
SENATE BILL 5453

State of Washington**67th Legislature****2021 Regular Session****By** Senator Schoesler

1 AN ACT Relating to plans 1 and 2 of the state retirement systems;
2 amending RCW 41.26.802, 41.26.420, 41.45.0604, 41.50.110, 41.26.030,
3 41.26.547, 41.32.005, 41.32.010, 41.45.010, 41.45.020, 41.45.035,
4 41.45.050, 41.45.060, 41.45.070, 41.45.150, 6.15.020, 28A.150.410,
5 28A.400.391, 28A.625.150, 28B.15.380, 28B.15.520, 28B.50.874,
6 35.21.935, 35A.21.380, 41.04.205, 41.04.270, 41.04.350, 41.04.393,
7 41.04.400, 41.04.440, 41.04.445, 41.04.450, 41.04.803, 41.05.011,
8 41.05.320, 41.16.145, 41.18.104, 41.20.175, 41.24.400, 41.50.075,
9 41.33.020, 41.35.010, 41.45.203, 41.50.030, 41.50.033, 41.50.060,
10 41.50.080, 41.50.112, 41.50.150, 41.50.152, 41.50.255, 41.50.500,
11 41.50.670, 41.50.700, 41.50.790, 41.54.010, 41.54.040, and 51.32.050;
12 reenacting and amending RCW 43.84.092 and 43.84.092; adding new
13 sections to chapter 41.26 RCW; adding a new section to chapter 41.50
14 RCW; adding a new chapter to Title 41 RCW; creating a new section;
15 recodifying RCW 41.26.090, 41.26.100, 41.26.110, 41.26.115,
16 41.26.120, 41.26.125, 41.26.130, 41.26.140, 41.26.150, 41.26.160,
17 41.26.161, 41.26.162, 41.26.164, 41.26.170, 41.26.190, 41.26.192,
18 41.26.194, 41.26.197, 41.26.199, 41.26.200, 41.26.211, 41.26.221,
19 41.26.240, 41.26.250, 41.26.260, 41.26.281, 41.26.3901, 41.26.3902,
20 41.32.240, 41.32.260, 41.32.263, 41.32.267, 41.32.270, 41.32.300,
21 41.32.310, 41.32.330, 41.32.340, 41.32.345, 41.32.350, 41.32.380,
22 41.32.390, 41.32.470, 41.32.480, 41.32.483, 41.32.485, 41.32.4851,
23 41.32.4872, 41.32.489, 41.32.4931, 41.32.4945, 41.32.497, 41.32.498,

1 41.32.4986, 41.32.500, 41.32.510, 41.32.520, 41.32.522, 41.32.523,
2 41.32.530, 41.32.540, 41.32.550, 41.32.555, 41.32.570, 41.32.581,
3 41.32.584, and 41.32.587; decodifying RCW 41.20.061 and 41.20.086;
4 repealing RCW 41.26.005, 41.26.040, 41.26.075, 41.26.080, 41.26.105,
5 41.26.270, 41.26.3903, and 41.32.215; providing an effective date;
6 providing expiration dates; and declaring an emergency.

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

8 NEW SECTION. **Sec. 101.** The legislature finds that the assets in
9 the local law enforcement officers' and firefighters' retirement
10 system benefits improvement account, when combined with the excess
11 funding in the law enforcement officers' and firefighters' plan 2
12 retirement fund, are sufficient to fund a benefit improvement for
13 members of the law enforcement officers' and firefighters' plan 2
14 without increasing the short-term cost for members, employers, or the
15 state. As such, it is the intent of the legislature to increase the
16 retirement allowance for active members with more than 15 years of
17 service and to provide a one-time payment to retired members.

18 **Sec. 102.** RCW 41.26.802 and 2019 c 366 s 2 are each amended to
19 read as follows:

20 (1) Prior to May 13, 2019, this section required certain
21 transfers to be made to the local public safety enhancement account.
22 After May 13, 2019, except for the transfer in subsection (2) of this
23 section, no further transfers will be made to the local public safety
24 enhancement account pursuant to this section.

25 (2) On July 1, 2019, the state treasurer shall transfer the sum
26 of three hundred million dollars from the law enforcement officers'
27 and firefighters' plan 2 retirement fund to the local law enforcement
28 officers' and firefighters' retirement system benefits improvement
29 account.

30 (3) On July 1, 2021, the state treasurer shall transfer the sum
31 of the total available balance of the local law enforcement officers'
32 and firefighters' retirement system benefits improvement account from
33 the local law enforcement officers' and firefighters' retirement
34 system benefits improvement account to the law enforcement officers'
35 and firefighters' plan 2 retirement fund. The amount transferred
36 under this subsection goes toward the benefit enhancements in RCW
37 41.26.420(2).

1 **Sec. 103.** RCW 41.26.420 and 1993 c 517 s 2 are each amended to
2 read as follows:

3 (1) Except as provided in RCW 41.26.530, a member of the
4 retirement system shall receive a retirement allowance equal to two
5 percent of such member's final average salary for each year of
6 service.

7 (2) Beginning January 1, 2022, active members with more than 15
8 years of service credit shall receive a retirement allowance as
9 follows:

10 (a) Two percent of such member's final average salary for the
11 first 15 years of service;

12 (b) Two and one-half percent of such member's final average
13 salary for years of service above 15 and up to 26; and

14 (c) Two percent of such member's final average salary for years
15 of service above 26.

