

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2691

59th Legislature
2006 Regular Session

Passed by the House February 11, 2006
Yeas 96 Nays 1

Speaker of the House of Representatives

Passed by the Senate March 1, 2006
Yeas 43 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2691** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2691

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Crouse, Fromhold, Conway, Lovick, Bailey, Kenney and Quall; by request of Select Committee on Pension Policy)

READ FIRST TIME 01/30/06.

1 AN ACT Relating to public retirement benefits for justices and
2 judges; adding a new section to chapter 2.14 RCW; adding new sections
3 to chapter 41.40 RCW; adding new sections to chapter 41.32 RCW; adding
4 new sections to chapter 41.45 RCW; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 2.14 RCW
7 to read as follows:

8 Beginning January 1, 2007, through December 31, 2007, any member of
9 the public employees' retirement system eligible to participate in the
10 judicial retirement account plan under this chapter may make a one-time
11 irrevocable election, filed in writing with the member's employer, the
12 department of retirement systems, and the administrative office of the
13 courts, to discontinue future contributions to the judicial retirement
14 account plan in lieu of prospective contribution and benefit provisions
15 under this act.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW
17 to read as follows:

18 (1) Beginning January 1, 2007, any newly elected or appointed

1 supreme court justice, court of appeals judge, or superior court judge
2 shall not participate in the judicial retirement account plan under
3 chapter 2.14 RCW and shall be subject to the benefit and contribution
4 provisions under this act.

5 (2) Beginning January 1, 2007, any newly elected or appointed
6 supreme court justice, court of appeals judge, or superior court judge,
7 who has not previously established membership in this system, shall
8 become a member of plan 2 and shall be subject to the benefit and
9 contribution provisions under this act.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.32 RCW
11 to read as follows:

12 Beginning January 1, 2007, any newly elected or appointed supreme
13 court justice, court of appeals judge, or superior court judge, who is
14 a member of plan 1, shall not participate in the judicial retirement
15 account plan under chapter 2.14 RCW in lieu of prospective contribution
16 and benefit provisions under this act.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.40 RCW
18 to read as follows:

19 (1) Beginning January 1, 2007, any newly elected or appointed
20 district court judge or municipal court judge, who is not eligible for
21 membership under chapter 41.28 RCW, shall be subject to the benefit and
22 contribution provisions under this act.

23 (2) Beginning January 1, 2007, any newly elected or appointed
24 district court judge, or municipal court judge, who has not previously
25 established membership in this system, and who is not eligible for
26 membership under chapter 41.28 RCW, shall become a member of plan 2 and
27 shall be subject to the benefit and contribution provisions under this
28 act.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.40 RCW
30 to read as follows:

31 (1) Between January 1, 2007, and December 31, 2007, a member of
32 plan 1 or plan 2 employed as a supreme court justice, court of appeals
33 judge, or superior court judge may make a one-time irrevocable
34 election, filed in writing with the member's employer, the department,
35 and the administrative office of the courts, to accrue an additional

1 benefit equal to one and one-half percent of average final compensation
2 for each year of future service credit from the date of the election in
3 lieu of future employee and employer contributions to the judicial
4 retirement account plan under chapter 2.14 RCW.

5 (2)(a) A member who chooses to make the election under subsection
6 (1) of this section may apply to the department to increase the
7 member's benefit multiplier by an additional one and one-half percent
8 per year of service for the period in which the member served as a
9 justice or judge prior to the election. The member shall pay, for the
10 applicable period of service, the actuarially equivalent value of the
11 increase in the member's benefit resulting from the increase in the
12 benefit multiplier as determined by the director. This payment must be
13 made prior to retirement.

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

26 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.40 RCW
27 to read as follows:

28 (1) Between January 1, 2007, and December 31, 2007, a member of
29 plan 1 or plan 2 employed as a district court judge or municipal court
30 judge may make a one-time irrevocable election, filed in writing with
31 the member's employer and the department, to accrue an additional
32 benefit equal to one and one-half percent of average final compensation
33 for each year of future service credit from the date of the election.

