

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1200

Chapter 294, Laws of 2003

(partial veto)

58th Legislature
2003 Regular Session

RETIREMENT SYSTEMS

EFFECTIVE DATE: 7/27/03 - Except section 4, which becomes effective 1/1/04.

Passed by the House February 28, 2003
Yeas 95 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 15, 2003
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved May 14, 2003, with the exception of section 16, which is vetoed.

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1200** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

Chief Clerk

FILED

May 14, 2003 - 3:24 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1200

Passed Legislature - 2003 Regular Session

State of Washington 58th Legislature 2003 Regular Session

By Representatives Conway, Pflug and Cooper; by request of Joint
Committee on Pension Policy

Read first time 01/21/2003. Referred to Committee on Appropriations.

1 AN ACT Relating to correcting retirement system statutes; amending
2 RCW 41.04.450, 41.26.195, 41.26.460, 41.31A.020, 41.35.640, 41.40.660,
3 41.40.748, 41.40.801, 41.40.845, 41.45.060, 41.50.110, 41.50.700,
4 41.54.030, 43.43.271, 43.43.295, and 44.44.040; and providing an
5 effective date.

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

7 **Sec. 1.** RCW 41.04.450 and 2000 c 247 s 1103 are each amended to
8 read as follows:

9 (1) Employers of those members under chapters 41.26, (~~41.40, and~~)
10 41.34, 41.35, and 41.40 RCW who are not specified in RCW 41.04.445 may
11 choose to implement the employer pick up of all member contributions
12 without exception under RCW 41.26.080(1)(a), 41.26.450, 41.40.330(1),
13 41.45.060, 41.45.061, and 41.45.067 and chapter 41.34 RCW. If the
14 employer does so choose, the employer and members shall be subject to
15 the conditions and limitations of RCW 41.04.445 (3), (4), and (5) and
16 RCW 41.04.455.

17 (2) An employer exercising the option under this section may later
18 choose to withdraw from and/or reestablish the employer pick up of

1 member contributions only once in a calendar year following forty-five
2 days prior notice to the director of the department of retirement
3 systems.

4 **Sec. 2.** RCW 41.26.195 and 1997 c 122 s 1 are each amended to read
5 as follows:

6 Any member of the teachers' retirement system plans 1, 2, or 3, the
7 public employees' retirement system plans 1 (~~(or)~~), 2, or 3, the school
8 employees' retirement system plans 2 or 3, or the Washington state
9 patrol retirement system plans 1 or 2 who has previously established
10 service credit in the law enforcement officers' and fire fighters'
11 retirement system plan 1 may make an irrevocable election to have such
12 service transferred to their current retirement system and plan subject
13 to the following conditions:

14 (1) If the individual is employed by an employer in an eligible
15 position, as of July 1, 1997, the election to transfer service must be
16 filed in writing with the department no later than July 1, 1998. If
17 the individual is not employed by an employer in an eligible position,
18 as of July 1, 1997, the election to transfer service must be filed in
19 writing with the department no later than one year from the date they
20 are employed by an employer in an eligible position.

21 (2) An individual transferring service under this section forfeits
22 the rights to all benefits as a member of the law enforcement officers'
23 and fire fighters' retirement system plan 1 and will be permanently
24 excluded from membership.

25 (3) Any individual choosing to transfer service under this section
26 will have transferred to their current retirement system and plan: (a)
27 All the individual's accumulated contributions; (b) an amount
28 sufficient to ensure that the employer contribution rate in the
29 individual's current system and plan will not increase due to the
30 transfer; and (c) all applicable months of service, as defined in RCW
31 41.26.030(14)(a).

32 (4) If an individual has withdrawn contributions from the law
33 enforcement officers' and fire fighters' retirement system plan 1, the
34 individual may restore the contributions, together with interest as
35 determined by the director, and recover the service represented by the
36 contributions for the sole purpose of transferring service under this

1 section. The contributions must be restored before the transfer can
2 occur and the restoration must be completed within the time limitations
3 specified in subsection (1) of this section.

4 (5) Any service transferred under this section does not apply to
5 the eligibility requirements for military service credit as defined in
6 RCW 41.40.170(3) or 43.43.260(3).

7 (6) If an individual does not meet the time limitations of
8 subsection (1) of this section, the individual may elect to restore any
9 withdrawn contributions and transfer service under this section by
10 paying the amount required under subsection (3)(b) of this section less
11 any employee contributions transferred.

12 **Sec. 3.** RCW 41.26.460 and 2002 c 158 s 7 are each amended to read
13 as follows:

14 (1) Upon retirement for service as prescribed in RCW 41.26.430 or
15 disability retirement under RCW 41.26.470, a member shall elect to have
16 the retirement allowance paid pursuant to the following options,
17 calculated so as to be actuarially equivalent to each other.

18 (a) Standard allowance. A member electing this option shall
19 receive a retirement allowance payable throughout such member's life.
20 However, if the retiree dies before the total of the retirement
21 allowance paid to such retiree equals the amount of such retiree's
22 accumulated contributions at the time of retirement, then the balance
23 shall be paid to the member's estate, or such person or persons, trust,
24 or organization as the retiree shall have nominated by written
25 designation duly executed and filed with the department; or if there be
26 no such designated person or persons still living at the time of the
27 retiree's death, then to the surviving spouse; or if there be neither
28 such designated person or persons still living at the time of death nor
29 a surviving spouse, then to the retiree's legal representative.

30 (b) The department shall adopt rules that allow a member to select
31 a retirement option that pays the member a reduced retirement allowance
32 and upon death, such portion of the member's reduced retirement
33 allowance as the department by rule designates shall be continued
34 throughout the life of and paid to a designated person. Such person
35 shall be nominated by the member by written designation duly executed
36 and filed with the department at the time of retirement. The options

1 adopted by the department shall include, but are not limited to, a
2 joint and one hundred percent survivor option and a joint and fifty
3 percent survivor option.

4 (2)(a) A member, if married, must provide the written consent of
5 his or her spouse to the option selected under this section, except as
6 provided in (b) of this subsection. If a member is married and both
7 the member and member's spouse do not give written consent to an option
8 under this section, the department will pay the member a joint and
9 fifty percent survivor benefit and record the member's spouse as the
10 beneficiary. Such benefit shall be calculated to be actuarially
11 equivalent to the benefit options available under subsection (1) of
12 this section unless spousal consent is not required as provided in (b)
13 of this subsection.

