CERTIFICATION OF ENROLLMENT

**SENATE BILL 5350**

Chapter 189, Laws of 2019

66th Legislature

2019 Regular Session

PUBLIC RETIREMENT SYSTEMS--OPTIONAL LIFE ANNUITY BENEFIT

EFFECTIVE DATE: January 1, 2020

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| Passed by the Senate March 7, 2019  Yeas 48 Nays 0  KAREN KEISER  **President of the Senate**  Passed by the House April 17, 2019  Yeas 89 Nays 9  FRANK CHOPP  **Speaker of the House of Representatives** | CERTIFICATE  I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5350** as passed by Senate and the House of Representatives on the dates hereon set forth.  BRAD HENDRICKSON  Secretary |
| Approved April 29, 2019 3:10 PM | April 30, 2019 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SENATE BILL 5350**

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Passed Legislature - 2019 Regular Session

**State of Washington 66th Legislature 2019 Regular Session**

**By** Senators Conway, Bailey, and Schoesler; by request of Select Committee on Pension Policy

AN ACT Relating to an optional life annuity benefit for members of the public employees' retirement system, school employees' retirement system, and public safety employees' retirement system; adding a new section to chapter 41.40 RCW; adding a new section to chapter 41.37 RCW; adding a new section to chapter 41.35 RCW; and providing an effective date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 41.40 RCW to read as follows:

(1) At the time of retirement, a plan 1 member may purchase an optional actuarially equivalent life annuity benefit from the public employees' retirement system plan 1 fund established in RCW 41.50.075. A minimum payment of five thousand dollars is required.

(2) At the time of retirement, a plan 2 or plan 3 member may purchase an optional actuarially equivalent life annuity benefit from the public employees' retirement system combined plan 2 and plan 3 fund established in RCW 41.50.075. A minimum payment of five thousand dollars is required.

(3) Subject to rules adopted by the department, a member purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(a) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(b) For the purposes of this subsection (3), "eligible retirement plan" means a tax qualified plan offered by a governmental employer.

(4) The legislature reserves the right to amend or repeal this section in the future.

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

(1) At the time of retirement, a plan 2 member may purchase an optional actuarially equivalent life annuity benefit from the public safety employees' retirement system plan 2 fund established in RCW 41.50.075. A minimum payment of five thousand dollars is required.

(2) Subject to rules adopted by the department, a member purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(a) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(b) For the purposes of this subsection (2), "eligible retirement plan" means a tax qualified plan offered by a governmental employer.

(3) The legislature reserves the right to amend or repeal this section in the future.

NEW SECTION. **Sec.**  A new section is added to chapter 41.35 RCW to read as follows:

(1) At the time of retirement, a plan 2 or plan 3 member may purchase an optional actuarially equivalent life annuity benefit from the school employees' retirement system combined plan 2 and 3 fund established in RCW 41.50.075. A minimum payment of five thousand dollars is required.

(2) Subject to rules adopted by the department, a member purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(a) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(b) For the purposes of this subsection (2), "eligible retirement plan" means a tax qualified plan offered by a governmental employer.

(3) The legislature reserves the right to amend or repeal this section in the future.

NEW SECTION. **Sec.**  This act takes effect January 1, 2020.

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Passed by the Senate March 7, 2019.

Passed by the House April 17, 2019.

Approved by the Governor April 29, 2019.

Filed in Office of Secretary of State April 30, 2019.