

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1330

Chapter 327, Laws of 2005

59th Legislature
2005 Regular Session

PUBLIC EMPLOYMENT RETIREMENT SYSTEMS

EFFECTIVE DATE: 7/24/05 - Except sections 4 through 7, which become effective 7/1/06.

Passed by the House April 19, 2005
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 5, 2005
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved May 9, 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 1330** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

May 9, 2005 - 3:17 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1330

AS AMENDED BY THE SENATE

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By Representatives Conway, Fromhold, Crouse 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 technical corrections in the general retirement
2 provisions estoppel section, teachers' retirement system, public safety
3 employees' retirement system, the school employees' retirement system,
4 the public employees' retirement system, and the actuarial funding
5 chapter; amending RCW 41.04.270, 41.32.860, 41.34.070, 41.37.010,
6 41.37.020, 41.37.050, 41.37.250, 41.40.197, 41.40.850, and 41.50.088;
7 reenacting RCW 41.45.070; repealing RCW 41.35.050, 41.37.040,
8 41.40.032, and 41.50.067; providing an effective date; and providing an
9 expiration date.

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

11 **Sec. 1.** RCW 41.04.270 and 2001 c 180 s 4 are each amended to read
12 as follows:

13 (1) (~~Notwithstanding any provision of~~) Except as provided in
14 chapter 2.10, 2.12, 41.26, 41.28, 41.32, 41.35, 41.40, or 43.43 RCW
15 (~~to the contrary~~), on and after March 19, 1976, any member or former
16 member who (a) receives a retirement allowance earned by said former
17 member as deferred compensation from any public retirement system
18 authorized by the general laws of this state, or (b) is eligible to
19 receive a retirement allowance from any public retirement system listed

1 in RCW 41.50.030, but chooses not to apply, or (c) is the beneficiary
2 of a disability allowance from any public retirement system listed in
3 RCW 41.50.030 shall be estopped from becoming a member of or accruing
4 any contractual rights whatsoever in any other public retirement system
5 listed in RCW 41.50.030: PROVIDED, That (a) and (b) of this subsection
6 shall not apply to persons who have accumulated less than fifteen years
7 service credit in any such system.

8 (2) Nothing in this section is intended to apply to any retirement
9 system except those listed in RCW 41.50.030 and the city employee
10 retirement systems for Seattle, Tacoma, and Spokane. Subsection (1)(b)
11 of this section does not apply to a dual member as defined in RCW
12 41.54.010.

13 **Sec. 2.** RCW 41.32.860 and 2001 2nd sp.s. c 10 s 9 are each amended
14 to read as follows:

15 (1) Except under RCW 41.32.862, no retiree shall be eligible to
16 receive such retiree's monthly retirement allowance if he or she is
17 employed in an eligible position as defined in RCW 41.40.010,
18 41.32.010, (~~or~~) 41.35.010, or 41.37.010, or as a law enforcement
19 officer or fire fighter as defined in RCW 41.26.030.

20 (2) If a retiree's benefits have been suspended under this section,
21 his or her benefits shall be reinstated when the retiree terminates the
22 employment that caused the suspension of benefits. Upon reinstatement,
23 the retiree's benefits shall be actuarially recomputed pursuant to the
24 rules adopted by the department.

25 **Sec. 3.** RCW 41.34.070 and 1998 c 117 s 1 are each amended to read
26 as follows:

27 (1) If the member retires, becomes disabled, or otherwise
28 terminates employment, the balance in the member's account may be
29 distributed in accordance with an option selected by the member either
30 as a lump sum or pursuant to other options authorized by the board.

31 (2) If the member dies while in service, the balance of the
32 member's account may be distributed in accordance with an option
33 selected by the member either as a lump sum or pursuant to other
34 options authorized by the board. The distribution is as follows:

35 (a) The distribution shall be made to such person or persons as the

1 member shall have nominated by written designation duly executed and
2 filed with the department(~~(-)~~);

3 (b) If there be no such designated person or persons still living
4 at the time of the member's death, the balance of the member's account
5 in the retirement system, less any amount identified as owing to an
6 obligee upon withdrawal of such account balance pursuant to a court
7 order filed under RCW 41.50.670, shall be paid to the member's
8 surviving spouse as if in fact such spouse had been nominated by
9 written designation(~~(-or)~~);

10 (c) If there is no surviving spouse, then to such person or
11 persons, trust, or organization as the member shall have nominated by
12 written designation duly executed and filed with the department; or

13 (d) If there is no such designated person or persons still living
14 at the time of the member's death, then to the member's legal
15 representatives.