34 (2)(a) A member who chooses to make the election under subsection
35 (1) of this section may apply to the department to increase the
36 member's benefit multiplier by one and one-half percent per year of
37 service for the period in which the member served as a judge prior to

1 the election. The member shall pay, for the applicable period of
2 service, the actuarially equivalent value of the increase in the
3 member's benefit resulting from the increase in the benefit multiplier
4 as determined by the director. This payment must be made prior to
5 retirement.

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

18 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.32 RCW
19 to read as follows:

20 (1) Between January 1, 2007, and December 31, 2007, a member of
21 plan 1 employed as a supreme court justice, court of appeals judge, or
22 superior court judge may make a one-time irrevocable election, filed in
23 writing with the member's employer, the department, and the
24 administrative office of the courts, to accrue an additional benefit
25 equal to one and one-half percent of average final compensation for
26 each year of future service credit from the date of the election.

27 (2)(a) A member who chooses to make the election under subsection
28 (1) of this section may apply to the department to increase the
29 member's benefit multiplier by one and one-half percent per year of
30 service for the period in which the member served as a justice or judge
31 prior to the election. The member shall pay, for the applicable period
32 of service, the actuarially equivalent value of the increase in the
33 member's benefit resulting from the increase in the benefit multiplier
34 as determined by the director. This payment must be made prior to
35 retirement.

36 (b) Subject to rules adopted by the department, a member applying
37 to increase the member's benefit multiplier under this section may pay

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

11 NEW SECTION. **Sec. 8.** A new section is added to chapter 41.40 RCW
12 to read as follows:

13 (1) Between January 1, 2007, and December 31, 2007, a member of
14 plan 3 employed as a supreme court justice, court of appeals judge, or
15 superior court judge may make a one-time irrevocable election, filed in
16 writing with the member's employer, the department, and the
17 administrative office of the courts, to accrue an additional plan 3
18 defined benefit equal to six-tenths percent of average final
19 compensation for each year of future service credit from the date of
20 the election in lieu of future employer contributions to the judicial
21 retirement account plan under chapter 2.14 RCW.

22 (2)(a) A member who chooses to make the election under subsection
23 (1) of this section may apply to the department to increase the
24 member's benefit multiplier by six-tenths percent per year of service
25 for the period in which the member served as a justice or judge prior
26 to the election. The member shall pay, for the applicable period of
27 service, the actuarially equivalent value of the increase in the
28 member's benefit resulting from the increase in the benefit multiplier
29 as determined by the director. This payment must be made prior to
30 retirement.

31 (b) Subject to rules adopted by the department, a member applying
32 to increase the member's benefit multiplier under this section may pay
33 all or part of the cost with a lump sum payment, eligible rollover,
34 direct rollover, or trustee-to-trustee transfer from an eligible
35 retirement plan. The department shall adopt rules to ensure that all
36 lump sum payments, rollovers, and transfers comply with the
37 requirements of the internal revenue code and regulations adopted by

1 the internal revenue service. The rules adopted by the department may
2 condition the acceptance of a rollover or transfer from another plan on
3 the receipt of information necessary to enable the department to
4 determine the eligibility of any transferred funds for tax-free
5 rollover treatment or other treatment under federal income tax law.

6 (3) A member who chooses to make the election under subsection (1)
7 of this section shall contribute a minimum of seven and one-half
8 percent of pay to the member's defined contribution account.

9 NEW SECTION. **Sec. 9.** A new section is added to chapter 41.40 RCW
10 to read as follows:

11 (1) Between January 1, 2007, and December 31, 2007, a member of
12 plan 3 employed as a district court judge or municipal court judge may
13 make a one-time irrevocable election, filed in writing with the
14 member's employer and the department, to accrue an additional plan 3
15 defined benefit equal to six-tenths percent of average final
16 compensation for each year of future service credit from the date of
17 the election.

