

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1327

Chapter 65, Laws of 2005

59th Legislature
2005 Regular Session

TEACHERS' RETIREMENT SYSTEM--ADDITIONAL SERVICE CREDIT PURCHASE

EFFECTIVE DATE: 7/1/06

Passed by the House March 8, 2005
Yeas 91 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 5, 2005
Yeas 46 Nays 0

BRAD OWEN

President of the Senate

Approved April 15, 2005.

CHRISTINE GREGOIRE

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 **HOUSE BILL 1327** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

April 15, 2005 - 1:44 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1327

Passed Legislature - 2005 Regular Session

State of Washington

59th Legislature

2005 Regular Session

By Representatives Alexander, Conway, Crouse, Simpson, Linville and Chase; by request of Select Committee on Pension Policy

Read first time 01/20/2005. Referred to Committee on Appropriations.

1 AN ACT Relating to permitting members of the teachers' retirement
2 system plan 2 and plan 3 who qualify for early retirement or alternate
3 early retirement to make a one-time purchase of additional service
4 credit; adding new sections to chapter 41.32 RCW; and providing an
5 effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.32 RCW
8 under the subchapter heading "plan 2" to read as follows:

9 (1) A member eligible to retire under RCW 41.32.765 (2) or (3) may,
10 at the time of filing a written application for retirement with the
11 department, apply to the department to make a one-time purchase of up
12 to five years of additional service credit.

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

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

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

9 (4) Additional service credit purchased under this section is not
10 membership service, and may not be used to qualify a member for
11 retirement under RCW 41.32.765.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW
13 under the subchapter heading "plan 3" to read as follows:

14 (1) A member eligible to retire under RCW 41.32.875 (2) or (3) may,
15 at the time of filing a written application for retirement with the
16 department, apply to the department to make a one-time purchase of up
17 to five years of additional service credit.

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

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

33 (4) Additional service credit purchased under this section is not
34 membership service, and may not be used to qualify for retirement under
35 RCW 41.32.875.

1 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2006.
Passed by the House March 8, 2005.
Passed by the Senate April 5, 2005.
Approved by the Governor April 15, 2005.
Filed in Office of Secretary of State April 15, 2005.