16 (3) If a member has a terminal illness and terminates from
17 employment, the member may choose to have the balance in the member's
18 account distributed as a lump sum payment based on the most recent
19 valuation in order to expedite the distribution. The department shall
20 make this payment within ten working days after receipt of notice of
21 termination of employment, documentation verifying the terminal
22 illness, and an application for payment.

23 (4) The distribution under subsections (1), (2), or (3) of this
24 section shall be less any amount identified as owing to an obligee upon
25 withdrawal pursuant to a court order filed under RCW 41.50.670.

26 **Sec. 4.** RCW 41.37.010 and 2004 c 242 s 2 are each amended to read
27 as follows:

28 The definitions in this section apply throughout this chapter,
29 unless the context clearly requires otherwise.

30 (1) "Retirement system" means the Washington public safety
31 employees' retirement system provided for in this chapter.

32 (2) "Department" means the department of retirement systems created
33 in chapter 41.50 RCW.

34 (3) "State treasurer" means the treasurer of the state of
35 Washington.

36 (4) "Employer" means the Washington state department of
37 corrections, the Washington state parks and recreation commission, the

1 Washington state gambling commission, the Washington state patrol, the
2 Washington state liquor control board, county corrections departments,
3 (~~and~~) city corrections departments not covered under chapter 41.28
4 RCW, or other employers employing statewide elective officials.

5 (5) "Member" means any employee employed by an employer on a full-
6 time, fully compensated basis within the following job classes in
7 effect as of January 1, 2004: City corrections officers, jailers,
8 police support officers, custody officers, and bailiffs; county
9 corrections officers, jailers, custody officers, and sheriffs
10 corrections officers; county probation officers and probation
11 counselors; state correctional officers, correctional sergeants, and
12 community corrections officers; liquor enforcement officers; park
13 rangers; commercial vehicle enforcement officers; and gambling special
14 agents.

15 (6)(a) "Compensation earnable" for members, means salaries or wages
16 earned by a member during a payroll period for personal services,
17 including overtime payments, and shall include wages and salaries
18 deferred under provisions established pursuant to sections 403(b),
19 414(h), and 457 of the United States internal revenue code, but shall
20 exclude nonmoney maintenance compensation and lump sum or other
21 payments for deferred annual sick leave, unused accumulated vacation,
22 unused accumulated annual leave, or any form of severance pay.

23 (b) "Compensation earnable" for members also includes the following
24 actual or imputed payments, which are not paid for personal services:

25 (i) Retroactive payments to an individual by an employer on
26 reinstatement of the employee in a position, or payments by an employer
27 to an individual in lieu of reinstatement, which are awarded or granted
28 as the equivalent of the salary or wage which the individual would have
29 earned during a payroll period shall be considered compensation
30 earnable to the extent provided in this subsection, and the individual
31 shall receive the equivalent service credit;

32 (ii) In any year in which a member serves in the legislature, the
33 member shall have the option of having such member's compensation
34 earnable be the greater of:

35 (A) The compensation earnable the member would have received had
36 such member not served in the legislature; or

37 (B) Such member's actual compensation earnable received for
38 nonlegislative public employment and legislative service combined. Any

1 additional contributions to the retirement system required because
2 compensation earnable under (b)(ii)(A) of this subsection is greater
3 than compensation earnable under (b)(ii)(B) of this subsection shall be
4 paid by the member for both member and employer contributions;

5 (iii) Assault pay only as authorized by RCW 27.04.100, 72.01.045,
6 and 72.09.240;

7 (iv) Compensation that a member would have received but for a
8 disability occurring in the line of duty only as authorized by RCW
9 41.37.070;

10 (v) Compensation that a member receives due to participation in the
11 leave sharing program only as authorized by RCW 41.04.650 through
12 41.04.670; and

13 (vi) Compensation that a member receives for being in standby
14 status. For the purposes of this section, a member is in standby
15 status when not being paid for time actually worked and the employer
16 requires the member to be prepared to report immediately for work, if
17 the need arises, although the need may not arise.