14 (b) If a copy of a dissolution order designating a survivor
15 beneficiary under RCW 41.50.790 has been filed with the department at
16 least thirty days prior to a member's retirement:

17 (i) The department shall honor the designation as if made by the
18 member under subsection (1) of this section; and

19 (ii) The spousal consent provisions of (a) of this subsection do
20 not apply.

21 (3)(a) Any member who retired before January 1, 1996, and who
22 elected to receive a reduced retirement allowance under subsection
23 (1)(b) or (2) of this section is entitled to receive a retirement
24 allowance adjusted in accordance with (b) of this subsection, if they
25 meet the following conditions:

26 (i) The retiree's designated beneficiary predeceases or has
27 predeceased the retiree; and

28 (ii) The retiree provides to the department proper proof of the
29 designated beneficiary's death.

30 (b) The retirement allowance payable to the retiree, as of July 1,
31 1998, or the date of the designated beneficiary's death, whichever
32 comes last, shall be increased by the percentage derived in (c) of this
33 subsection.

34 (c) The percentage increase shall be derived by the following:

35 (i) One hundred percent multiplied by the result of (c)(ii) of this
36 subsection converted to a percent;

37 (ii) Subtract one from the reciprocal of the appropriate joint and
38 survivor option factor;

1 (iii) The joint and survivor option factor shall be from the table
2 in effect as of July 1, 1998.

3 (d) The adjustment under (b) of this subsection shall accrue from
4 the beginning of the month following the date of the designated
5 beneficiary's death or from July 1, 1998, whichever comes last.

6 (4) No later than July 1, 2001, the department shall adopt rules
7 that allow a member additional actuarially equivalent survivor benefit
8 options, and shall include, but are not limited to:

9 (a)(i) A retired member who retired without designating a survivor
10 beneficiary shall have the opportunity to designate their spouse from
11 a postretirement marriage as a survivor during a one-year period
12 beginning one year after the date of the postretirement marriage
13 provided the retirement allowance payable to the retiree is not subject
14 to periodic payments pursuant to a property division obligation as
15 provided for in RCW 41.50.670.

16 (ii) A member who entered into a postretirement marriage prior to
17 the effective date of the rules adopted pursuant to this subsection and
18 satisfies the conditions of (a)(i) of this subsection shall have one
19 year to designate their spouse as a survivor beneficiary following the
20 adoption of the rules.

21 (b) A retired member who elected to receive a reduced retirement
22 allowance under this section and designated a nonspouse as survivor
23 beneficiary shall have the opportunity to remove the survivor
24 designation and have their future benefit adjusted.

25 (c) The department may make an additional charge, if necessary, to
26 ensure that the benefits provided under this subsection remain
27 actuarially equivalent.

28 (5) No later than July 1, 2003, the department shall adopt rules to
29 permit:

30 (a) A court-approved property settlement incident to a court decree
31 of dissolution made before retirement to provide that benefits payable
32 to a member who meets the length of service requirements of RCW
33 41.26.530(1) and the member's divorcing spouse be divided into two
34 separate benefits payable over the life of each spouse.

35 The member shall have available the benefit options of subsection
36 (1) of this section upon retirement, and if remarried at the time of
37 retirement remains subject to the spousal consent requirements of

1 subsection (2) of this section. Any reductions of the member's benefit
2 subsequent to the division into two separate benefits shall be made
3 solely to the separate benefit of the member.

4 The nonmember ex spouse shall be eligible to commence receiving
5 their separate benefit upon reaching the ages provided in RCW
6 41.26.430(1) and after filing a written application with the
7 department.

8 (b) A court-approved property settlement incident to a court decree
9 of dissolution made after retirement may only divide the benefit into
10 two separate benefits payable over the life of each spouse if the
11 nonmember ex spouse was selected as a survivor beneficiary at
12 retirement.

13 The retired member may later choose the survivor benefit options
14 available in subsection (4) of this section. Any actuarial reductions
15 subsequent to the division into two separate benefits shall be made
16 solely to the separate benefit of the member.

17 Both the retired member and the nonmember divorced spouse shall be
18 eligible to commence receiving their separate benefits upon filing a
19 copy of the dissolution order with the department in accordance with
20 RCW 41.50.670.

21 (c) The department may make an additional charge or adjustment if
22 necessary to ensure that the separate benefits provided under this
23 subsection are actuarially equivalent to the benefits payable prior to
24 the decree of dissolution.

25 **Sec. 4.** RCW 41.31A.020 and 2000 c 247 s 408 are each amended to
26 read as follows:

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

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

33 (a) Any member of the teachers' retirement system plan 3, the
34 Washington school employees' retirement system plan 3, or the public
35 employees' retirement system plan 3 who earned service credit during
36 the twelve-month period from September 1st to August 31st immediately

1 preceding the distribution and had a balance of at least one thousand
2 dollars in their member account on August 31st of the year immediately
3 preceding the distribution; or

4 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,
5 41.35.680, or 41.40.820; or

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

8 (i) Completed ten service credit years; or

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

11 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
12 who has completed five service credit years by July 1, 1996, under plan
13 2 and who transferred to plan 3 under RCW 41.32.817; or

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

18 (f) Any public employee who is a retiree pursuant to RCW
19 (~~41.40.010(29)~~) 41.34.020(8) and who has completed five service
20 credit years by March 1, 2002, and who transferred to plan 3 under RCW
21 41.40.795; or

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

25 (i) Completed ten service credit years; or

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

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

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

1 (j) Any public employee who had a balance of at least one thousand
2 dollars in their member account on August 31st of the year immediately
3 preceding the distribution and who has completed five service credit
4 years by March 1, 2002, and who transferred to plan 3 under RCW
5 41.40.795.

