## HOUSE BILL 1615

State of Washington 64th Legislature 2015 Regular Session

**By** Representatives Appleton, Santos, Pollet, Moscoso, Reykdal, Sells, S. Hunt, Dunshee, Ormsby, Bergquist, Ortiz-Self, and Fitzgibbon

Read first time 01/23/15. Referred to Committee on Appropriations.

1 AN ACT Relating to postretirement employment; and amending RCW 2 41.32.765, 41.32.875, 41.35.420, 41.35.680, 41.40.630, and 41.40.820.

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

4 Sec. 1. RCW 41.32.765 and 2012 1st sp.s. c 7 s 1 are each 5 amended to read as follows:

6 (1) NORMAL RETIREMENT. Any member with at least five service 7 credit years of service who has attained at least age sixty-five 8 shall be eligible to retire and to receive a retirement allowance 9 computed according to the provisions of RCW 41.32.760.

10 (2) EARLY RETIREMENT. Any member who has completed at least 11 twenty service credit years of service who has attained at least age fifty-five shall be eligible to retire and to receive a retirement 12 13 allowance computed according to the provisions of RCW 41.32.760, 14 except that a member retiring pursuant to this subsection shall have retirement allowance actuarially reduced 15 the to reflect the 16 difference in the number of years between age at retirement and the 17 attainment of age sixty-five.

18 (3) ALTERNATE EARLY RETIREMENT.

19 (a) Any member who has completed at least thirty service credit 20 years and has attained age fifty-five shall be eligible to retire and 21 to receive a retirement allowance computed according to the

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provisions of RCW 41.32.760, except that a member retiring pursuant 1 to this subsection shall have the retirement allowance reduced by 2 three percent per year to reflect the difference in the number of 3 years between age at retirement and the attainment of age sixty-five. 4 (b) On or after September 1, 2008, any member who has completed 5 6 at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance 7 computed according to the provisions of RCW 41.32.760, except that a 8 member retiring pursuant to this subsection shall have the retirement 9 allowance reduced as follows: 10

11	Retirement	Percent
12	Age	Reduction
13	55	20%
14	56	17%
15	57	14%
16	58	11%
17	59	8%
18	60	5%
19	61	2%
20	62	0%
21	63	0%
22	64	0%

23 ((Any member who retires under the provisions of this subsection 24 is ineligible for the postretirement employment provisions of RCW 41.32.802(2) until the retired member has reached sixty-five years of 25 age. For purposes of this subsection, employment with an employer 26 also includes any personal service contract, service by an employer 27 as a temporary or project employee, or any other similar compensated 28 relationship with any employer included under the provisions of RCW 29 30 41.32.800(1).)

The subsidized reductions for alternate early retirement in this 31 subsection as set forth in section 2, chapter 491, Laws of 2007 were 32 intended by the legislature as replacement benefits for gain-sharing. 33 34 Until there is legal certainty with respect to the repeal of chapter retire under 35 41.31A RCW, the right to this subsection is 36 noncontractual, and the legislature reserves the right to amend or

repeal this subsection. Legal certainty includes, but is not limited 1 to, the expiration of any: Applicable limitations on actions; and 2 periods of time for seeking appellate review, up to and including 3 reconsideration by the Washington supreme court and the supreme court 4 of the United States. Until that time, eligible members may still 5 6 retire under this subsection, and upon receipt of the first 7 installment of a retirement allowance computed under this subsection, the resulting benefit becomes contractual for the recipient. If the 8 repeal of chapter 41.31A RCW is held to be invalid in a final 9 determination of a court of law, and the court orders reinstatement 10 11 of gain-sharing or other alternate benefits as a remedy, then 12 retirement benefits for any member who has completed at least thirty service credit years and has attained age fifty-five but has not yet 13 received the first installment of a retirement allowance under this 14 subsection shall be computed using the reductions in (a) of this 15 16 subsection.