18 (2)(a) A member who chooses to make the election under subsection
19 (1) of this section may apply to the department to increase the
20 member's benefit multiplier by six-tenths percent per year of service
21 for the period in which the member served as a judge prior to the
22 election. The member shall pay, for the applicable period of service,
23 the actuarially equivalent value of the increase in the member's
24 benefit resulting from the increase in the benefit multiplier as
25 determined by the director. This payment must be made prior to
26 retirement.

27 (b) Subject to rules adopted by the department, a member applying
28 to increase the member's benefit multiplier under this section may pay
29 all or part of the cost with a lump sum payment, eligible rollover,
30 direct rollover, or trustee-to-trustee transfer from an eligible
31 retirement plan. The department shall adopt rules to ensure that all
32 lump sum payments, rollovers, and transfers comply with the
33 requirements of the internal revenue code and regulations adopted by
34 the internal revenue service. The rules adopted by the department may
35 condition the acceptance of a rollover or transfer from another plan on
36 the receipt of information necessary to enable the department to

1 determine the eligibility of any transferred funds for tax-free
2 rollover treatment or other treatment under federal income tax law.

3 (3) A member who chooses to make the election under subsection (1)
4 of this section shall contribute a minimum of seven and one-half
5 percent of pay to the member's defined contribution account.

6 NEW SECTION. **Sec. 10.** A new section is added to chapter 41.40 RCW
7 under the subchapter heading "plan 1" to read as follows:

8 (1) In lieu of the retirement allowance provided under RCW
9 41.40.185, the retirement allowance payable for service as a supreme
10 court justice, court of appeals judge, or superior court judge, for a
11 member who elects to participate under section 5(1) of this act, shall
12 be equal to three and one-half percent of average final compensation
13 for each year of service earned after the date of the election. The
14 total retirement benefit accrued or purchased under this act in
15 combination with benefits accrued during periods served prior to the
16 election shall not exceed seventy-five percent of average final
17 compensation.

18 (2) In lieu of the retirement allowance provided under RCW
19 41.40.185, the retirement allowance payable for service as a supreme
20 court justice, court of appeals judge, or superior court judge, for
21 those justices or judges newly elected or appointed after the effective
22 date of this act, shall be equal to three and one-half percent of
23 average final compensation for each year of service after the effective
24 date of this act. The total retirement benefits accrued under this act
25 in combination with benefits accrued during periods served prior to the
26 effective date of this act shall not exceed seventy-five percent of
27 average final compensation.

28 NEW SECTION. **Sec. 11.** A new section is added to chapter 41.32 RCW
29 under the subchapter heading "plan 1" to read as follows:

30 (1) In lieu of the retirement allowance provided under RCW
31 41.32.498, the retirement allowance payable for service as a supreme
32 court justice, court of appeals judge, or superior court judge, for
33 those justices or judges who elected to participate under section 7(1)
34 of this act, shall be equal to three and one-half percent of average
35 final compensation for each year of service earned after the date of
36 the election. The total retirement benefit accrued or purchased under

1 this act in combination with benefits accrued during periods served
2 prior to the election shall not exceed seventy-five percent of average
3 final compensation.

4 (2) In lieu of the retirement allowance provided under RCW
5 41.32.498, the retirement allowance payable for service as a supreme
6 court justice, court of appeals judge, or superior court judge, for
7 those justices or judges newly elected or appointed after the effective
8 date of this act, shall be equal to three and one-half percent of
9 average final compensation for each year of service after the effective
10 date of this act. The total retirement benefits accrued under this act
11 in combination with benefits accrued during periods served prior to the
12 effective date of this act shall not exceed seventy-five percent of
13 average final compensation.