6 (3) The extraordinary investment gain amount shall be calculated as
7 follows:

8 (a) One-half of the sum of the value of the net assets held in
9 trust for pension benefits in the teachers' retirement system combined
10 plan 2 and 3 fund, the Washington school employees' retirement system
11 combined plan 2 and 3 fund, and the public employees' retirement system
12 combined plan 2 and 3 fund at the close of the previous state fiscal
13 year not including the amount attributable to member accounts;

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

17 (c) Multiplied by the proportion of:

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

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

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

25 (B) Any person who earned service credit in the teachers'
26 retirement system plan 2, the Washington school employees' retirement
27 system plan 2, or the public employees' retirement system plan 2 during
28 the twelve-month period from September 1st to August 31st immediately
29 preceding the distribution;

30 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,
31 41.35.420, or 41.40.630; and

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

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

1 (4) 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 **Sec. 5.** RCW 41.35.640 and 1998 c 341 s 205 are each amended to
5 read as follows:

6 Any member or beneficiary eligible to receive a retirement
7 allowance under the provisions of RCW 41.35.680, 41.35.690, or
8 41.35.710 is eligible to commence receiving a retirement allowance
9 after having filed written application with the department.

10 (1) Retirement allowances paid to members shall accrue from the
11 first day of the calendar month immediately following such member's
12 separation from employment.

13 (2) Retirement allowances payable to eligible members no longer in
14 service, but qualifying for such an allowance pursuant to RCW
15 (~~41.35.140~~) 41.35.680 shall accrue from the first day of the calendar
16 month immediately following such qualification.

17 (3) Disability allowances paid to disabled members shall accrue
18 from the first day of the calendar month immediately following such
19 member's separation from employment for disability.

20 (4) Retirement allowances paid as death benefits shall accrue from
21 the first day of the calendar month immediately following the member's
22 death.

23 **Sec. 6.** RCW 41.40.660 and 2002 c 158 s 13 are each amended to read
24 as follows:

25 (1) Upon retirement for service as prescribed in RCW 41.40.630 or
26 retirement for disability under RCW 41.40.670, a member shall elect to
27 have the retirement allowance paid pursuant to one of the following
28 options, calculated so as to be actuarially equivalent to each other.

29 (a) Standard allowance. A member electing this option shall
30 receive a retirement allowance payable throughout such member's life.
31 However, if the retiree dies before the total of the retirement
32 allowance paid to such retiree equals the amount of such retiree's
33 accumulated contributions at the time of retirement, then the balance
34 shall be paid to the member's estate, or such person or persons, trust,
35 or organization as the retiree shall have nominated by written
36 designation duly executed and filed with the department; or if there be

1 no such designated person or persons still living at the time of the
2 retiree's death, then to the surviving spouse; or if there be neither
3 such designated person or persons still living at the time of death nor
4 a surviving spouse, then to the retiree's legal representative.

5 (b) The department shall adopt rules that allow a member to select
6 a retirement option that pays the member a reduced retirement allowance
7 and upon death, such portion of the member's reduced retirement
8 allowance as the department by rule designates shall be continued
9 throughout the life of and paid to a person nominated by the member by
10 written designation duly executed and filed with the department at the
11 time of retirement. The options adopted by the department shall
12 include, but are not limited to, a joint and one hundred percent
13 survivor option and a joint and fifty percent survivor option.

14 (2)(a) A member, if married, must provide the written consent of
15 his or her spouse to the option selected under this section, except as
16 provided in (b) of this subsection. If a member is married and both
17 the member and the member's spouse do not give written consent to an
18 option under this section, the department shall pay a joint and fifty
19 percent survivor benefit calculated to be actuarially equivalent to the
20 benefit options available under subsection (1) of this section unless
21 spousal consent is not required as provided in (b) of this subsection.

22 (b) If a copy of a dissolution order designating a survivor
23 beneficiary under RCW 41.50.790 has been filed with the department at
24 least thirty days prior to a member's retirement:

25 (i) The department shall honor the designation as if made by the
26 member under subsection (1) of this section; and

27 (ii) The spousal consent provisions of (a) of this subsection do
28 not apply.

29 (3)(a) Any member who retired before January 1, 1996, and who
30 elected to receive a reduced retirement allowance under subsection
31 (1)(b) or (2) of this section is entitled to receive a retirement
32 allowance adjusted in accordance with (b) of this subsection, if they
33 meet the following conditions:

34 (i) The retiree's designated beneficiary predeceases or has
35 predeceased the retiree; and

36 (ii) The retiree provides to the department proper proof of the
37 designated beneficiary's death.

1 (b) The retirement allowance payable to the retiree, as of July 1,
2 1998, or the date of the designated beneficiary's death, whichever
3 comes last, shall be increased by the percentage derived in (c) of this
4 subsection.

5 (c) The percentage increase shall be derived by the following:

6 (i) One hundred percent multiplied by the result of (c)(ii) of this
7 subsection converted to a percent;

8 (ii) Subtract one from the reciprocal of the appropriate joint and
9 survivor option factor;

10 (iii) The joint and survivor option factor shall be from the table
11 in effect as of July 1, 1998.

12 (d) The adjustment under (b) of this subsection shall accrue from
13 the beginning of the month following the date of the designated
14 beneficiary's death or from July 1, 1998, whichever comes last.

15 (4) No later than July 1, 2001, the department shall adopt rules
16 that allow a member additional actuarially equivalent survivor benefit
17 options, and shall include, but are not limited to:

18 (a)(i) A retired member who retired without designating a survivor
19 beneficiary shall have the opportunity to designate their spouse from
20 a postretirement marriage as a survivor during a one-year period
21 beginning one year after the date of the postretirement marriage
22 provided the retirement allowance payable to the retiree is not subject
23 to periodic payments pursuant to a property division obligation as
24 provided for in RCW 41.50.670.

25 (ii) A member who entered into a postretirement marriage prior to
26 the effective date of the rules adopted pursuant to this subsection and
27 satisfies the conditions of (a)(i) of this subsection shall have one
28 year to designate their spouse as a survivor beneficiary following the
29 adoption of the rules.

30 (b) A retired member who elected to receive a reduced retirement
31 allowance under this section and designated a nonspouse as survivor
32 beneficiary shall have the opportunity to remove the survivor
33 designation and have their future benefit adjusted.

34 (c) The department may make an additional charge, if necessary, to
35 ensure that the benefits provided under this subsection remain
36 actuarially equivalent.

37 (5) No later than July 1, 2003, the department shall adopt rules to
38 permit:

1 (a) A court-approved property settlement incident to a court decree
2 of dissolution made before retirement to provide that benefits payable
3 to a member who meets the length of service requirements of RCW
4 41.40.720 and the member's divorcing spouse be divided into two
5 separate benefits payable over the life of each spouse.