17 (c) Members who first become employed by an employer in an eligible position on or after May 1, 2013, are not eligible for the 18 alternate early retirement provisions of (a) or (b) of this 19 subsection. Any member who first becomes employed by an employer in 20 an eligible position on or after May 1, 2013, and has completed at 21 least thirty service credit years and has attained age fifty-five 22 shall be eligible to retire and to receive a retirement allowance 23 computed according to the provisions of RCW 41.32.760, except that a 24 25 member retiring pursuant to this subsection shall have the retirement 26 allowance reduced by five percent per year to reflect the difference 27 in the number of years between age at retirement and the attainment 28 of age sixty-five.

Sec. 2. RCW 41.32.875 and 2012 1st sp.s. c 7 s 2 are each amended to read as follows:

31 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five 32 and who has:

33 (a) Completed ten service credit years; or

34 (b) Completed five service credit years, including twelve service35 credit months after attaining age forty-four; or

36 (c) Completed five service credit years by July 1, 1996, under 37 plan 2 and who transferred to plan 3 under RCW 41.32.817;

38 shall be eligible to retire and to receive a retirement allowance 39 computed according to the provisions of RCW 41.32.840.

1 (2) EARLY RETIREMENT. Any member who has attained at least age fifty-five and has completed at least ten years of service shall be 2 eligible to retire and to receive a retirement allowance computed 3 according to the provisions of RCW 41.32.840, except that a member 4 retiring pursuant to this subsection shall have the retirement 5 б allowance actuarially reduced to reflect the difference in the number of years between age at retirement and the attainment of age sixty-7 five. 8

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## (3) ALTERNATE EARLY RETIREMENT.

10 (a) Any member who has completed at least thirty service credit 11 years and has attained age fifty-five shall be eligible to retire and 12 to receive a retirement allowance computed according to the 13 provisions of RCW 41.32.840, except that a member retiring pursuant 14 to this subsection shall have the retirement allowance reduced by 15 three percent per year to reflect the difference in the number of 16 years between age at retirement and the attainment of age sixty-five.

17 (b) On or after September 1, 2008, any member who has completed 18 at least thirty service credit years and has attained age fifty-five 19 shall be eligible to retire and to receive a retirement allowance 20 computed according to the provisions of RCW 41.32.840, except that a 21 member retiring pursuant to this subsection shall have the retirement 22 allowance reduced as follows:

23	Retirement	Percent
24	Age	Reduction
25	55	20%
26	56	17%
27	57	14%
28	58	11%
29	59	8%
30	60	5%
31	61	2%
32	62	0%
33	63	0%
34	64	0%

35 ((Any member who retires under the provisions of this subsection 36 is ineligible for the postretirement employment provisions of RCW 1 41.32.862(2) until the retired member has reached sixty-five years of age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer as a temporary or project employee, or any other similar compensated relationship with any employer included under the provisions of RCW 41.32.860(1).)

The subsidized reductions for alternate early retirement in this 7 subsection as set forth in section 4, chapter 491, Laws of 2007 were 8 intended by the legislature as replacement benefits for gain-sharing. 9 Until there is legal certainty with respect to the repeal of chapter 10 11 41.31A RCW, the right to retire under this subsection is 12 noncontractual, and the legislature reserves the right to amend or repeal this subsection. Legal certainty includes, but is not limited 13 14 to, the expiration of any: Applicable limitations on actions; and periods of time for seeking appellate review, up to and including 15 16 reconsideration by the Washington supreme court and the supreme court 17 of the United States. Until that time, eligible members may still 18 retire under this subsection, and upon receipt of the first installment of a retirement allowance computed under this subsection, 19 the resulting benefit becomes contractual for the recipient. If the 20 repeal of chapter 41.31A RCW is held to be invalid in a final 21 determination of a court of law, and the court orders reinstatement 22 of gain-sharing or other alternate benefits as a remedy, 23 then retirement benefits for any member who has completed at least thirty 24 25 service credit years and has attained age fifty-five but has not yet received the first installment of a retirement allowance under this 26 subsection shall be computed using the reductions in (a) of this 27 28 subsection.