18 (7) "Service" means periods of employment by a member on or after
19 July 1, 2006, for one or more employers for which compensation earnable
20 is paid. Compensation earnable earned for ninety or more hours in any
21 calendar month shall constitute one service credit month. Compensation
22 earnable earned for at least seventy hours but less than ninety hours
23 in any calendar month shall constitute one-half service credit month of
24 service. Compensation earnable earned for less than seventy hours in
25 any calendar month shall constitute one-quarter service credit month of
26 service. Time spent in standby status, whether compensated or not, is
27 not service.

28 Any fraction of a year of service shall be taken into account in
29 the computation of such retirement allowance or benefits.

30 (a) Service in any state elective position shall be deemed to be
31 full-time service.

32 (b) A member shall receive a total of not more than twelve service
33 credit months of service for such calendar year. If an individual is
34 employed in an eligible position by one or more employers the
35 individual shall receive no more than one service credit month during
36 any calendar month in which multiple service for ninety or more hours
37 is rendered.

1 (8) "Service credit year" means an accumulation of months of
2 service credit which is equal to one when divided by twelve.

3 (9) "Service credit month" means a month or an accumulation of
4 months of service credit which is equal to one.

5 (10) "Membership service" means all service rendered as a member.

6 (11) "Beneficiary" means any person in receipt of a retirement
7 allowance or other benefit provided by this chapter resulting from
8 service rendered to an employer by another person.

9 (12) "Regular interest" means such rate as the director may
10 determine.

11 (13) "Accumulated contributions" means the sum of all contributions
12 standing to the credit of a member in the member's individual account,
13 including any amount paid under RCW 41.50.165(2), together with the
14 regular interest thereon.

15 (14) "Average final compensation" means the member's average
16 compensation earnable of the highest consecutive sixty months of
17 service credit months prior to such member's retirement, termination,
18 or death. Periods constituting authorized leaves of absence may not be
19 used in the calculation of average final compensation except under RCW
20 41.37.290.

21 (15) "Final compensation" means the annual rate of compensation
22 earnable by a member at the time of termination of employment.

23 (16) "Annuity" means payments for life derived from accumulated
24 contributions of a member. All annuities shall be paid in monthly
25 installments.

26 (17) "Pension" means payments for life derived from contributions
27 made by the employer. All pensions shall be paid in monthly
28 installments.

29 (18) "Retirement allowance" means monthly payments to a retiree or
30 beneficiary as provided in this chapter.

31 (19) "Employee" or "employed" means a person who is providing
32 services for compensation to an employer, unless the person is free
33 from the employer's direction and control over the performance of work.
34 The department shall adopt rules and interpret this subsection
35 consistent with common law.

36 (20) "Actuarial equivalent" means a benefit of equal value when
37 computed upon the basis of such mortality and other tables as may be
38 adopted by the director.

1 (21) "Retirement" means withdrawal from active service with a
2 retirement allowance as provided by this chapter.

3 (22) "Eligible position" means any permanent, full-time, fully
4 compensated position included in subsection (5) of this section.

5 (23) "Ineligible position" means any position which does not
6 conform with the requirements set forth in subsection (22) of this
7 section.

8 (24) "Leave of absence" means the period of time a member is
9 authorized by the employer to be absent from service without being
10 separated from membership.

11 (25) "Retiree" means any person who has begun accruing a retirement
12 allowance or other benefit provided by this chapter resulting from
13 service rendered to an employer while a member.

14 (26) "Director" means the director of the department.

15 (27) "State elective position" means any position held by any
16 person elected or appointed to statewide office or elected or appointed
17 as a member of the legislature.

18 (28) "State actuary" or "actuary" means the person appointed
19 pursuant to RCW 44.44.010(2).