16 NEW SECTION. **Sec. 104.** A new section is added to chapter 41.26
17 RCW under the subchapter heading "Plan 2" to read as follows:

18 (1) Law enforcement officers' and firefighters' plan 2 retirees
19 with at least 15 years of service credit, and the beneficiary of a
20 retiree with at least 15 years of service credit that is eligible for
21 benefits under the plan 2 provisions of this chapter, on the
22 effective date of this section shall be eligible to receive the plan
23 2 lump sum defined benefit pursuant to the conditions established in
24 this section.

25 (2) A law enforcement officers' and firefighters' plan 2
26 beneficiary that was eligible for a death benefit under RCW 41.26.048
27 and the plan 2 provisions of this chapter, on the effective date of
28 this section shall be eligible to receive the plan 2 lump sum defined
29 benefit pursuant to the conditions established in this section.

30 (3) The lump sum defined benefit is \$20,000 per eligible member
31 or survivor, payable on January 3, 2022. In the case of multiple
32 survivor beneficiaries, the lump sum defined benefit shall be divided
33 equally.

34 (4) If a member dies after the effective date of this section but
35 before distribution of the lump sum defined benefit created in this
36 section occurs, the distribution shall be made according to the
37 member's beneficiary designation under this chapter.

38 (5) The lump sum defined benefit created in this section is
39 subject to RCW 41.26.053.

1 **Sec. 105.** RCW 41.45.0604 and 2007 c 280 s 3 are each amended to
2 read as follows:

3 (1) (a) Not later than July 31, 2008, and every even-numbered year
4 thereafter, the law enforcement officers' and firefighters' plan 2
5 retirement board shall adopt contribution rates for the law
6 enforcement officers' and firefighters' retirement system plan 2 as
7 provided in RCW 41.26.720(1)(a).

8 (b) For the 2021-2023 and 2023-2025 fiscal biennia, contribution
9 rates for the law enforcement officers' and firefighters' retirement
10 system plan 2 may not exceed the rates adopted by the law enforcement
11 officers' and firefighters' plan 2 retirement board on July 22, 2020.

12 (2) The law enforcement officers' and firefighters' plan 2
13 retirement board shall immediately notify the directors of the office
14 of financial management and department of retirement systems of the
15 state, employer, and employee rates adopted. Thereafter, the director
16 shall collect those rates adopted by the board. The rates shall be
17 effective for the ensuing biennial period, subject to any legislative
18 modifications.

19 NEW SECTION. **Sec. 201.** The legislature intends to improve the
20 actuarial soundness of the teachers' retirement system plan 1 while
21 also continuing the state commitment to maintain the actuarial
22 soundness of benefits promised to members of the law enforcement
23 officers' and firefighters' retirement system plan 1 by merging the
24 assets, liabilities, and membership of both plans into a new merged
25 plan with two benefit tiers.

26 The legislature further intends that this merger of assets,
27 liabilities, and membership, and any administrative changes necessary
28 to implement the merger, be accomplished in a way that does not
29 impact benefits provided to members of either the teachers'
30 retirement system plan 1 or the law enforcement officers' and
31 firefighters' retirement system plan 1.

32 The legislature further intends that the merger of assets,
33 liabilities, and membership of the teachers' retirement system plan 1
34 and the law enforcement officers' and firefighters' retirement system
35 plan 1 be administered in a way consistent with plan qualification
36 requirements in the federal internal revenue code.

37 NEW SECTION. **Sec. 202.** A retirement system is hereby created
38 for the purpose of merging the assets, liabilities, and membership of

1 the teachers' retirement system plan 1 and the law enforcement
2 officers' and firefighters' retirement system plan 1.

3 This retirement system shall be known as the merged LEOFF 1/TRS 1
4 retirement plan, and by this name all of its business shall be
5 transacted and all of its funds invested and all of its cash,
6 securities, and other property held.

7 NEW SECTION. **Sec. 203.** The assets, liabilities, and membership
8 of the law enforcement officers' and firefighters' retirement system
9 plan 1 are hereby merged with the teachers' retirement system plan 1
10 into the merged LEOFF 1/TRS 1 retirement plan. The merged plan shall
11 consist of two tiers based on benefits and prior plan membership.

12 (1) (a) (i) All liabilities of the teachers' retirement system plan
13 1 as defined in chapter 41.32 RCW and as funded pursuant to chapter
14 41.45 RCW are made liabilities of the merged LEOFF 1/TRS 1 retirement
15 plan. This includes all benefits payable to the teachers' retirement
16 system plan 1 members pursuant to chapter 41.32 RCW. All pension
17 benefits, including survivor benefits, payable to members of the
18 teachers' retirement system plan 1 pursuant to chapter 41.32 RCW must
19 be paid from the merged LEOFF 1/TRS 1 retirement plan fund
20 established in RCW 41.50.075(6).

21 (ii) The membership and benefits of the former teachers'
22 retirement system plan 1 shall be administered as a separate tier
23 within the merged system, and members of this tier will not be
24 eligible for the benefits of the other tier.

25 (b) (i) All liabilities of the law enforcement officers' and
26 firefighters' retirement system plan 1, as defined in chapter 41.26
27 RCW and as funded pursuant to chapter 41.45 RCW, are made liabilities
28 of the merged LEOFF 1/TRS 1 retirement plan. All pension benefits,
29 including survivor benefits, payable to members of the law
30 enforcement officers' and firefighters' retirement system plan 1
31 pursuant to chapter 41.26 RCW must be paid from the merged LEOFF
32 1/TRS 1 retirement plan fund established in RCW 41.50.075(6).