6 The member shall have available the benefit options of subsection
7 (1) of this section upon retirement, and if remarried at the time of
8 retirement remains subject to the spousal consent requirements of
9 subsection (2) of this section. Any reductions of the member's benefit
10 subsequent to the division into two separate benefits shall be made
11 solely to the separate benefit of the member.

12 The nonmember ex spouse shall be eligible to commence receiving
13 their separate benefit upon reaching the age provided in RCW
14 41.40.630(1) and after filing a written application with the
15 department.

16 (b) A court-approved property settlement incident to a court decree
17 of dissolution made after retirement may only divide the benefit into
18 two separate benefits payable over the life of each spouse if the
19 nonmember ex spouse was selected as a survivor beneficiary at
20 retirement.

21 The retired member may later choose the survivor benefit options
22 available in subsection (4) of this section. Any actuarial reductions
23 subsequent to the division into two separate benefits shall be made
24 solely to the separate benefit of the member.

25 Both the retired member and the nonmember divorced spouse shall be
26 eligible to commence receiving their separate benefits upon filing a
27 copy of the dissolution order with the department in accordance with
28 RCW 41.50.670.

29 ~~(c) ((Any benefit distributed pursuant to chapter 41.31A RCW after
30 the date of the dissolution order creating separate benefits for a
31 member and nonmember ex spouse shall be paid solely to the member.~~

32 ~~(d))~~ The department may make an additional charge or adjustment if
33 necessary to ensure that the separate benefits provided under this
34 subsection are actuarially equivalent to the benefits payable prior to
35 the decree of dissolution.

36 **Sec. 7.** RCW 41.40.748 and 2002 c 269 s 1 are each amended to read
37 as follows:

1 (1) Active members of the Washington state patrol retirement system
2 who have previously established service credit in the public employees'
3 retirement system plan 2 while employed in the state patrol as a
4 commercial vehicle enforcement officer, and who became a commissioned
5 officer after July 1, 2000, and prior to June 30, 2001, have the
6 following options:

7 (a) Remain a member of the public employees' retirement system; or

8 (b) Transfer service credit earned under the retirement system as
9 a commercial vehicle enforcement officer to the Washington state patrol
10 retirement system by making an irrevocable choice filed in writing with
11 the department of retirement systems within one year of the
12 department's announcement of the ability to make such a transfer.

13 (2)(a) Any commissioned officer choosing to transfer under this
14 section shall have transferred from the retirement system to the
15 Washington state patrol retirement system:

16 (i) All the employee's applicable accumulated contributions plus
17 interest, and an equal amount of employer contributions attributed to
18 such employee; and

19 (ii) All applicable months of service as a commercial vehicle
20 enforcement officer credited to the employee under this chapter as
21 though that service was rendered as a member of the Washington state
22 patrol retirement system.

23 (b) For the applicable period of service, the employee shall pay:

24 (i) The difference between the contributions the employee paid to
25 the retirement system, and the contributions which would have been paid
26 by the employee had the employee been a member of the Washington state
27 patrol retirement system, plus interest as determined by the director.
28 This payment shall be made no later than December 31, 2010, or the date
29 of retirement, whichever comes first;

30 (ii) The difference between the employer contributions paid to the
31 public employees' retirement system, and the employer contributions
32 which would have been payable to the Washington state patrol retirement
33 system; and

34 (iii) An amount sufficient to ensure that the funding status of the
35 Washington state patrol retirement system will not change due to this
36 transfer.

37 (c) If the payment required by this subsection is not paid in full
38 by the deadline, the transferred service credit shall not be used to

1 determine eligibility for benefits nor to calculate benefits under the
2 Washington state patrol retirement system. In such case, the
3 (~~additional employee and employer contributions~~) employee's
4 accumulated contributions plus interest transferred under this
5 subsection, and any payments made under this subsection, shall be
6 refunded to the employee(~~, and~~). The employer shall be entitled to
7 a credit for the (~~payments made~~) employer contributions transferred
8 under (~~(a) of~~) this subsection.

9 (d) An individual who transfers service credit and contributions
10 under this subsection is permanently excluded from the public
11 employees' retirement system for all service as a commercial vehicle
12 enforcement officer.

13 **Sec. 8.** RCW 41.40.801 and 2000 c 247 s 305 are each amended to
14 read as follows:

15 Any member or beneficiary eligible to receive a retirement
16 allowance under the provisions of RCW 41.40.820, 41.40.825, or
17 41.40.835 is eligible to commence receiving a retirement allowance
18 after having filed written application with the department.

19 (1) Retirement allowances paid to members shall accrue from the
20 first day of the calendar month immediately following such member's
21 separation from employment.

22 (2) Retirement allowances payable to eligible members no longer in
23 service, but qualifying for such an allowance pursuant to RCW
24 (~~41.40.068~~) 41.40.820 shall accrue from the first day of the calendar
25 month immediately following such qualification.

26 (3) Disability allowances paid to disabled members shall accrue
27 from the first day of the calendar month immediately following such
28 member's separation from employment for disability.

29 (4) Retirement allowances paid as death benefits shall accrue from
30 the first day of the calendar month immediately following the member's
31 death.

32 **Sec. 9.** RCW 41.40.845 and 2002 c 158 s 14 are each amended to read
33 as follows:

34 (1) Upon retirement for service as prescribed in RCW 41.40.820 or
35 retirement for disability under RCW 41.40.825, a member shall elect to

1 have the retirement allowance paid pursuant to one of the following
2 options, calculated so as to be actuarially equivalent to each other.

3 (a) Standard allowance. A member electing this option shall
4 receive a retirement allowance payable throughout such member's life.
5 Upon the death of the member, the member's benefits shall cease.

6 (b) The department shall adopt rules that allow a member to select
7 a retirement option that pays the member a reduced retirement allowance
8 and upon death, such portion of the member's reduced retirement
9 allowance as the department by rule designates shall be continued
10 throughout the life of and paid to a person nominated by the member by
11 written designation duly executed and filed with the department at the
12 time of retirement. The options adopted by the department shall
13 include, but are not limited to, a joint and one hundred percent
14 survivor option and a joint and fifty percent survivor option.