29 (c) Members who first become employed by an employer in an eligible position on or after May 1, 2013, are not eligible for the 30 31 alternate early retirement provisions of (a) or (b) of this subsection. Any member who first becomes employed by an employer in 32 an eligible position on or after May 1, 2013, and has completed at 33 least thirty service credit years and has attained age fifty-five 34 shall be eligible to retire and to receive a retirement allowance 35 computed according to the provisions of RCW 41.32.840, except that a 36 member retiring pursuant to this subsection shall have the retirement 37 allowance reduced by five percent per year to reflect the difference 38 39 in the number of years between age at retirement and the attainment 40 of age sixty-five.

1 Sec. 3. RCW 41.35.420 and 2012 1st sp.s. c 7 s 3 are each 2 amended to read as follows:

3 (1) NORMAL RETIREMENT. Any member with at least five service 4 credit years who has attained at least age sixty-five shall be 5 eligible to retire and to receive a retirement allowance computed 6 according to the provisions of RCW 41.35.400.

(2) EARLY RETIREMENT. Any member who has completed at least 7 twenty service credit years and has attained age fifty-five shall be 8 eligible to retire and to receive a retirement allowance computed 9 according to the provisions of RCW 41.35.400, except that a member 10 11 retiring pursuant to this subsection shall have the retirement 12 allowance actuarially reduced to reflect the difference in the number of years between age at retirement and the attainment of age sixty-13 14 five.

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(3) ALTERNATE EARLY RETIREMENT.

(a) Any member who has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.35.400, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced by three percent per year to reflect the difference in the number of years between age at retirement and the attainment of age sixty-five.

(b) On or after September 1, 2008, any member who has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.35.400, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced as follows:

29	Retirement	Percent
30	Age	Reduction
31	55	20%
32	56	17%
33	57	14%
34	58	11%
35	59	8%
36	60	5%
37	61	2%

1	62	0%
2	63	0%
3	64	0%

4 ((Any member who retires under the provisions of this subsection 5 is ineligible for the postretirement employment provisions of RCW б 41.35.060(2) until the retired member has reached sixty-five years of 7 age. For purposes of this subsection, employment with an employer 8 also includes any personal service contract, service by an employer 9 as a temporary or project employee, or any other similar compensated 10 relationship with any employer included under the provisions of RCW 11 41.35.230(1).)

12 The subsidized reductions for alternate early retirement in this subsection as set forth in section 6, chapter 491, Laws of 2007 were 13 intended by the legislature as replacement benefits for gain-sharing. 14 15 Until there is legal certainty with respect to the repeal of chapter RCW, the 16 41.31A right to retire under this subsection is 17 noncontractual, and the legislature reserves the right to amend or repeal this subsection. Legal certainty includes, but is not limited 18 to, the expiration of any: Applicable limitations on actions; and 19 20 periods of time for seeking appellate review, up to and including reconsideration by the Washington supreme court and the supreme court 21 of the United States. Until that time, eligible members may still 22 subsection, and upon receipt of 23 retire under this the first 24 installment of a retirement allowance computed under this subsection, 25 the resulting benefit becomes contractual for the recipient. If the repeal of chapter 41.31A RCW is held to be invalid in a final 26 27 determination of a court of law, and the court orders reinstatement 28 of gain-sharing or other alternate benefits as a remedy, then retirement benefits for any member who has completed at least thirty 29 service credit years and has attained age fifty-five but has not yet 30 31 received the first installment of a retirement allowance under this 32 subsection shall be computed using the reductions in (a) of this subsection. 33

(c) Members who first become employed by an employer 34 in an eligible position on or after May 1, 2013, are not eligible for the 35 alternate early retirement provisions of (a) 36 or (b) of this 37 subsection. Any member who first becomes employed by an employer in 38 an eligible position on or after May 1, 2013, and has completed at

least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.35.400, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced by five percent per year to reflect the difference in the number of years between age at retirement and the attainment of age sixty-five.