33 (ii) The membership and benefits of the former law enforcement
34 officers' and firefighters' retirement system plan 1 shall be
35 administered as a separate tier within the merged system, and members
36 of this tier will not be eligible for the benefits of the other tier.

37 (c) All liabilities for the law enforcement officers' and
38 firefighters' retirement system plan 1 medical benefits provided

1 pursuant to RCW 41.26.150 remain liabilities of employers, as defined
2 in RCW 41.26.030(11) (a).

3 (d) All assets of both plans are merged as described in RCW
4 41.50.075.

5 (2) This merger is contingent on the receipt of a favorable
6 private letter ruling and determination letter from the federal
7 internal revenue service as described in section 301 of this act.

8 NEW SECTION. **Sec. 204.** The merger of assets, liabilities, and
9 membership of the teachers' retirement system plan 1 and the law
10 enforcement officers' and firefighters' retirement system plan 1 in
11 section 203 of this act does not impact the disability boards
12 established in RCW 41.26.110 (as recodified by this act) or any
13 official action of those boards.

14 NEW SECTION. **Sec. 205.** Sections 206 through 220 of this act
15 apply only to the law enforcement officers' and firefighters' plan 1
16 tier of the retirement system created in this chapter.

17 NEW SECTION. **Sec. 206.** As used in this chapter, unless a
18 different meaning is plainly required by the context:

19 As used in this chapter, unless a different meaning is plainly
20 required by the context:

21 (1) "Accumulated contributions" means the employee's
22 contributions made by a member, including any amount paid under RCW
23 41.50.165(2), plus accrued interest credited thereon.

24 (2) "Actuarial reserve" means a method of financing a pension or
25 retirement plan wherein reserves are accumulated as the liabilities
26 for benefit payments are incurred in order that sufficient funds will
27 be available on the date of retirement of each member to pay the
28 member's future benefits during the period of retirement.

29 (3) "Actuarial valuation" means a mathematical determination of
30 the financial condition of a retirement plan. It includes the
31 computation of the present monetary value of benefits payable to
32 present members, and the present monetary value of future employer
33 and employee contributions, giving effect to mortality among active
34 and retired members and also to the rates of disability, retirement,
35 withdrawal from service, salary and interest earned on investments.

36 (4) "Basic salary" for plan 1 members, means the basic monthly
37 rate of salary or wages, including longevity pay but not including

1 overtime earnings or special salary or wages, upon which pension or
2 retirement benefits will be computed and upon which employer
3 contributions and salary deductions will be based.

4 (5) "Beneficiary" for plan 1 members, means any person in receipt
5 of a retirement allowance, disability allowance, death benefit, or
6 any other benefit described herein.

7 (6) (a) "Child" or "children" means an unmarried person who is
8 under the age of eighteen or mentally or physically disabled as
9 determined by the department, except a person who is disabled and in
10 the full time care of a state institution, who is:

11 (i) A natural born child;

12 (ii) A stepchild where that relationship was in existence prior
13 to the date benefits are payable under this chapter;

14 (iii) A posthumous child;

15 (iv) A child legally adopted or made a legal ward of a member
16 prior to the date benefits are payable under this chapter; or

17 (v) An illegitimate child legitimized prior to the date any
18 benefits are payable under this chapter.

19 (b) A person shall also be deemed to be a child up to and
20 including the age of twenty years and eleven months while attending
21 any high school, college, or vocational or other educational
22 institution accredited, licensed, or approved by the state, in which
23 it is located, including the summer vacation months and all other
24 normal and regular vacation periods at the particular educational
25 institution after which the child returns to school.

26 (7) "Department" means the department of retirement systems
27 created in chapter 41.50 RCW.

28 (8) "Director" means the director of the department.

29 (9) "Disability board" for plan 1 members means either the county
30 disability board or the city disability board established in section
31 220 of this act.

32 (10) "Disability leave" means the period of six months or any
33 portion thereof during which a member is on leave at an allowance
34 equal to the member's full salary prior to the commencement of
35 disability retirement. The definition contained in this subsection
36 shall apply only to plan 1 members.

37 (11) "Disability retirement" for plan 1 members, means the period
38 following termination of a member's disability leave, during which
39 the member is in receipt of a disability retirement allowance.

1 (12) "Domestic partners" means two adults who have registered as
2 domestic partners under RCW 26.60.020.

3 (13) "Employee" means any law enforcement officer or firefighter
4 as defined in subsections (16) and (18) of this section.

5 (14) "Employer" means the legislative authority of any city,
6 town, county, or district or the elected officials of any municipal
7 corporation that employs any law enforcement officer and/or
8 firefighter, any authorized association of such municipalities, and,
9 except for the purposes of RCW 41.26.150 (as recodified by this act),
10 any labor guild, association, or organization, which represents the
11 firefighters or law enforcement officers of at least seven cities of
12 over 20,000 population and the membership of each local lodge or
13 division of which is composed of at least sixty percent law
14 enforcement officers or firefighters as defined in this chapter.

15 Except as otherwise specifically provided in this chapter,
16 "employer" does not include a government contractor. For purposes of
17 this subsection, a "government contractor" is any entity, including a
18 partnership, limited liability company, for-profit or nonprofit
19 corporation, or person, that provides services pursuant to a contract
20 with an "employer." The determination whether an employer-employee
21 relationship has been established is not based on the relationship
22 between a government contractor and an "employer," but is based
23 solely on the relationship between a government contractor's employee
24 and an "employer" under this chapter.