15 (2)(a) A member, if married, must provide the written consent of
16 his or her spouse to the option selected under this section, except as
17 provided in (b) of this subsection. If a member is married and both
18 the member and the member's spouse do not give written consent to an
19 option under this section, the department shall pay a joint and fifty
20 percent survivor benefit calculated to be actuarially equivalent to the
21 benefit options available under subsection (1) of this section unless
22 spousal consent is not required as provided in (b) of this subsection.

23 (b) If a copy of a dissolution order designating a survivor
24 beneficiary under RCW 41.50.790 has been filed with the department at
25 least thirty days prior to a member's retirement:

26 (i) The department shall honor the designation as if made by the
27 member under subsection (1) of this section; and

28 (ii) The spousal consent provisions of (a) of this subsection do
29 not apply.

30 ~~(3) ((The department shall adopt rules that allow a member
31 additional actuarially equivalent survivor benefit options, and shall
32 include, but are not limited to:~~

33 ~~(a)(i) A retired member who retired without designating a survivor
34 beneficiary shall have the opportunity to designate their spouse from
35 a postretirement marriage as a survivor during a one-year period
36 beginning one year after the date of the postretirement marriage
37 provided the retirement allowance payable to the retiree is not subject~~

1 ~~to periodic payments pursuant to a property division obligation as~~
2 ~~provided for in RCW 41.50.670.~~

3 ~~(ii) A member who entered into a postretirement marriage prior to~~
4 ~~the effective date of the rules adopted under this section and~~
5 ~~satisfies the conditions of (a)(i) of this subsection shall have one~~
6 ~~year to designate their spouse as a survivor beneficiary following the~~
7 ~~adoption of the rules.~~

8 ~~(b) A retired member who elected to receive a reduced retirement~~
9 ~~allowance under this section and designated a nonspouse as survivor~~
10 ~~beneficiary shall have the opportunity to remove the survivor~~
11 ~~designation and have their future benefit adjusted.~~

12 ~~(c) The department may make an additional charge, if necessary, to~~
13 ~~ensure that the benefits provided under this subsection remain~~
14 ~~actuarially equivalent.~~

15 ~~(4))~~ No later than July 1, 2002, the department shall adopt rules
16 that allow a member additional actuarially equivalent survivor benefit
17 options, and shall include, but are not limited to:

18 (a)(i) A retired member who retired without designating a survivor
19 beneficiary shall have the opportunity to designate their spouse from
20 a postretirement marriage as a survivor during a one-year period
21 beginning one year after the date of the postretirement marriage
22 provided the retirement allowance payable to the retiree is not subject
23 to periodic payments pursuant to a property division obligation as
24 provided for in RCW 41.50.670.

25 (ii) A member who entered into a postretirement marriage prior to
26 the effective date of the rules adopted under this section and
27 satisfies the conditions of (a)(i) of this subsection shall have one
28 year to designate their spouse as a survivor beneficiary following the
29 adoption of the rules.

30 (b) A retired member who elected to receive a reduced retirement
31 allowance under this section and designated a nonspouse as survivor
32 beneficiary shall have the opportunity to remove the survivor
33 designation and have their future benefit adjusted.

34 (c) The department may make an additional charge, if necessary, to
35 ensure that the benefits provided under this subsection remain
36 actuarially equivalent.

37 ~~((5))~~ (4) No later than July 1, 2003, the department shall adopt
38 rules to permit:

1 (a) A court-approved property settlement incident to a court decree
2 of dissolution made before retirement to provide that benefits payable
3 to a member who meets the length of service requirements of RCW
4 41.40.820(1) and the member's divorcing spouse be divided into two
5 separate benefits payable over the life of each spouse.

6 The member shall have available the benefit options of subsection
7 (1) of this section upon retirement, and if remarried at the time of
8 retirement remains subject to the spousal consent requirements of
9 subsection (2) of this section. Any reductions of the member's benefit
10 subsequent to the division into two separate benefits shall be made
11 solely to the separate benefit of the member.

12 The nonmember ex spouse shall be eligible to commence receiving
13 their separate benefit upon reaching the age provided in RCW
14 41.40.820(1) and after filing a written application with the
15 department.

16 (b) A court-approved property settlement incident to a court decree
17 of dissolution made after retirement may only divide the benefit into
18 two separate benefits payable over the life of each spouse if the
19 nonmember ex spouse was selected as a survivor beneficiary at
20 retirement.

21 The retired member may later choose the survivor benefit options
22 available in subsection ~~((4))~~ (3) of this section. Any actuarial
23 reductions subsequent to the division into two separate benefits shall
24 be made solely to the separate benefit of the member.

25 Both the retired member and the nonmember divorced spouse shall be
26 eligible to commence receiving their separate benefits upon filing a
27 copy of the dissolution order with the department in accordance with
28 RCW 41.50.670.

29 (c) Any benefit distributed under chapter 41.31A RCW after the date
30 of the dissolution order creating separate benefits for a member and
31 nonmember ex spouse shall be paid solely to the member.

32 (d) The department may make an additional charge or adjustment if
33 necessary to ensure that the separate benefits provided under this
34 subsection are actuarially equivalent to the benefits payable prior to
35 the decree of dissolution.

36 **Sec. 10.** RCW 41.45.060 and 2002 c 26 s 2 are each amended to read
37 as follows:

1 (1) The state actuary shall provide actuarial valuation results
2 based on the economic assumptions and asset value smoothing technique
3 included in RCW 41.45.035 or adopted by the council under RCW 41.45.030
4 or 41.45.035.

5 (2) Not later than September 30, 2002, and every two years
6 thereafter, consistent with the economic assumptions and asset value
7 smoothing technique included in RCW 41.45.035 or adopted under RCW
8 41.45.030 or 41.45.035, the council shall adopt and may make changes
9 to:

10 (a) A basic state contribution rate for the law enforcement
11 officers' and fire fighters' retirement system;

12 (b) Basic employer contribution rates for the public employees'
13 retirement system, the teachers' retirement system, and the Washington
14 state patrol retirement system to be used in the ensuing biennial
15 period; and

16 (c) A basic employer contribution rate for the school employees'
17 retirement system for funding both that system and the public
18 employees' retirement system plan 1.