14 NEW SECTION. **Sec. 12.** A new section is added to chapter 41.40 RCW
15 under the subchapter heading "plan 1" to read as follows:

16 (1) In lieu of the retirement allowance provided under RCW
17 41.40.185, the retirement allowance payable for service as a district
18 court judge or municipal court judge, for those judges who elected to
19 participate under section 6(1) of this act, shall be equal to three and
20 one-half percent of average final compensation for each year of service
21 earned after the election. The total retirement benefit accrued or
22 purchased under this act in combination with benefits accrued during
23 periods served prior to the election shall not exceed seventy-five
24 percent of average final compensation.

25 (2) In lieu of the retirement allowance provided under RCW
26 41.40.185, the retirement allowance payable for service as a district
27 court judge, or municipal court judge, for those judges newly elected
28 or appointed after the effective date of this act, and who are not
29 eligible for membership under chapter 41.28 RCW, shall be equal to
30 three and one-half percent of average final compensation for each year
31 of service after the effective date of this act. The total retirement
32 benefits accrued under this act in combination with benefits accrued
33 during periods served prior to the effective date of this act shall not
34 exceed seventy-five percent of average final compensation.

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

1 (1) In lieu of the retirement allowance provided under RCW
2 41.40.620, the retirement allowance payable for service as a supreme
3 court justice, court of appeals judge, or superior court judge, for
4 those justices or judges who elected to participate under section 5(1)
5 of this act, shall be equal to three and one-half percent of average
6 final compensation for each year of service earned after the election.
7 The total retirement benefit accrued or purchased under this act in
8 combination with benefits accrued during periods served prior to the
9 election shall not exceed seventy-five percent of average final
10 compensation.

11 (2) In lieu of the retirement allowance provided under RCW
12 41.40.620, the retirement allowance payable for service as a supreme
13 court justice, court of appeals judge, or superior court judge, for
14 those justices or judges newly elected or appointed after the effective
15 date of this act, shall be equal to three and one-half percent of
16 average final compensation for each year of service after the effective
17 date of this act. The total retirement benefits accrued under this act
18 in combination with benefits accrued during periods served prior to the
19 effective date of this act shall not exceed seventy-five percent of
20 average final compensation.

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

23 (1) In lieu of the retirement allowance provided under RCW
24 41.40.620, the retirement allowance payable for service as a district
25 court judge or municipal court judge for those judges who elected to
26 participate under section 6(1) of this act shall be equal to three and
27 one-half percent of the average final compensation for each year of
28 such service earned after the election. The total retirement benefit
29 accrued or purchased under this act in combination with benefits
30 accrued during periods served prior to the election shall not exceed
31 seventy-five percent of average final compensation.

32 (2) In lieu of the retirement allowance provided under RCW
33 41.40.620, the retirement allowance payable for service as a district
34 court judge, or municipal court judge, for those judges newly elected
35 or appointed after the effective date of this act, and who are not
36 eligible for membership under chapter 41.28 RCW, shall be equal to
37 three and one-half percent of average final compensation for each year

1 of service after the effective date of this act. The total retirement
2 benefits accrued under this act in combination with benefits accrued
3 during periods served prior to the effective date of this act shall not
4 exceed seventy-five percent of average final compensation.

5 NEW SECTION. **Sec. 15.** A new section is added to chapter 41.40 RCW
6 under the subchapter heading "plan 3" to read as follows:

7 In lieu of the retirement allowance provided under RCW 41.40.790,
8 the retirement allowance payable for service as a supreme court
9 justice, court of appeals judge, or superior court judge, for those
10 justices or judges who elected to participate under section 8(1) of
11 this act, shall be equal to one and six-tenths percent of average final
12 compensation for each year of service earned after the election. The
13 total retirement benefit accrued or purchased under this act in
14 combination with benefits accrued during periods served prior to the
15 election shall not exceed thirty-seven and one-half percent of average
16 final compensation.