8 Sec. 4. RCW 41.35.680 and 2012 1st sp.s. c 7 s 4 are each 9 amended to read as follows:

10 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five 11 and who has:

12 (a) Completed ten service credit years; or

13 (b) Completed five service credit years, including twelve service 14 credit months after attaining age forty-four; or

(c) Completed five service credit years by September 1, 2000, under the public employees' retirement system plan 2 and who transferred to plan 3 under RCW 41.35.510;

18 shall be eligible to retire and to receive a retirement allowance 19 computed according to the provisions of RCW 41.35.620.

20 (2) EARLY RETIREMENT. Any member who has attained at least age 21 fifty-five and has completed at least ten years of service shall be eligible to retire and to receive a retirement allowance computed 22 according to the provisions of RCW 41.35.620, except that a member 23 24 retiring pursuant to this subsection shall have the retirement allowance actuarially reduced to reflect the difference in the number 25 of years between age at retirement and the attainment of age sixty-26 27 five.

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(3) ALTERNATE EARLY RETIREMENT.

(a) Any member who has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.35.620, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced by three percent per year to reflect the difference in the number of years between age at retirement and the attainment of age sixty-five.

36 (b) On or after September 1, 2008, any member who has completed 37 at least thirty service credit years and has attained age fifty-five 38 shall be eligible to retire and to receive a retirement allowance 39 computed according to the provisions of RCW 41.35.620, except that a

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1 member retiring pursuant to this subsection shall have the retirement

2 allowance reduced as follows:

3	Retirement	Percent
4	Age	Reduction
5	55	20%
6	56	17%
7	57	14%
8	58	11%
9	59	8%
10	60	5%
11	61	2%
12	62	0%
13	63	0%
14	64	0%

((Any member who retires under the provisions of this subsection 15 is ineligible for the postretirement employment provisions of RCW 16 17 41.35.060(2) until the retired member has reached sixty-five years of 18 age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer 19 as a temporary or project employee, or any other similar compensated 20 21 relationship with any employer included under the provisions of RCW 22 41.35.230(1).)

The subsidized reductions for alternate early retirement in this 23 24 subsection as set forth in section 8, chapter 491, Laws of 2007 were intended by the legislature as replacement benefits for gain-sharing. 25 Until there is legal certainty with respect to the repeal of chapter 26 to retire under this subsection 41.31A RCW, the right 27 is noncontractual, and the legislature reserves the right to amend or 28 repeal this subsection. Legal certainty includes, but is not limited 29 to, the expiration of any: Applicable limitations on actions; and 30 periods of time for seeking appellate review, up to and including 31 reconsideration by the Washington supreme court and the supreme court 32 of the United States. Until that time, eligible members may still 33 34 retire under this subsection, and upon receipt of the first installment of a retirement allowance computed under this subsection, 35 36 the resulting benefit becomes contractual for the recipient. If the

1 repeal of chapter 41.31A RCW is held to be invalid in a final determination of a court of law, and the court orders reinstatement 2 of gain-sharing or other alternate benefits as a remedy, 3 then retirement benefits for any member who has completed at least thirty 4 service credit years and has attained age fifty-five but has not yet 5 6 received the first installment of a retirement allowance under this 7 subsection shall be computed using the reductions in (a) of this subsection. 8

9 (c) Members who first become employed by an employer in an eligible position on or after May 1, 2013, are not eligible for the 10 11 alternate early retirement provisions of (a) or (b) of this 12 subsection. Any member who first becomes employed by an employer in an eligible position on or after May 1, 2013, and has completed at 13 least thirty service credit years and has attained age fifty-five 14 shall be eligible to retire and to receive a retirement allowance 15 16 computed according to the provisions of RCW 41.35.620, except that a 17 member retiring pursuant to this subsection shall have the retirement 18 allowance reduced by five percent per year to reflect the difference 19 in the number of years between age at retirement and the attainment 20 of age sixty-five.

