

SSB 5174 - H AMD 505

By Representative Conway

ADOPTED 4/4/2007

1 On page 18, after line 3, insert the following:

2 **"Sec. 13.** RCW 41.32.813 and 2006 c 257 s 1 are each amended to
3 read as follows:

4 (1) An active member who has completed a minimum of (~~five~~)two
5 years of creditable service in the teachers' retirement system may,
6 upon written application to the department, make a one-time
7 purchase of up to seven years of service credit for public
8 education experience outside the Washington state retirement
9 system, subject to the following limitations:

10 (a) The public education experience being claimed must have
11 been performed as a teacher in a public school in another state or
12 with the federal government; (~~and~~)

13 (b) The public education experience being claimed must have
14 been covered by a retirement or pension plan provided by a state or
15 political subdivision of a state, or by the federal government; and

16 (c) The member is not currently receiving a benefit or
17 currently eligible to receive an unreduced retirement benefit from
18 a retirement or pension plan of a state or political subdivision of
19 a state or the federal government that includes the service credit
20 to be purchased.

21 (2) The service credit purchased shall be membership service,
22 and may be used to qualify the member for retirement.

23 (3) The member shall pay the actuarial value of the resulting
24 increase in the member's benefit calculated in a manner consistent
25 with the department's method for calculating payments for
26 reestablishing service credit under RCW 41.50.165.

27 (4) The member may pay all or part of the cost of the service
28 credit to be purchased with a lump sum payment, eligible rollover,
29 direct rollover, or trustee-to-trustee transfer from an eligible
30 retirement plan. The department shall adopt rules to ensure that

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

9 (5) The employer also may pay all or a portion of the member's
10 cost of the service credit purchased under this section.

11 **Sec. 14.** RCW 41.32.868 and 2006 c 257 s 2 are each amended to
12 read as follows:

13 (1) An active member who has completed a minimum of (~~five~~)two
14 years of creditable service in the teachers' retirement system may,
15 upon written application to the department, make a one-time
16 purchase of up to seven years of service credit for public
17 education experience outside the Washington state retirement
18 system, subject to the following limitations:

19 (a) The public education experience being claimed must have
20 been performed as a teacher in a public school in another state or
21 with the federal government;

22 (b) The public education experience being claimed must have
23 been covered by a retirement or pension plan provided by a state or
24 political subdivision of a state, or by the federal government; and

25 (c) The member is not currently receiving a benefit or
26 currently eligible to receive an unreduced retirement benefit from
27 a retirement or pension plan of a state or political subdivision of
28 a state or the federal government that includes the service credit
29 to be purchased.

30 (2) The service credit purchased shall be membership service,
31 and may be used to qualify the member for retirement.

32 (3) The member shall pay the actuarial value of the resulting
33 increase in the member's benefit calculated in a manner consistent
34 with the department's method for calculating payments for
35 reestablishing service credit under RCW 41.50.165.

36 (4) The member may pay all or part of the cost of the service
37 credit to be purchased with a lump sum payment, eligible rollover,
38 direct rollover, or trustee-to-trustee transfer from an eligible

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

10 (5) The employer also may pay all or a portion of the member's
11 cost of the service credit purchased under this section."

12 Renumber the remaining section.

EFFECT: Reduces the creditable service that a teacher in the Teachers' Retirement Systems Plan 2 or 3 must earn before being able to purchase out-of-state service credit at full actuarial cost from five years of service to two years.