25 (15)(a) "Final average salary" means (i) for a member holding the
26 same position or rank for a minimum of twelve months preceding the
27 date of retirement, the basic salary attached to such same position
28 or rank at time of retirement; (ii) for any other member, including a
29 civil service member who has not served a minimum of twelve months in
30 the same position or rank preceding the date of retirement, the
31 average of the greatest basic salaries payable to such member during
32 any consecutive twenty-four month period within such member's last
33 ten years of service for which service credit is allowed, computed by
34 dividing the total basic salaries payable to such member during the
35 selected twenty-four month period by twenty-four; (iii) in the case
36 of disability of any member, the basic salary payable to such member
37 at the time of disability retirement; (iv) in the case of a member
38 who hereafter vests pursuant to RCW 41.26.090 (as recodified by this
39 act), the basic salary payable to such member at the time of vesting.

1 (b) In calculating final average salary under (a) of this
2 subsection, the department of retirement systems shall include:

3 (i) Any compensation forgone by a member employed by a state
4 agency or institution during the 2009-2011 fiscal biennium as a
5 result of reduced work hours, mandatory or voluntary leave without
6 pay, temporary reduction in pay implemented prior to December 11,
7 2010, or temporary layoffs if the reduced compensation is an integral
8 part of the employer's expenditure reduction efforts, as certified by
9 the employer; and

10 (ii) Any compensation forgone by a member employed by the state
11 or a local government employer during the 2011-2013 fiscal biennium
12 as a result of reduced work hours, mandatory leave without pay,
13 temporary layoffs, or reductions to current pay if the reduced
14 compensation is an integral part of the employer's expenditure
15 reduction efforts, as certified by the employer. Reductions to
16 current pay shall not include elimination of previously agreed upon
17 future salary increases.

18 (16) "Firefighter" means:

19 (a) Any person who is serving on a full time, fully compensated
20 basis as a member of a fire department of an employer and who is
21 serving in a position which requires passing a civil service
22 examination for firefighter, and who is actively employed as such;

23 (b) Anyone who is actively employed as a full time firefighter
24 where the fire department does not have a civil service examination;

25 (c) Supervisory firefighter personnel;

26 (d) Any full time executive secretary of an association of fire
27 protection districts authorized under RCW 52.12.031;

28 (e) The executive secretary of a labor guild, association or
29 organization (which is an employer under subsection (14) of this
30 section), if such individual has five years previous membership in a
31 retirement system established in chapter 41.16 or 41.18 RCW;

32 (f) Any person who is serving on a full time, fully compensated
33 basis for an employer, as a fire dispatcher, in a department in
34 which, on March 1, 1970, a dispatcher was required to have passed a
35 civil service examination for firefighter;

36 (g) Any person who on March 1, 1970, was employed on a full time,
37 fully compensated basis by an employer, and who on May 21, 1971, was
38 making retirement contributions under the provisions of chapter 41.16
39 or 41.18 RCW; and

1 (h) Any person who is employed on a full-time, fully compensated
2 basis by an employer as an emergency medical technician that meets
3 the requirements of RCW 18.71.200 or 18.73.030(12), and whose duties
4 include providing emergency medical services as defined in RCW
5 18.73.030.

6 (17) "General authority law enforcement agency" means any agency,
7 department, or division of a municipal corporation, political
8 subdivision, or other unit of local government of this state, and any
9 agency, department, or division of state government, having as its
10 primary function the detection and apprehension of persons committing
11 infractions or violating the traffic or criminal laws in general, but
12 not including the Washington state patrol. Such an agency,
13 department, or division is distinguished from a limited authority law
14 enforcement agency having as one of its functions the apprehension or
15 detection of persons committing infractions or violating the traffic
16 or criminal laws relating to limited subject areas, including but not
17 limited to, the state departments of natural resources and social and
18 health services, the state gambling commission, the state lottery
19 commission, the state parks and recreation commission, the state
20 utilities and transportation commission, the state liquor and
21 cannabis board, and the state department of corrections. A general
22 authority law enforcement agency under this chapter does not include
23 a government contractor.

24 (18) "Law enforcement officer" beginning January 1, 1994, means
25 any person who is commissioned and employed by an employer on a full
26 time, fully compensated basis to enforce the criminal laws of the
27 state of Washington generally, with the following qualifications:

28 (a) No person who is serving in a position that is basically
29 clerical or secretarial in nature, and who is not commissioned shall
30 be considered a law enforcement officer;

31 (b) Only those deputy sheriffs, including those serving under a
32 different title pursuant to county charter, who have successfully
33 completed a civil service examination for deputy sheriff or the
34 equivalent position, where a different title is used, and those
35 persons serving in unclassified positions authorized by RCW 41.14.070
36 except a private secretary will be considered law enforcement
37 officers;

38 (c) Only such full time commissioned law enforcement personnel as
39 have been appointed to offices, positions, or ranks in the police
40 department which have been specifically created or otherwise

1 expressly provided for and designated by city charter provision or by
2 ordinance enacted by the legislative body of the city shall be
3 considered city police officers;

4 (d) The term "law enforcement officer" also includes the
5 executive secretary of a labor guild, association or organization
6 (which is an employer under subsection (14) of this section) if that
7 individual has five years previous membership in the retirement
8 system established in chapter 41.20 RCW; and

9 (e) The term "law enforcement officer" also includes a person
10 employed on or after January 1, 1993, as a public safety officer or
11 director of public safety, so long as the job duties substantially
12 involve only either police or fire duties, or both, and no other
13 duties in a city or town with a population of less than ten thousand.
14 The provisions of this subsection (18)(e) shall not apply to any
15 public safety officer or director of public safety who is receiving a
16 retirement allowance under this chapter as of May 12, 1993.