20 (29) "Plan" means the Washington public safety employees'
21 retirement system plan 2.

22 (30) "Index" means, for any calendar year, that year's annual
23 average consumer price index, Seattle, Washington area, for urban wage
24 earners and clerical workers, all items, compiled by the bureau of
25 labor statistics, United States department of labor.

26 (31) "Index A" means the index for the year prior to the
27 determination of a postretirement adjustment.

28 (32) "Index B" means the index for the year prior to index A.

29 (33) "Adjustment ratio" means the value of index A divided by index
30 B.

31 (34) "Separation from service" occurs when a person has terminated
32 all employment with an employer.

33 **Sec. 5.** RCW 41.37.020 and 2004 c 242 s 4 are each amended to read
34 as follows:

35 Membership in the retirement system shall consist of all regularly
36 compensated public safety employees who are members as defined in RCW
37 41.37.010(5), with the following exceptions:

1 (1) Persons in ineligible positions;

2 (2)(a) Persons holding elective offices or persons appointed
3 directly by the governor to statewide elective offices: PROVIDED, That
4 such persons shall have the option of (~~applying for~~) continuing
5 membership during such periods of employment: AND PROVIDED FURTHER,
6 That any persons holding or who have held elective offices or persons
7 appointed by the governor who are members in the retirement system and
8 who have, prior to becoming such members, previously held an elective
9 office, and did not at the start of such initial or successive terms of
10 office exercise their option to become members, may apply for
11 membership to be effective during such term or terms of office, and
12 shall be allowed to establish the service credit applicable to such
13 term or terms of office upon payment of the employee contributions
14 therefor by the employee with interest as determined by the director
15 and employer contributions therefor by the employer or employee with
16 interest as determined by the director: AND PROVIDED FURTHER, That all
17 contributions with interest submitted by the employee under this
18 subsection shall be placed in the employee's individual account in the
19 employee's savings fund and be treated as any other contribution made
20 by the employee, with the exception that any contributions submitted by
21 the employee in payment of the employer's obligation, together with the
22 interest the director may apply to the employer's contribution, shall
23 not be considered part of the member's annuity for any purpose except
24 withdrawal of contributions;

25 (b) A member holding elective office who has elected to apply for
26 membership pursuant to (a) of this subsection and who later wishes to
27 be eligible for a retirement allowance shall have the option of ending
28 his or her membership in the retirement system. A member wishing to
29 end his or her membership under this subsection must file on a form
30 supplied by the department a statement indicating that the member
31 agrees to irrevocably abandon any claim for service for future periods
32 served as an elected official. A member who receives more than fifteen
33 thousand dollars per year in compensation for his or her elective
34 service, adjusted annually for inflation by the director, is not
35 eligible for the option provided by this subsection (2)(b);

36 (3) Retirement system retirees: PROVIDED, That following
37 reemployment in an eligible position, a retiree may elect to

1 prospectively become a member of the retirement system if otherwise
2 eligible;

3 (4) Persons enrolled in state-approved apprenticeship programs,
4 authorized under chapter 49.04 RCW, and who are employed by employers
5 to earn hours to complete such apprenticeship programs, if the employee
6 is a member of a union-sponsored retirement plan and is making
7 contributions to such a retirement plan or if the employee is a member
8 of a Taft-Hartley retirement plan;

9 (5) Persons rendering professional services to an employer on a
10 fee, retainer, or contract basis or when the income from these services
11 is less than fifty percent of the gross income received from the
12 person's practice of a profession; and

13 (6) Employees who (a) are not citizens of the United States, (b)
14 are not covered by chapter 41.48 RCW, (c) are not excluded from
15 membership under this chapter or chapter 41.04 RCW, (d) are residents
16 of this state, and (e) make an irrevocable election to be excluded from
17 membership, in writing, which is submitted to the director within
18 thirty days after employment in an eligible position.

19 **Sec. 6.** RCW 41.37.050 and 2004 c 242 s 8 are each amended to read
20 as follows:

21 (1)(a) If a retiree enters employment in an eligible position with
22 an employer as defined in this chapter sooner than one calendar month
23 after his or her accrual date, the retiree's monthly retirement
24 allowance will be reduced by five and one-half percent for every eight
25 hours worked during that month. This reduction will be applied each
26 month until the retiree remains absent from employment with an employer
27 for one full calendar month.