19 The contribution rates adopted by the council shall be subject to
20 revision by the legislature.

21 (3) The employer and state contribution rates adopted by the
22 council shall be the level percentages of pay that are needed:

23 (a) To fully amortize the total costs of the public employees'
24 retirement system plan 1, the teachers' retirement system plan 1, and
25 the law enforcement officers' and fire fighters' retirement system plan
26 1 not later than June 30, 2024(~~(, except as provided in subsection (5)~~
27 ~~of this section))~~);

28 (b) To also continue to fully fund the public employees' retirement
29 system plans 2 and 3, the teachers' retirement system plans 2 and 3,
30 the school employees' retirement system plans 2 and 3, and the law
31 enforcement officers' and fire fighters' retirement system plan 2 in
32 accordance with RCW 41.45.061, 41.45.067, and this section; and

33 (c) For the law enforcement officers' and fire fighters' system
34 plan 2 the rate charged to employers, except as provided in RCW
35 41.26.450, shall be thirty percent of the cost of the retirement system
36 and the rate charged to the state shall be twenty percent of the cost
37 of the retirement system.

1 (4) The aggregate actuarial cost method shall be used to calculate
2 a combined plan 2 and 3 employer contribution rate and a Washington
3 state patrol retirement system contribution rate.

4 (5) The council shall immediately notify the directors of the
5 office of financial management and department of retirement systems of
6 the state and employer contribution rates adopted. The rates shall be
7 effective for the ensuing biennial period, subject to any legislative
8 modifications.

9 (6) The director of the department of retirement systems shall
10 collect the rates established in RCW 41.45.053 through June 30, 2003.
11 Thereafter, the director shall collect those rates adopted by the
12 council. The rates established in RCW 41.45.053, or by the council,
13 shall be subject to revision by the council.

14 **Sec. 11.** RCW 41.50.110 and 1998 c 341 s 508 are each amended to
15 read as follows:

16 (1) Except as provided by RCW 41.50.255 and subsection (6) of this
17 section, all expenses of the administration of the department (~~and~~),
18 the expenses of administration of the retirement systems, and the
19 expenses of the administration of the office of the state actuary
20 created in chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35,
21 (~~and~~) 43.43, and 44.44 RCW shall be paid from the department of
22 retirement systems expense fund.

23 (2) In order to reimburse the department of retirement systems
24 expense fund on an equitable basis the department shall ascertain and
25 report to each employer, as defined in RCW 41.26.030, 41.32.010,
26 41.35.010, or 41.40.010, the sum necessary to defray its proportional
27 share of the entire expense of the administration of the retirement
28 system that the employer participates in during the ensuing biennium or
29 fiscal year whichever may be required. Such sum is to be computed in
30 an amount directly proportional to the estimated entire expense of the
31 administration as the ratio of monthly salaries of the employer's
32 members bears to the total salaries of all members in the entire
33 system. It shall then be the duty of all such employers to include in
34 their budgets or otherwise provide the amounts so required.

35 (3) The department shall compute and bill each employer, as defined
36 in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, at the end of
37 each month for the amount due for that month to the department of

1 retirement systems expense fund and the same shall be paid as are its
2 other obligations. Such computation as to each employer shall be made
3 on a percentage rate of salary established by the department. However,
4 the department may at its discretion establish a system of billing
5 based upon calendar year quarters in which event the said billing shall
6 be at the end of each such quarter.

7 (4) The director may adjust the expense fund contribution rate for
8 each system at any time when necessary to reflect unanticipated costs
9 or savings in administering the department.

10 (5) An employer who fails to submit timely and accurate reports to
11 the department may be assessed an additional fee related to the
12 increased costs incurred by the department in processing the deficient
13 reports. Fees paid under this subsection shall be deposited in the
14 retirement system expense fund.

15 (a) Every six months the department shall determine the amount of
16 an employer's fee by reviewing the timeliness and accuracy of the
17 reports submitted by the employer in the preceding six months. If
18 those reports were not both timely and accurate the department may
19 prospectively assess an additional fee under this subsection.

20 (b) An additional fee assessed by the department under this
21 subsection shall not exceed fifty percent of the standard fee.

22 (c) The department shall adopt rules implementing this section.

23 (6) Expenses other than those under RCW 41.34.060(~~(+2)~~) (3) shall
24 be paid pursuant to subsection (1) of this section.

25 **Sec. 12.** RCW 41.50.700 and 2002 c 158 s 6 are each amended to read
26 as follows:

27 (1) Except under subsection (3) of this section and RCW
28 41.26.460(5), 41.32.530(5), 41.32.785(5), 41.32.851(4), 41.35.220(4),
29 41.40.188(5), 41.40.660(5), 41.40.845(4), 43.43.271(4), and 41.34.080,
30 the department's obligation to provide direct payment of a property
31 division obligation to an obligee under RCW 41.50.670 shall cease upon
32 the death of the obligee or upon the death of the obligor, whichever
33 comes first. However, if an obligor dies and is eligible for a lump
34 sum death benefit, the department shall be obligated to provide direct
35 payment to the obligee of all or a portion of the withdrawal of
36 accumulated contributions pursuant to a court order that complies with
37 RCW 41.50.670.

1 (2) The direct payment of a property division obligation to an
2 obligee under RCW 41.50.670 shall be paid as a deduction from the
3 member's periodic retirement payment. An obligee may not direct the
4 department to withhold any funds from such payment.

5 (3) The department's obligation to provide direct payment to a
6 nonmember ex spouse from a preretirement divorce meeting the criteria
7 of RCW 41.26.162(2) or 43.43.270(2) may continue for the life of the
8 member's surviving spouse qualifying for benefits under RCW 41.26.160,
9 41.26.161, or 43.43.270(2). Upon the death of the member's surviving
10 spouse qualifying for benefits under RCW 41.26.160, 41.26.161, or
11 43.43.270(2), the department's obligation under this subsection shall
12 cease. The department's obligation to provide direct payment to a
13 nonmember ex spouse qualifying for a continued split benefit payment
14 under RCW 41.26.162(3) shall continue for the life of that nonmember ex
15 spouse.

16 **Sec. 13.** RCW 41.54.030 and 1998 c 341 s 703 are each amended to
17 read as follows:

18 (1) A dual member may combine service in all systems for the
19 purpose of:

20 (a) Determining the member's eligibility to receive a service
21 retirement allowance; and

22 (b) Qualifying for a benefit under RCW 41.32.840(2) ~~((or))~~,
23 41.35.620, or 41.40.790.