17 (19) "Medical services" for plan 1 members, shall include the
18 following as minimum services to be provided. Reasonable charges for
19 these services shall be paid in accordance with RCW 41.26.150 (as
20 recodified by this act).

21 (a) Hospital expenses: These are the charges made by a hospital,
22 in its own behalf, for

23 (i) Board and room not to exceed semiprivate room rate unless
24 private room is required by the attending physician due to the
25 condition of the patient.

26 (ii) Necessary hospital services, other than board and room,
27 furnished by the hospital.

28 (b) Other medical expenses: The following charges are considered
29 "other medical expenses", provided that they have not been considered
30 as "hospital expenses".

31 (i) The fees of the following:

32 (A) A physician or surgeon licensed under the provisions of
33 chapter 18.71 RCW;

34 (B) An osteopathic physician and surgeon licensed under the
35 provisions of chapter 18.57 RCW;

36 (C) A chiropractor licensed under the provisions of chapter 18.25
37 RCW.

38 (ii) The charges of a registered graduate nurse other than a
39 nurse who ordinarily resides in the member's home, or is a member of
40 the family of either the member or the member's spouse.

1 (iii) The charges for the following medical services and
2 supplies:

3 (A) Drugs and medicines upon a physician's prescription;

4 (B) Diagnostic X-ray and laboratory examinations;

5 (C) X-ray, radium, and radioactive isotopes therapy;

6 (D) Anesthesia and oxygen;

7 (E) Rental of iron lung and other durable medical and surgical
8 equipment;

9 (F) Artificial limbs and eyes, and casts, splints, and trusses;

10 (G) Professional ambulance service when used to transport the
11 member to or from a hospital when injured by an accident or stricken
12 by a disease;

13 (H) Dental charges incurred by a member who sustains an
14 accidental injury to his or her teeth and who commences treatment by
15 a legally licensed dentist within ninety days after the accident;

16 (I) Nursing home confinement or hospital extended care facility;

17 (J) Physical therapy by a registered physical therapist;

18 (K) Blood transfusions, including the cost of blood and blood
19 plasma not replaced by voluntary donors;

20 (L) An optometrist licensed under the provisions of chapter 18.53
21 RCW.

22 (20) "Member" means any firefighter, law enforcement officer, or
23 other person as would apply under subsections (16) or (18) of this
24 section whose membership is transferred to the Washington law
25 enforcement officers' and firefighters' retirement system on or after
26 March 1, 1970, and every law enforcement officer and firefighter who
27 is employed in that capacity on or after such date.

28 (21) "Plan 1" means the law enforcement officers' and
29 firefighters' retirement system, plan 1 providing the benefits and
30 funding provisions covering persons who first became members of the
31 system prior to October 1, 1977.

32 (22) "Position" means the employment held at any particular time,
33 which may or may not be the same as civil service rank.

34 (23) "Regular interest" means such rate as the director may
35 determine.

36 (24) "Retiree" for persons who establish membership in the
37 retirement system on or after October 1, 1977, means any member in
38 receipt of a retirement allowance or other benefit provided by this
39 chapter resulting from service rendered to an employer by such
40 member.

1 (25) "Retirement fund" means the "Washington law enforcement
2 officers' and firefighters' retirement system fund" as provided for
3 herein.

4 (26) "Retirement system" means the "Washington law enforcement
5 officers' and firefighters' retirement system" provided herein.

6 (27) "Service" for plan 1 members, means all periods of
7 employment for an employer as a firefighter or law enforcement
8 officer, for which compensation is paid, together with periods of
9 suspension not exceeding thirty days in duration. For the purposes of
10 this chapter service shall also include service in the armed forces
11 of the United States as provided in RCW 41.26.190 (as recodified by
12 this act). Credit shall be allowed for all service credit months of
13 service rendered by a member from and after the member's initial
14 commencement of employment as a firefighter or law enforcement
15 officer, during which the member worked for seventy or more hours, or
16 was on disability leave or disability retirement. Only service credit
17 months of service shall be counted in the computation of any
18 retirement allowance or other benefit provided for in this chapter.

19 (a) For members retiring after May 21, 1971 who were employed
20 under the coverage of a prior pension act before March 1, 1970,
21 "service" shall also include (i) such military service not exceeding
22 five years as was creditable to the member as of March 1, 1970, under
23 the member's particular prior pension act, and (ii) such other
24 periods of service as were then creditable to a particular member
25 under the provisions of RCW 41.18.165, 41.20.160, or 41.20.170.
26 However, in no event shall credit be allowed for any service rendered
27 prior to March 1, 1970, where the member at the time of rendition of
28 such service was employed in a position covered by a prior pension
29 act, unless such service, at the time credit is claimed therefor, is
30 also creditable under the provisions of such prior act.

31 (b) A member who is employed by two employers at the same time
32 shall only be credited with service to one such employer for any
33 month during which the member rendered such dual service.

34 (28) "Service credit month" means a full service credit month or
35 an accumulation of partial service credit months that are equal to
36 one.

37 (29) "Service credit year" means an accumulation of months of
38 service credit which is equal to one when divided by twelve.

39 (30) "State actuary" or "actuary" means the person appointed
40 pursuant to RCW 44.44.010(2).

1 (31) "State elective position" means any position held by any
2 person elected or appointed to statewide office or elected or
3 appointed as a member of the legislature.