17 NEW SECTION. **Sec. 16.** A new section is added to chapter 41.40 RCW
18 under the subchapter heading "plan 3" to read as follows:

19 In lieu of the retirement allowance provided under RCW 41.40.790,
20 the retirement allowance payable for service as a district court judge
21 or municipal court judge, for those judges who elected to participate
22 under section 9(1) of this act, shall be equal to one and six-tenths
23 percent of average final compensation for each year of service earned
24 after the election. The total retirement benefit accrued or purchased
25 under this act in combination with benefits accrued during periods
26 served prior to the election shall not exceed thirty-seven and one-half
27 percent of average final compensation.

28 NEW SECTION. **Sec. 17.** A new section is added to chapter 41.45 RCW
29 to read as follows:

30 (1) The required employer contribution rate in support of public
31 employees' retirement system members employed as supreme court
32 justices, court of appeals judges, and superior court judges who elect
33 to participate under section 5(1) or 8(1) of this act, or who are newly
34 elected or appointed after the effective date of this act, shall

1 consist of the public employees' retirement system employer
2 contribution rate established under this chapter plus two and one-half
3 percent of pay.

4 (2) The required contribution rate for members of the public
5 employees' retirement system plan 2 employed as supreme court justices,
6 court of appeals judges, and superior court judges who elect to
7 participate under section 5(1) or 8(1) of this act, or who are newly
8 elected or appointed after the effective date of this act, shall be two
9 hundred fifty percent of the member contribution rate for the public
10 employees' retirement system plan 2 established under this chapter less
11 two and one-half percent of pay.

12 (3) The required contribution rate for members of the public
13 employees' retirement system plan 1 employed as supreme court justices,
14 court of appeals judges, and superior court judges who elect to
15 participate under section 5(1) of this act, or who are newly elected or
16 appointed after the effective date of this act, shall be the
17 contribution rate established under RCW 41.40.330 plus three and
18 seventy-six one-hundredths percent of pay.

19 NEW SECTION. **Sec. 18.** A new section is added to chapter 41.45 RCW
20 to read as follows:

21 (1) The required employer contribution rate in support of teachers'
22 retirement system members employed as supreme court justices, court of
23 appeals judges, and superior court judges who elect to participate
24 under section 7(1) of this act, or who are newly elected or appointed
25 after the effective date of this act, shall equal the teachers'
26 retirement system employer contribution rate established under this
27 chapter.

28 (2) The required contribution rate for members of the teachers'
29 retirement system plan 1 employed as supreme court justices, court of
30 appeals judges, and superior court judges who elect to participate
31 under section 7(1) of this act, or who are newly elected or appointed
32 after the effective date of this act, shall be the deductions
33 established under RCW 41.50.235 plus six and twenty-six one-hundredths
34 percent of pay.

35 NEW SECTION. **Sec. 19.** A new section is added to chapter 41.45 RCW
36 to read as follows:

1 (1) The required employer contribution rate in support of public
2 employees' retirement system members employed as district court judges
3 and municipal court judges who elect to participate under section 6(1)
4 or 9(1) of this act, or who are newly elected or appointed after the
5 effective date of this act, shall equal the public employees'
6 retirement system employer contribution rate established under this
7 chapter.

8 (2) The required contribution rate for members of the public
9 employees' retirement system plan 2 employed as district court judges
10 or municipal court judges who elect to participate under section 6(1)
11 or 9(1) of this act, or who are newly elected or appointed after the
12 effective date of this act, shall be two hundred fifty percent of the
13 member contribution rate for the public employees' retirement system
14 plan 2 established under this chapter.

15 (3) The required contribution rate for members of the public
16 employees' retirement system plan 1 employed as district court judges
17 or municipal court judges who elect to participate under section 5(1)
18 of this act, or who are newly elected or appointed after the effective
19 date of this act, shall be the contribution rate established under RCW
20 41.40.330 plus six and twenty-six one-hundredths percent of pay.

21 NEW SECTION. **Sec. 20.** This act takes effect January 1, 2007.

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