28 (b) If a retiree enters employment in an eligible position with an
29 employer as defined in chapter 41.32, 41.35, or 41.40 RCW sooner than
30 one calendar month after his or her accrual date, the retiree's monthly
31 retirement allowance will be reduced by five and one-half percent for
32 every eight hours worked during that month. This reduction will be
33 applied each month until the retiree remains absent from employment
34 with an employer for one full calendar month.

35 (c) The benefit reduction provided in (a) and (b) of this
36 subsection will accrue for a maximum of one hundred sixty hours per

1 month. Any benefit reduction over one hundred percent will be applied
2 to the benefit the retiree is eligible to receive in subsequent months.

3 (2) A retiree who has satisfied the break in employment requirement
4 of subsection (1) of this section may work up to eight hundred sixty-
5 seven hours per calendar year in an eligible position as defined in RCW
6 41.32.010, 41.35.010, or 41.40.010, without suspension of his or her
7 benefit.

8 (3) If the retiree opts to reestablish membership under this
9 chapter, he or she terminates his or her retirement status and becomes
10 a member. Retirement benefits shall not accrue during the period of
11 membership and the individual shall make contributions and receive
12 membership credit. Such a member shall have the right to again retire
13 if eligible in accordance with this chapter. However, if the right to
14 retire is exercised to become effective before the member has rendered
15 two uninterrupted years of service, the retirement formula and survivor
16 options the member had at the time of the member's previous retirement
17 shall be reinstated.

18 (4) The department shall collect and provide the state actuary with
19 information relevant to the use of this section for the select
20 committee on pension policy.

21 **Sec. 7.** RCW 41.37.250 and 2004 c 242 s 31 are each amended to read
22 as follows:

23 (1) Except as provided in RCW 11.07.010, if a member or a vested
24 member who has not completed at least ten years of service dies, the
25 amount of the accumulated contributions standing to that member's
26 credit in the retirement system at the time of the member's death, less
27 any amount identified as owing to an obligee upon withdrawal of
28 accumulated contributions pursuant to a court order filed under RCW
29 41.50.670, shall be paid to the member's estate, or the person or
30 persons, trust, or organization as the member shall have nominated by
31 written designation duly executed and filed with the department. If
32 there is no designated person or persons still living at the time of
33 the member's death, the member's accumulated contributions standing to
34 the member's credit in the retirement system, less any amount
35 identified as owing to an obligee upon withdrawal of accumulated
36 contributions pursuant to a court order filed under RCW 41.50.670,

1 shall be paid to the member's surviving spouse as if in fact that
2 spouse had been nominated by written designation, or if there is no
3 surviving spouse, then to the member's legal representatives.

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

7 (a) A retirement allowance computed as provided for in RCW
8 41.37.210, actuarially reduced by the amount of any lump sum benefit
9 identified as owing to an obligee upon withdrawal of accumulated
10 contributions pursuant to a court order filed under RCW 41.50.670 and
11 actuarially adjusted to reflect a joint and one hundred percent
12 survivor option under RCW 41.37.170 and, except under subsection (4) of
13 this section, if the member was not eligible for normal retirement at
14 the date of death a further reduction as described in RCW 41.37.210; if
15 a surviving spouse who is receiving a retirement allowance dies leaving
16 a child or children of the member under the age of majority, then the
17 child or children shall continue to receive an allowance in an amount
18 equal to that which was being received by the surviving spouse, share
19 and share alike, until the child or children reach the age of majority;
20 if there is no surviving spouse eligible to receive an allowance at the
21 time of the member's death, the member's child or children under the
22 age of majority shall receive an allowance, share and share alike,
23 calculated under this section making the assumption that the ages of
24 the spouse and member were equal at the time of the member's death; or

25 (b) The member's accumulated contributions, less any amount
26 identified as owing to an obligee upon withdrawal of accumulated
27 contributions pursuant to a court order filed under RCW 41.50.670.