4 (32) "Surviving spouse" means the surviving widow or widower of a
5 member. "Surviving spouse" shall not include the divorced spouse of a
6 member except as provided in RCW 41.26.162 (as recodified by this
7 act).

8 NEW SECTION. **Sec. 207.** The term "minimum medical and health
9 standards" means minimum medical and health standards adopted by the
10 department under this chapter.

11 NEW SECTION. **Sec. 208.** (1) Notwithstanding section 206 of this
12 act, all firefighters and law enforcement officers employed as such
13 on or after March 1, 1970, on a full time fully compensated basis in
14 this state shall be members of the retirement system established by
15 this chapter with respect to all periods of service as such, to the
16 exclusion of any pension system existing under any prior act.

17 (2) Any employee serving as a law enforcement officer or
18 firefighter on March 1, 1970, who is then making retirement
19 contributions under any prior act shall have his or her membership
20 transferred to the system established by this chapter as of such
21 date. Upon retirement for service or for disability, or death, of any
22 such employee, his or her retirement benefits earned under this
23 chapter shall be computed and paid. In addition, his or her benefits
24 under the prior retirement act to which he or she was making
25 contributions at the time of this transfer shall be computed as if he
26 or she had not transferred. For the purpose of such computations, the
27 employee's creditability of service and eligibility for service or
28 disability retirement and survivor and all other benefits shall
29 continue to be as provided in such prior retirement act, as if
30 transfer of membership had not occurred. The excess, if any, of the
31 benefits so computed, giving full value to survivor benefits, over
32 the benefits payable under this chapter shall be paid whether or not
33 the employee has made application under the prior act. If the
34 employee's prior retirement system was the Washington public
35 employees' retirement system, payment of such excess shall be made by
36 that system; if the employee's prior retirement system was the
37 statewide city employees' retirement system, payment of such excess
38 shall be made by the employer which was the member's employer when

1 his or her transfer of membership occurred: PROVIDED, That any death
2 in line of duty lump sum benefit payment shall continue to be the
3 obligation of that system as provided in RCW 41.44.210; in the case
4 of all other prior retirement systems, payment of such excess shall
5 be made by the employer which was the member's employer when his or
6 her transfer of membership occurred.

7 (3) All funds held by any firefighters' or police officers'
8 relief and pension fund shall remain in that fund for the purpose of
9 paying the obligations of the fund. The municipality shall continue
10 to levy the dollar rate as provided in RCW 41.16.060, and this dollar
11 rate shall be used for the purpose of paying the benefits provided in
12 chapters 41.16 and 41.18 RCW. The obligations of chapter 41.20 RCW
13 shall continue to be paid from whatever financial sources the city
14 has been using for this purpose.

15 NEW SECTION. **Sec. 209.** (1) Notwithstanding any other provision
16 of law after February 19, 1974, no law enforcement officer or
17 firefighter, may become eligible for coverage in the pension system
18 established by this chapter, until the individual has met and has
19 been certified as having met minimum medical and health standards:
20 PROVIDED, That an elected sheriff or an appointed chief of police or
21 fire chief, shall not be required to meet the age standard: PROVIDED
22 FURTHER, That in cities and towns having not more than two law
23 enforcement officers and/or not more than two firefighters and if one
24 or more of such persons do not meet the minimum medical and health
25 standards as required by the provisions of this chapter, then such
26 person or persons may join any other pension system that the city has
27 available for its other employees: AND PROVIDED FURTHER, That for one
28 year after February 19, 1974, any such medical or health standard now
29 existing or hereinafter adopted, insofar as it establishes a maximum
30 age beyond which an applicant is to be deemed ineligible for
31 coverage, shall be waived as to any applicant for employment or
32 reemployment who is otherwise eligible except for his or her age, who
33 has been a member of any one or more of the retirement systems
34 created by chapter 41.20 RCW and who has restored all contributions
35 which he or she has previously withdrawn from any such system or
36 systems.

37 (2) This section shall not apply to persons who initially
38 establish membership in the retirement system on or after July 1,
39 1979.

1 NEW SECTION. **Sec. 210.** By July 31, 1971, the department of
2 retirement systems shall adopt minimum medical and health standards
3 for membership coverage into the Washington law enforcement officers'
4 and firefighters' retirement system act. In adopting such standards
5 the department of retirement systems shall consider existing
6 standards recommended by the international association of chiefs of
7 police and the international association of firefighters, and shall
8 adopt equal or higher standards, together with appropriate standards
9 and procedures to insure uniform compliance with this chapter. The
10 standards when adopted shall be published and distributed to each
11 employer, and each employer shall adopt certification procedures and
12 such other procedures as are required to insure that no law
13 enforcement officer or firefighter receives membership coverage
14 unless and until he or she has actually met minimum medical and
15 health standards: PROVIDED, That an elected sheriff or an appointed
16 chief of police, fire chief, or director of public safety shall not
17 be required to meet the age standard. The department of retirement
18 systems may amend the minimum medical and health standards as
19 experience indicates, even if the standards as so amended are lower
20 or less rigid than those recommended by the international
21 associations mentioned above. The cost of the medical examination
22 contemplated by this section is to be paid by the employer.

