

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2690

Chapter 214, Laws of 2006

59th Legislature
2006 Regular Session

PUBLIC RETIREMENT--ADDITIONAL SERVICE CREDIT PURCHASE

EFFECTIVE DATE: 7/1/06

Passed by the House February 11, 2006
Yeas 97 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 2, 2006
Yeas 39 Nays 0

BRAD OWEN

President of the Senate

Approved March 24, 2006.

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 2690** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 24, 2006 - 2:35 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 2690

Passed Legislature - 2006 Regular Session

State of Washington

59th Legislature

2006 Regular Session

By Representatives Crouse, Conway, Lovick, Hunt, Green, Sells, Quall, Simpson, Moeller and Morrell; by request of Select Committee on Pension Policy

Read first time 01/12/2006. Referred to Committee on Appropriations.

1 AN ACT Relating to permitting members of the public employees'
2 retirement system, the teachers' retirement system, the school
3 employees' retirement system, the public safety employees' retirement
4 system, plan 1 of the law enforcement officers' and fire fighters'
5 retirement system, and the Washington state patrol retirement system to
6 make a one-time purchase of additional service credit; adding a new
7 section to chapter 41.40 RCW; adding a new section to chapter 41.32
8 RCW; adding a new section to chapter 41.35 RCW; adding a new section to
9 chapter 41.37 RCW; adding a new section to chapter 41.26 RCW; adding a
10 new section to chapter 43.43 RCW; repealing RCW 41.40.713, 41.40.833,
11 41.32.767, 41.32.877, 41.35.473, and 41.35.653; and providing an
12 effective date.

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

14 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.40 RCW
15 under the subchapter heading "provisions applicable to plan 1, plan 2,
16 and plan 3" to read as follows:

17 (1) A member eligible to retire under RCW 41.40.180, 41.40.630, or
18 41.40.820 may, at the time of filing a written application for

1 retirement with the department, apply to the department to make a one-
2 time purchase of up to five years of additional service credit.

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

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

18 (4) Additional service credit purchased under this section is not
19 membership service and shall be used exclusively to provide the member
20 with a monthly annuity that is paid in addition to the member's
21 retirement allowance.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW
23 under the subchapter heading "provisions applicable to plan 1, plan 2,
24 and plan 3" to read as follows:

25 (1) A member eligible to retire under RCW 41.32.480, 41.32.765, or
26 41.32.875 may, at the time of filing a written application for
27 retirement with the department, apply to the department to make a one-
28 time purchase of up to five years of additional service credit.

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

32 (3) Subject to rules adopted by the department, a member purchasing
33 additional service credit under this section may pay all or part of the
34 cost with a lump sum payment, eligible rollover, direct rollover, or
35 trustee-to-trustee transfer from an eligible retirement plan. The
36 department shall adopt rules to ensure that all lump sum payments,
37 rollovers, and transfers comply with the requirements of the internal

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

7 (4) Additional service credit purchased under this section is not
8 membership service and shall be used exclusively to provide the member
9 with a monthly annuity that is paid in addition to the member's
10 retirement allowance.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.35 RCW
12 under the subchapter heading "provisions applicable to plan 2 and plan
13 3" to read as follows:

14 (1) A member eligible to retire under RCW 41.35.420 or 41.35.680
15 may, at the time of filing a written application for retirement with
16 the department, apply to the department to make a one-time purchase of
17 up 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 shall be used exclusively to provide the member
35 with a monthly annuity that is paid in addition to the member's
36 retirement allowance.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.37 RCW
2 to read as follows:

3 (1) A member eligible to retire under RCW 41.37.210 may, at the
4 time of filing a written application for retirement with the
5 department, apply to the department to make a one-time purchase of up
6 to five years of additional service credit.

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

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

22 (4) Additional service credit purchased under this section is not
23 membership service and shall be used exclusively to provide the member
24 with a monthly annuity that is paid in addition to the member's
25 retirement allowance.

26 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.26 RCW
27 under the subchapter heading "plan 1" to read as follows:

28 (1) A member eligible to retire under RCW 41.26.090 may, at the
29 time of filing a written application for retirement with the
30 department, apply to the department to make a one-time purchase of up
31 to five years of additional service credit.

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

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

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

10 (4) Additional service credit purchased under this section is not
11 membership service and shall be used exclusively to provide the member
12 with a monthly annuity that is paid in addition to the member's
13 retirement allowance.

14 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.43 RCW
15 to read as follows:

16 (1) A member eligible to retire under RCW 43.43.250 may, at the
17 time of filing a written application for retirement with the
18 department, apply to the department to make a one-time purchase of up
19 to five years of additional service credit.

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

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

35 (4) Additional service credit purchased under this section is not
36 membership service and shall be used exclusively to provide the member

1 with a monthly annuity that is paid in addition to the member's
2 retirement allowance.

3 NEW SECTION. **Sec. 7.** The following acts or parts of acts are each
4 repealed:

5 (1) RCW 41.40.713 (Purchase of additional service credit--Costs--
6 Rules) and 2004 c 172 s 1;

7 (2) RCW 41.40.833 (Purchase of additional service credit--Costs--
8 Rules) and 2004 c 172 s 2;

9 (3) RCW 41.32.767 (Additional service credit purchase--Rules) and
10 2005 c 65 s 1;

11 (4) RCW 41.32.877 (Additional service credit purchase--Rules) and
12 2005 c 65 s 2;

13 (5) RCW 41.35.473 (Purchase of additional service credit--Costs--
14 Rules) and 2004 c 172 s 3; and

15 (6) RCW 41.35.653 (Purchase of additional service credit--Costs--
16 Rules) and 2004 c 172 s 4.

17 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2006.

Passed by the House February 11, 2006.

Passed by the Senate March 2, 2006.

Approved by the Governor March 24, 2006.

Filed in Office of Secretary of State March 24, 2006.