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

34 (a) To a person or persons, estate, trust, or organization as the
35 member shall have nominated by written designation duly executed and
36 filed with the department; or

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

1 (4) A member who is killed in the course of employment, as
2 determined by the director of the department of labor and industries,
3 is not subject to (~~(an actuarial)~~) reduction under RCW 41.37.210. The
4 member's retirement allowance is computed under RCW 41.37.190.

5 **Sec. 8.** RCW 41.40.197 and 1995 c 345 s 5 are each amended to read
6 as follows:

7 (1) Beginning July 1, 1995, and annually thereafter, the retirement
8 allowance of a person meeting the requirements of this section shall be
9 increased by the annual increase amount.

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

12 (a) A beneficiary who has received a retirement allowance for at
13 least one year and has attained at least age sixty-six by July 1st in
14 the calendar year in which the annual increase is given; or

15 (b) A beneficiary whose retirement allowance is lower than the
16 minimum benefit provided under RCW 41.40.1984.

17 ~~(3) ((The following persons shall also be eligible for the benefit
18 provided in subsection (1) of this section:~~

19 ~~(a) A beneficiary receiving the minimum benefit on June 30, 1995,
20 under RCW 41.40.198; or~~

21 ~~(b) A recipient of a survivor benefit on June 30, 1995, which has
22 been increased by RCW 41.40.325.~~

23 ~~(4))~~ If otherwise eligible, those receiving an annual adjustment
24 under RCW 41.40.188(1)(c) shall be eligible for the annual increase
25 adjustment in addition to the benefit that would have been received
26 absent this section.

27 ~~((5))~~ (4) Those receiving a benefit under RCW 41.40.220(1), or a
28 survivor of a disabled member under RCW 41.44.170(5) shall be eligible
29 for the benefit provided by this section.

30 ~~((6))~~ (5) The legislature reserves the right to amend or repeal
31 this section in the future and no member or beneficiary has a
32 contractual right to receive this postretirement adjustment not granted
33 prior to that time.

34 **Sec. 9.** RCW 41.40.850 and 2000 c 247 s 315 are each amended to
35 read as follows:

36 (1) Except as provided in RCW 41.40.037, no retiree under the

1 provisions of plan 3 shall be eligible to receive such retiree's
2 monthly retirement allowance if he or she is employed in an eligible
3 position as defined in RCW 41.40.010, 41.32.010, (~~(or)~~) 41.35.010, or
4 41.37.010, or as a law enforcement officer or fire fighter as defined
5 in RCW 41.26.030, except that a retiree who ends his or her membership
6 in the retirement system pursuant to RCW 41.40.023(3)(b) is not subject
7 to this section if the retiree's only employment is as an elective
8 official of a city or town.

9 (2) If a retiree's benefits have been suspended under this section,
10 his or her benefits shall be reinstated when the retiree terminates the
11 employment that caused his or her benefits to be suspended. Upon
12 reinstatement, the retiree's benefits shall be actuarially recomputed
13 pursuant to the rules adopted by the department.

14 (3) The department shall adopt rules implementing this section.

15 **Sec. 10.** RCW 41.45.070 and 2003 c 92 s 5 are each reenacted to
16 read as follows:

17 (1) In addition to the basic employer contribution rate established
18 in RCW 41.45.060 or 41.45.054, the department shall also charge
19 employers of public employees' retirement system, teachers' retirement
20 system, school employees' retirement system, or Washington state patrol
21 retirement system members an additional supplemental rate to pay for
22 the cost of additional benefits, if any, granted to members of those
23 systems. Except as provided in subsections (6) and (7) of this
24 section, the supplemental contribution rates required by this section
25 shall be calculated by the state actuary and shall be charged
26 regardless of language to the contrary contained in the statute which
27 authorizes additional benefits.

28 (2) In addition to the basic member, employer, and state
29 contribution rate established in RCW 41.45.0604 for the law enforcement
30 officers' and fire fighters' retirement system plan 2, the department
31 shall also establish supplemental rates to pay for the cost of
32 additional benefits, if any, granted to members of the law enforcement
33 officers' and fire fighters' retirement system plan 2. Except as
34 provided in subsection (6) of this section, these supplemental rates
35 shall be calculated by the actuary retained by the law enforcement
36 officers' and fire fighters' board and the state actuary through the
37 process provided in RCW 41.26.720(1)(a) and the state treasurer shall

1 transfer the additional required contributions regardless of language
2 to the contrary contained in the statute which authorizes the
3 additional benefits.

