees' retirement system plan 2 during
15 the twelve-month period from September 1st to August 31st immediately
16 preceding the distribution;

17 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,
18 41.35.420, or 41.40.630; and

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

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

25 (4) Beginning January 1, 2005, and on January 1st of odd-numbered
26 years thereafter, the amount of extraordinary investment gains, if any,
27 shall be used to provide a lump sum payment to each plan 3 retiree
28 under chapters 41.32, 41.35, and 41.40 RCW. The department shall
29 calculate the amount of each payment as follows:

30 (a) Each plan 3 retiree is awarded one point for each year of
31 service credit and two points for each year of retirement;

32 (b) The total amount of extraordinary investment gains under
33 subsection (3) of this section is divided by the total number of points
34 awarded under (a) of this subsection;

35 (c) Each retiree's individual point total is then multiplied by the
36 single point value determined under (b) of this subsection and that
37 amount is the odd year additional payment.

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~~)) a distribution not granted prior to that
4 ((~~time~~)) amendment or repeal.

5 NEW SECTION. **Sec. 4.** Section 3 of this act takes effect January
6 1, 2004.

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