24 (2) A dual member who is eligible to retire under any system may
25 elect to retire from all the member's systems and to receive service
26 retirement allowances calculated as provided in this section. Each
27 system shall calculate the allowance using its own criteria except that
28 the member shall be allowed to substitute the member's base salary from
29 any system as the compensation used in calculating the allowance.

30 (3) The service retirement allowances from a system which, but for
31 this section, would not be allowed to be paid at this date based on the
32 dual member's age may be received immediately or deferred to a later
33 date. The allowances shall be actuarially adjusted from the earliest
34 age upon which the combined service would have made such dual member
35 eligible in that system.

36 (4) The service retirement eligibility requirements of RCW

1 41.40.180 shall apply to any dual member whose prior system is plan 1
2 of the public employees' retirement system established under chapter
3 41.40 RCW.

4 **Sec. 14.** RCW 43.43.271 and 2002 c 158 s 16 are each amended to
5 read as follows:

6 (1) A member commissioned on or after January 1, 2003, upon
7 retirement for service as prescribed in RCW 43.43.250 (~~or disability~~
8 ~~retirement under RCW 43.43.040,~~) shall elect to have the retirement
9 allowance paid pursuant to the following options, calculated so as to
10 be actuarially equivalent to each other.

11 (a) Standard allowance. A member electing this option shall
12 receive a retirement allowance payable throughout the member's life.
13 However, if the retiree dies before the total of the retirement
14 allowance paid to the retiree equals the amount of the retiree's
15 accumulated contributions at the time of retirement, then the balance
16 shall be paid to the member's estate, or such person or persons, trust,
17 or organization as the retiree shall have nominated by written
18 designation duly executed and filed with the department; or if there be
19 no such designated person or persons still living at the time of the
20 retiree's death, then to the surviving spouse; or if there be neither
21 such designated person or persons still living at the time of death nor
22 a surviving spouse, then to the retiree's legal representative.

23 (b) The department shall adopt rules that allow a member to select
24 a retirement option that pays the member a reduced retirement allowance
25 and upon death, such portion of the member's reduced retirement
26 allowance as the department by rule designates shall be continued
27 throughout the life of and paid to a designated person. Such person
28 shall be nominated by the member by written designation duly executed
29 and filed with the department at the time of retirement. The options
30 adopted by the department shall include, but are not limited to, a
31 joint and one hundred percent survivor option and a joint and fifty
32 percent survivor option.

33 (2)(a) A member, if married, must provide the written consent of
34 his or her spouse to the option selected under this section, except as
35 provided in (b) of this subsection. If a member is married and both
36 the member and member's spouse do not give written consent to an option
37 under this section, the department will pay the member a joint and

1 fifty percent survivor benefit and record the member's spouse as the
2 beneficiary. This benefit shall be calculated to be actuarially
3 equivalent to the benefit options available under subsection (1) of
4 this section unless spousal consent is not required as provided in (b)
5 of this subsection.

6 (b) If a copy of a dissolution order designating a survivor
7 beneficiary under RCW 41.50.790 has been filed with the department at
8 least thirty days prior to a member's retirement:

9 (i) The department shall honor the designation as if made by the
10 member under subsection (1) of this section; and

11 (ii) The spousal consent provisions of (a) of this subsection do
12 not apply.

13 (3) No later than January 1, 2003, the department shall adopt rules
14 that allow a member additional actuarially equivalent survivor benefit
15 options, and shall include, but are not limited to:

16 (a)(i) A retired member who retired without designating a survivor
17 beneficiary shall have the opportunity to designate their spouse from
18 a postretirement marriage as a survivor during a one-year period
19 beginning one year after the date of the postretirement marriage
20 provided the retirement allowance payable to the retiree is not subject
21 to periodic payments pursuant to a property division obligation as
22 provided for in RCW 41.50.670.

23 (ii) A member who entered into a postretirement marriage prior to
24 the effective date of the rules adopted pursuant to this subsection and
25 satisfies the conditions of (a)(i) of this subsection shall have one
26 year to designate their spouse as a survivor beneficiary following the
27 adoption of the rules.

28 (b) A retired member who elected to receive a reduced retirement
29 allowance under this section and designated a nonspouse as survivor
30 beneficiary shall have the opportunity to remove the survivor
31 designation and have their future benefit adjusted.

32 (c) The department may make an additional charge, if necessary, to
33 ensure that the benefits provided under this subsection remain
34 actuarially equivalent.

35 (4) No later than July 1, 2003, the department shall adopt rules to
36 permit:

37 (a) A court-approved property settlement incident to a court decree
38 of dissolution made before retirement to provide that benefits payable

1 to a member who has completed at least five years of service and the
2 member's divorcing spouse be divided into two separate benefits payable
3 over the life of each spouse.

4 The member shall have available the benefit options of subsection
5 (1) of this section upon retirement, and if remarried at the time of
6 retirement remains subject to the spousal consent requirements of
7 subsection (2) of this section. Any reductions of the member's benefit
8 subsequent to the division into two separate benefits shall be made
9 solely to the separate benefit of the member.

10 The nonmember ex spouse shall be eligible to commence receiving
11 their separate benefit upon reaching the ages provided in RCW
12 43.43.250(2) and after filing a written application with the
13 department.

14 (b) A court-approved property settlement incident to a court decree
15 of dissolution made after retirement may only divide the benefit into
16 two separate benefits payable over the life of each spouse if the
17 nonmember ex spouse was selected as a survivor beneficiary at
18 retirement.

19 The retired member may later choose the survivor benefit options
20 available in subsection (3) of this section. Any actuarial reductions
21 subsequent to the division into two separate benefits shall be made
22 solely to the separate benefit of the member.

23 Both the retired member and the nonmember divorced spouse shall be
24 eligible to commence receiving their separate benefits upon filing a
25 copy of the dissolution order with the department in accordance with
26 RCW 41.50.670.

27 (c) The department may make an additional charge or adjustment if
28 necessary to ensure that the separate benefits provided under this
29 subsection are actuarially equivalent to the benefits payable prior to
30 the decree of dissolution.