21 Sec. 5. RCW 41.40.630 and 2012 1st sp.s. c 7 s 5 are each 22 amended to read as follows:

(1) NORMAL RETIREMENT. Any member with at least five service credit years who has attained at least age sixty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.40.620.

27 (2) EARLY RETIREMENT. Any member who has completed at least 28 twenty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed 29 30 according to the provisions of RCW 41.40.620, except that a member 31 retiring pursuant to this subsection shall have the retirement allowance actuarially reduced to reflect the difference in the number 32 of years between age at retirement and the attainment of age sixty-33 five. 34

35 (3) ALTERNATE EARLY RETIREMENT.

36 (a) Any member who has completed at least thirty service credit 37 years and has attained age fifty-five shall be eligible to retire and 38 to receive a retirement allowance computed according to the 39 provisions of RCW 41.40.620, except that a member retiring pursuant

1 to this subsection shall have the retirement allowance reduced by three percent per year to reflect the difference in the number of 2 years between age at retirement and the attainment of age sixty-five. 3 (b) On or after July 1, 2008, any member who has completed at 4 least thirty service credit years and has attained age fifty-five 5 6 shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.40.620, except that a 7 member retiring pursuant to this subsection shall have the retirement 8 allowance reduced as follows: 9

10	Retirement	Percent
11	Age	Reduction
12	55	20%
13	56	17%
14	57	14%
15	58	11%
16	59	8%
17	60	5%
18	61	2%
19	62	0%
20	63	0%
21	64	0%

((Any member who retires under the provisions of this subsection 22 is ineligible for the postretirement employment provisions of RCW 23 24 41.40.037(2)(d) until the retired member has reached sixty-five years 25 of age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer 26 as a temporary or project employee, or any other similar compensated 27 28 relationship with any employer included under the provisions of RCW 29 41.40.690(1).)

The subsidized reductions for alternate early retirement in this 30 subsection as set forth in section 9, chapter 491, Laws of 2007 were 31 intended by the legislature as replacement benefits for gain-sharing. 32 Until there is legal certainty with respect to the repeal of chapter 33 34 41.31A RCW, the right to retire under this subsection is noncontractual, and the legislature reserves the right to amend or 35 repeal this subsection. Legal certainty includes, but is not limited 36

1 to, the expiration of any: Applicable limitations on actions; and periods of time for seeking appellate review, up to and including 2 reconsideration by the Washington supreme court and the supreme court 3 of the United States. Until that time, eligible members may still 4 retire under this subsection, and upon receipt of the first 5 6 installment of a retirement allowance computed under this subsection, 7 the resulting benefit becomes contractual for the recipient. If the repeal of chapter 41.31A RCW is held to be invalid in a final 8 determination of a court of law, and the court orders reinstatement 9 of gain-sharing or other alternate benefits as a remedy, 10 then 11 retirement benefits for any member who has completed at least thirty 12 service credit years and has attained age fifty-five but has not yet received the first installment of a retirement allowance under this 13 subsection shall be computed using the reductions in (a) of this 14 15 subsection.

16 (c) Members who first become employed by an employer in an 17 eligible position on or after May 1, 2013, are not eligible for the 18 alternate early retirement provisions of (a) or (b) of this 19 subsection. Any member who first becomes employed by an employer in an eligible position on or after May 1, 2013, and has completed at 20 21 least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance 22 computed according to the provisions of RCW 41.40.620, except that a 23 24 member retiring pursuant to this subsection shall have the retirement 25 allowance reduced by five percent per year to reflect the difference 26 in the number of years between age at retirement and the attainment 27 of age sixty-five.