23 NEW SECTION. **Sec. 211.** Nothing in sections 207, 209, and 210 of
24 this act shall apply to any firefighters or law enforcement officers
25 who are employed as such on or before August 1, 1971, as long as they
26 continue in such employment; nor to promotional appointments after
27 becoming a member in the police or fire department of any employer
28 nor to the reemployment of a law enforcement officer or firefighter
29 by the same or a different employer within six months after the
30 termination of his or her employment, nor to the reinstatement of a
31 law enforcement officer or firefighter who has been on military or
32 disability leave, disability retirement status, or leave of absence
33 status. Nothing in this chapter shall be deemed to prevent any
34 employer from adopting higher medical and health standards than those
35 which are adopted by the department of retirement systems.

36 NEW SECTION. **Sec. 212.** (1) A two hundred fourteen thousand
37 dollar death benefit shall be paid to the member's estate, or such
38 person or persons, trust or organization as the member shall have

1 nominated by written designation duly executed and filed with the
2 department. If there be no such designated person or persons still
3 living at the time of the member's death, such member's death benefit
4 shall be paid to the member's surviving spouse or domestic partner as
5 if in fact such spouse or domestic partner had been nominated by
6 written designation, or if there be no such surviving spouse or
7 domestic partner, then to such member's legal representatives.

8 (2) The benefit under this section shall be paid only when death
9 occurs: (a) As a result of injuries sustained in the course of
10 employment; or (b) as a result of an occupational disease or
11 infection that arises naturally and proximately out of employment
12 covered under this chapter. The determination of eligibility for the
13 benefit shall be made consistent with Title 51 RCW by the department
14 of labor and industries. The department of labor and industries shall
15 notify the department of retirement systems by order under RCW
16 51.52.050.

17 (3)(a) Beginning July 1, 2010, and every year thereafter, the
18 department shall determine the following information:

19 (i) The index for the 2008 calendar year, to be known as "index
20 A;"

21 (ii) The index for the calendar year prior to the date of
22 determination, to be known as "index B;" and

23 (iii) The ratio obtained when index B is divided by index A.

24 (b) The value of the ratio obtained shall be the annual
25 adjustment to the original death benefit and shall be applied
26 beginning every July 1st. In no event, however, shall the annual
27 adjustment:

28 (i) Produce a benefit which is lower than two hundred fourteen
29 thousand dollars;

30 (ii) Exceed three percent in the initial annual adjustment; or

31 (iii) Differ from the previous year's annual adjustment by more
32 than three percent.

33 (c) For the purposes of this section, "index" means, for any
34 calendar year, that year's average consumer price index — Seattle,
35 Washington area for urban wage earners and clerical workers, all
36 items, compiled by the bureau of labor statistics, United States
37 department of labor.

38 NEW SECTION. **Sec. 213.** (1) Subject to subsections (2) and (3)
39 of this section, the right of a person to a retirement allowance,

1 disability allowance, or death benefit, to the return of accumulated
2 contributions, the retirement, disability or death allowance itself,
3 any optional benefit, any other right accrued or accruing to any
4 person under the provisions of this chapter, and the moneys in the
5 fund created under this chapter, are hereby exempt from any state,
6 county, municipal, or other local tax and shall not be subject to
7 execution, garnishment, attachment, the operation of bankruptcy or
8 insolvency laws, or any other process of law whatsoever, whether the
9 same be in actual possession of the person or be deposited or loaned
10 and shall be unassignable.

11 (2) On the written request of any person eligible to receive
12 benefits under this section, the department may deduct from such
13 payments the premiums for life, health, or other insurance. The
14 request on behalf of any child or children shall be made by the legal
15 guardian of such child or children. The department may provide for
16 such persons one or more plans of group insurance, through contracts
17 with regularly constituted insurance carriers or health care service
18 contractors.

19 (3) Subsection (1) of this section shall not prohibit the
20 department from complying with (a) a wage assignment order for child
21 support issued pursuant to chapter 26.18 RCW, (b) an order to
22 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a
23 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a
24 mandatory benefits assignment order issued by the department, (e) a
25 court order directing the department of retirement systems to pay
26 benefits directly to an obligee under a dissolution order as defined
27 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and
28 41.50.700, or (f) any administrative or court order expressly
29 authorized by federal law.

30 NEW SECTION. **Sec. 214.** No bond of any kind shall be required of
31 a claimant appealing to the superior court, the court of appeals, or
32 the supreme court from a decision of the director affecting such
33 claimant's right to retirement or disability benefits.

34 NEW SECTION. **Sec. 215.** (1) The annual compensation taken into
35 account in calculating retiree benefits under this system shall not
36 exceed the limits imposed by section 401(a)(17) of the federal
37 internal revenue code for qualified trusts.

1 (2) The department shall adopt rules as necessary to implement
2 this section.

3 NEW SECTION. **Sec. 216.** Notwithstanding any provision to the
4 contrary, persons who fail to:

5 (1) Establish allowable membership service not previously
6 credited;

7 (2) Restore all or a part of that previously credited membership
8 service represented by withdrawn contributions; or

9 (3) Restore service credit represented by a lump sum payment in
10 lieu of benefits, before the deadline established by statute, may do
11 so under the conditions set forth in RCW 41.50.165.

12 NEW SECTION. **Sec. 217.** A member shall not receive a disability
13 retirement benefit under RCW 41.26.120 (as recodified by this act),
14 41.26.125 (as recodified by this act), 41.26.130 (as recodified by
15 this act), or 41.26.470 if the disability is the result of criminal
16 conduct by the member committed after April 21, 1997.

17 NEW SECTION. **Sec. 218.** Any employer, member or beneficiary who
18 shall knowingly make false statements or shall falsify or permit to
19 be falsified any record or records of the retirement system in an
20 attempt to defraud the retirement system, is guilty of a class B
21 felony punishable according to chapter 9A.20 RCW.