4 (3) The supplemental rate charged under this section to fund
5 benefit increases provided to active members of the public employees'
6 retirement system plan 1, the teachers' retirement system plan 1, and
7 Washington state patrol retirement system, shall be calculated as the
8 level percentage of all members' pay needed to fund the cost of the
9 benefit not later than June 30, 2024.

10 (4) The supplemental rate charged under this section to fund
11 benefit increases provided to active and retired members of the public
12 employees' retirement system plan 2 and plan 3, the teachers'
13 retirement system plan 2 and plan 3, or the school employees'
14 retirement system plan 2 and plan 3 shall be calculated as the level
15 percentage of all members' pay needed to fund the cost of the benefit,
16 as calculated under RCW 41.45.060, 41.45.061, or 41.45.067.

17 (5) The supplemental rate charged under this section to fund
18 postretirement adjustments which are provided on a nonautomatic basis
19 to current retirees shall be calculated as the percentage of pay needed
20 to fund the adjustments as they are paid to the retirees. The
21 supplemental rate charged under this section to fund automatic
22 postretirement adjustments for active or retired members of the public
23 employees' retirement system plan 1 and the teachers' retirement system
24 plan 1 shall be calculated as the level percentage of pay needed to
25 fund the cost of the automatic adjustments not later than June 30,
26 2024.

27 (6) A supplemental rate shall not be charged to pay for the cost of
28 additional benefits granted to members pursuant to chapter 340, Laws of
29 1998.

30 (7) A supplemental rate shall not be charged to pay for the cost of
31 additional benefits granted to members pursuant to chapter 41.31A RCW;
32 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
33 Laws of 1998.

34 NEW SECTION. **Sec. 11.** The following acts or parts of acts are
35 each repealed:

36 (1) RCW 41.35.050 (Information furnished by employees, appointive
37 and elective officials) and 1998 c 341 s 6;

1 (2) RCW 41.37.040 (Employee information--Required) and 2004 c 242
2 s 7;

3 (3) RCW 41.40.032 (Information furnished by employees, appointive
4 and elective officials) and 1991 c 35 s 76, 1949 c 240 s 8, & 1947 c
5 274 s 1;

6 (4) 2003 1st sp.s. c 11 s 3; and

7 (5) RCW 41.50.067 (Adopted employer rates--Notification to
8 employers) and 1993 c 519 s 21.

9 NEW SECTION. **Sec. 12.** Sections 4 through 7 of this act take
10 effect July 1, 2006.

11 NEW SECTION. **Sec. 13.** Section 10 of this act expires July 1,
12 2006.

13 **Sec. 14.** RCW 41.50.088 and 2000 c 247 s 602 are each amended to
14 read as follows:

15 (1) The board shall adopt rules as necessary and exercise the
16 following powers and duties:

17 (a) The board shall recommend to the state investment board types
18 of options for member self-directed investment in the teachers'
19 retirement system plan 3, the school employees' retirement system plan
20 3, and the public employees' retirement system plan 3 as deemed by the
21 board to be reflective of the members' preferences;

22 (b) By July 1, 2005, subject to favorable tax determination by the
23 Internal Revenue Service, the board shall make optional actuarially
24 equivalent life annuity benefit payment schedules available to members
25 and survivors that may be purchased from the combined plan 2 and plan
26 3 funds under RCW 41.50.075; and

27 (c) Determination of the basis for administrative charges to the
28 self-directed investment fund to offset self-directed account expenses;

29 (2) The board shall recommend to the state investment board types
30 of options for participant self-directed investment in the state
31 deferred compensation plan, as deemed by the board to be reflective of
32 the participants' preferences.

Passed by the House April 19, 2005.

Passed by the Senate April 5, 2005.

Approved by the Governor May 9, 2005.

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