28 Sec. 6. RCW 41.40.820 and 2012 1st sp.s. c 7 s 6 are each 29 amended to read as follows:

30 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five 31 and who has:

32 (a) Completed ten service credit years; or

33 (b) Completed five service credit years, including twelve service 34 credit months after attaining age forty-four; or

35 (c) Completed five service credit years by the transfer payment 36 date specified in RCW 41.40.795, under the public employees' 37 retirement system plan 2 and who transferred to plan 3 under RCW 38 41.40.795; shall be eligible to retire and to receive a retirement allowance
computed according to the provisions of RCW 41.40.790.

(2) EARLY RETIREMENT. Any member who has attained at least age 3 fifty-five and has completed at least ten years of service shall be 4 eligible to retire and to receive a retirement allowance computed 5 6 according to the provisions of RCW 41.40.790, except that a member 7 retiring pursuant to this subsection shall have the retirement allowance actuarially reduced to reflect the difference in the number 8 of years between age at retirement and the attainment of age sixty-9 five. 10

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(3) ALTERNATE EARLY RETIREMENT.

(a) Any member who has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.40.790, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced by three percent per year to reflect the difference in the number of years between age at retirement and the attainment of age sixty-five.

(b) On or after July 1, 2008, any member who has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of RCW 41.40.790, except that a member retiring pursuant to this subsection shall have the retirement allowance reduced as follows:

25	Retirement	Percent
26	Age	Reduction
27	55	20%
28	56	17%
29	57	14%
30	58	11%
31	59	8%
32	60	5%
33	61	2%
34	62	0%
35	63	0%
36	64	0%

((Any member who retires under the provisions of this subsection 1 2 is ineligible for the postretirement employment provisions of RCW 3 41.40.037(2)(d) until the retired member has reached sixty-five years 4 of age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer 5 б as a temporary or project employee, or any other similar compensated 7 relationship with any employer included under the provisions of RCW 41.40.850(1).)8

9 The subsidized reductions for alternate early retirement in this 10 subsection as set forth in section 10, chapter 491, Laws of 2007 were intended by the legislature as replacement benefits for gain-sharing. 11 Until there is legal certainty with respect to the repeal of chapter 12 13 41.31A RCW, the riqht to retire under this subsection is noncontractual, and the legislature reserves the right to amend or 14 repeal this subsection. Legal certainty includes, but is not limited 15 to, the expiration of any: Applicable limitations on actions; and 16 periods of time for seeking appellate review, up to and including 17 reconsideration by the Washington supreme court and the supreme court 18 19 of the United States. Until that time, eligible members may still retire under this subsection, and upon receipt of the 20 first installment of a retirement allowance computed under this subsection, 21 the resulting benefit becomes contractual for the recipient. If the 22 repeal of chapter 41.31A RCW is held to be invalid in a final 23 24 determination of a court of law, and the court orders reinstatement 25 qain-sharing or other alternate benefits as a remedy, of then retirement benefits for any member who has completed at least thirty 26 27 service credit years and has attained age fifty-five but has not yet 28 received the first installment of a retirement allowance under this 29 subsection shall be computed using the reductions in (a) of this 30 subsection.

(c) Members who first become employed by an employer in an 31 eligible position on or after May 1, 2013, are not eligible for the 32 alternate early retirement provisions of (a) or 33 (b) of this 34 subsection. Any member who first becomes employed by an employer in an eligible position on or after May 1, 2013, and has completed at 35 least thirty service credit years and has attained age fifty-five 36 shall be eligible to retire and to receive a retirement allowance 37 computed according to the provisions of RCW 41.40.790, except that a 38 39 member retiring pursuant to this subsection shall have the retirement

1 allowance reduced by five percent per year to reflect the difference 2 in the number of years between age at retirement and the attainment 3 of age sixty-five.

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