31 **Sec. 15.** RCW 43.43.295 and 2001 c 329 s 7 are each amended to read
32 as follows:

33 (1) For members commissioned on or after January 1, 2003, except as
34 provided in RCW 11.07.010, if a member or a vested member who has not
35 completed at least ten years of service dies, the amount of the
36 accumulated contributions standing to such member's credit in the
37 retirement system at the time of such member's death, less any amount

1 identified as owing to an obligee upon withdrawal of accumulated
2 contributions pursuant to a court order filed under RCW 41.50.670,
3 shall be paid to the member's estate, or such person or persons, trust,
4 or organization as the member shall have nominated by written
5 designation duly executed and filed with the department. (~~(If there be
6 no such designated person or persons still living at the time of the
7 member's death, such member's accumulated contributions standing to
8 such member's credit in the retirement system, less any amount
9 identified as owing to an obligee upon withdrawal of accumulated
10 contributions pursuant to a court order filed under RCW 41.50.670,
11 shall be paid to the member's estate, or such person or persons, trust,
12 or organization as the member shall have nominated by written
13 designation duly executed and filed with the department.)~~) If there be
14 no such designated person or persons still living at the time of the
15 member's death, such member's accumulated contributions standing to
16 such member's credit in the retirement system, less any amount
17 identified as owing to an obligee upon withdrawal of accumulated
18 contributions pursuant to a court order filed under RCW 41.50.670,
19 shall be paid to the member's surviving spouse as if in fact such
20 spouse had been nominated by written designation, or if there be no
21 such surviving spouse, then to such member's legal representatives.

22 (2) If a member who is eligible for retirement or a member who has
23 completed at least ten years of service dies, the surviving spouse or
24 eligible child or children shall elect to receive either:

25 (a) A retirement allowance computed as provided for in RCW
26 43.43.260, actuarially reduced by the amount of any lump sum benefit
27 identified as owing to an obligee upon withdrawal of accumulated
28 contributions pursuant to a court order filed under RCW 41.50.670 and
29 actuarially adjusted to reflect a joint and one hundred percent
30 survivor option under RCW 43.43.278 and if the member was not eligible
31 for normal retirement at the date of death a further reduction from age
32 fifty-five or when the member could have attained twenty-five years of
33 service, whichever is less; if a surviving spouse who is receiving a
34 retirement allowance dies leaving a child or children of the member
35 under the age of majority, then such child or children shall continue
36 to receive an allowance in an amount equal to that which was being
37 received by the surviving spouse, share and share alike, until such
38 child or children reach the age of majority; if there is no surviving

1 spouse eligible to receive an allowance at the time of the member's
2 death, such member's child or children under the age of majority shall
3 receive an allowance share and share alike calculated under this
4 section making the assumption that the ages of the spouse and member
5 were equal at the time of the member's death; or

6 (b)(i) The member's accumulated contributions, less any amount
7 identified as owing to an obligee upon withdrawal of accumulated
8 contributions pursuant to a court order filed under RCW 41.50.670; or

9 (ii) If the member dies, one hundred fifty percent of the member's
10 accumulated contributions, less any amount identified as owing to an
11 obligee upon withdrawal of accumulated contributions pursuant to a
12 court order filed under RCW 41.50.670. Any accumulated contributions
13 attributable to restorations made under RCW 41.50.165(2) shall be
14 refunded at one hundred percent.

15 (3) If a member who is eligible for retirement or a member who has
16 completed at least ten years of service dies, and is not survived by a
17 spouse or an eligible child, then the accumulated contributions
18 standing to the member's credit, less any amount identified as owing to
19 an obligee upon withdrawal of accumulated contributions pursuant to a
20 court order filed under RCW 41.50.670, shall be paid:

21 (a) To an estate, a person or persons, trust, or organization as
22 the member shall have nominated by written designation duly executed
23 and filed with the department; or

24 (b) If there is no such designated person or persons still living
25 at the time of the member's death, then to the member's legal
26 representatives.

27 ***Sec. 16. RCW 44.44.040 and 1987 c 25 s 3 are each amended to read**
28 **as follows:**

29 **The office of the state actuary shall have the following powers and**
30 **duties:**

31 **(1) Perform all actuarial services for the department of retirement**
32 **systems, including all studies required by law. ((Reimbursement for**
33 **such services shall be made to the state actuary pursuant to the**
34 **provisions of RCW 39.34.130 as now or hereafter amended.))**

35 **(2) Advise the legislature and the governor regarding pension**
36 **benefit provisions, and funding policies and investment policies of the**
37 **state investment board.**

1 (3) Consult with the legislature and the governor concerning
2 determination of actuarial assumptions used by the department of
3 retirement systems.

4 (4) Prepare a report, to be known as the actuarial fiscal note, on
5 each pension bill introduced in the legislature which briefly explains
6 the financial impact of the bill. The actuarial fiscal note shall
7 include: (a) The statutorily required contribution for the biennium
8 and the following twenty-five years; (b) the biennial cost of the
9 increased benefits if these exceed the required contribution; and (c)
10 any change in the present value of the unfunded accrued benefits. An
11 actuarial fiscal note shall also be prepared for all amendments which
12 are offered in committee or on the floor of the house of
13 representatives or the senate to any pension bill. However, a majority
14 of the members present may suspend the requirement for an actuarial
15 fiscal note for amendments offered on the floor of the house of
16 representatives or the senate.

17 (5) Provide such actuarial services to the legislature as may be
18 requested from time to time.

19 (6) Provide staff and assistance to the committee established under
20 **RCW ((46.44.050)) 44.44.050.**

*Sec. 16 was vetoed. See message at end of chapter.

21 NEW SECTION. **Sec. 17.** Section 4 of this act takes effect January
22 1, 2004.

Passed by the House February 28, 2003.

Passed by the Senate April 15, 2003.

Approved by the Governor May 14, 2003, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 14, 2003.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 16, House
Bill No. 1200 entitled:

"AN ACT Relating to correcting retirement system statutes;"

This bill makes technical corrections to the pension statutes.

Section 16 of the bill references a section of law that is repealed
by Substitute House Bill No. 1204, which I also signed today.
Therefore, I am vetoing section 16 of House Bill No. 1200 to avoid
confusion.

For this reason, I have vetoed section 16 of House Bill No. 1200.

With the exception of section 16, House Bill No. 1200 is approved."