22 NEW SECTION. **Sec. 219.** (1) At the time of retirement, plan 1
23 members may purchase an optional actuarially equivalent life annuity
24 benefit from the LEOFF 1/TRS 1 retirement plan fund established in
25 RCW 41.50.075. A minimum payment of twenty-five thousand dollars is
26 required.

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

31 (a) The department shall adopt rules to ensure that all eligible
32 rollovers and transfers comply with the requirements of the internal
33 revenue code and regulations adopted by the internal revenue service.
34 The rules adopted by the department may condition the acceptance of a
35 rollover or transfer from another plan on the receipt of information
36 necessary to enable the department to determine the eligibility of

1 any transferred funds for tax-free rollover treatment or other
2 treatment under federal income tax law.

3 (b) "Eligible retirement plan" means a tax qualified plan offered
4 by a governmental employer.

5 (3) Plan 1 members whose retirement was effective prior to the
6 effective date of this section, may purchase an annuity under this
7 section between January 1, 2022, and June 1, 2022.

8 NEW SECTION. **Sec. 220.** (1) All claims for disability shall be
9 acted upon and either approved or disapproved by either type of
10 disability board authorized to be created in this section.

11 (a) Each city having a population of twenty thousand or more
12 shall establish a disability board having jurisdiction over all
13 members employed by those cities and composed of the following five
14 members: Two members of the city legislative body to be appointed by
15 the mayor; one active or retired firefighter employed by or retired
16 from the city to be elected by the firefighters employed by or
17 retired from the city who are subject to the jurisdiction of the
18 board; one active or retired law enforcement officer employed by or
19 retired from the city to be elected by the law enforcement officers
20 employed by or retired from the city who are subject to the
21 jurisdiction of the board; and one member from the public at large
22 who resides within the city to be appointed by the other four members
23 designated in this subsection. Only those active or retired
24 firefighters and law enforcement officers who are subject to the
25 jurisdiction of the board have the right to elect under this section.
26 All firefighters and law enforcement officers employed by or retired
27 from the city are eligible for election. Each of the elected members
28 shall serve a two year term. If there are either no firefighters or
29 law enforcement officers under the jurisdiction of the board eligible
30 to vote, a second eligible employee representative shall be elected
31 by the law enforcement officers or firefighters eligible to vote. The
32 members appointed pursuant to this subsection shall serve for two
33 year terms: PROVIDED, That cities of the first class only, shall
34 retain existing firefighters' pension boards established pursuant to
35 RCW 41.16.020 and existing boards of trustees of the relief and
36 pension fund of the police department as established pursuant to RCW
37 41.20.010 which such boards shall have authority to act upon and
38 approve or disapprove claims for disability.

1 (b) Each county shall establish a disability board having
2 jurisdiction over all members employed by or retired from an employer
3 within the county and not employed by a city in which a disability
4 board is established. The county disability board so created shall be
5 composed of five members to be chosen as follows: One member of the
6 legislative body of the county to be appointed by the county
7 legislative body; one member of a city or town legislative body
8 located within the county which does not contain a city disability
9 board established pursuant to (a) of this subsection to be chosen by
10 a majority of the mayors of such cities and towns within the county
11 which does not contain a city disability board; one active
12 firefighter or retired firefighter employed by or retired from an
13 employer within the county to be elected by the firefighters employed
14 or retired from an employer within the county who are not employed by
15 or retired from a city in which a disability board is established and
16 who are subject to the jurisdiction of that board; one law
17 enforcement officer or retired law enforcement officer employed by or
18 retired from an employer within the county to be elected by the law
19 enforcement officers employed in or retired from an employer within
20 the county who are not employed by or retired from a city in which a
21 disability board is established and who are subject to the
22 jurisdiction of that board; and one member from the public at large
23 who resides within the county but does not reside within a city in
24 which a city disability board is established, to be appointed by the
25 other four members designated in this subsection. However, in
26 counties with a population less than sixty thousand, the member of
27 the disability board appointed by a majority of the mayors of the
28 cities and towns within the county that do not contain a city
29 disability board must be a resident of one of the cities and towns
30 but need not be a member of a city or town legislative body. Only
31 those active or retired firefighters and law enforcement officers who
32 are subject to the jurisdiction of the board have the right to elect
33 under this section. All firefighters and law enforcement officers
34 employed by or retired from an employer within the county who are not
35 employed by or retired from a city in which a disability board is
36 established are eligible for election. All members appointed or
37 elected pursuant to this subsection shall serve for two year terms.
38 If there are no firefighters under the jurisdiction of the board
39 eligible to vote, a second eligible employee representative shall be
40 elected by the law enforcement officers eligible to vote. If there

1 are no law enforcement officers under the jurisdiction of the board
2 eligible to vote, a second eligible representative shall be elected
3 by the firefighters eligible to vote.

4 (2) The members of both the county and city disability boards
5 shall not receive compensation for their service upon the boards but
6 the members shall be reimbursed by their respective county or city
7 for all expenses incidental to such service as to the amount
8 authorized by law.

9 (3) The disability boards authorized for establishment by this
10 section shall perform all functions, exercise all powers, and make
11 all such determinations as specified in this chapter.

12 NEW SECTION. **Sec. 221.** Sections 222 through 240 of this act
13 apply only to the teachers' retirement system plan 1 tier of the
14 retirement system created in this chapter.

15 NEW SECTION. **Sec. 222.** As used in this chapter, unless a
16 different meaning is plainly required by the context:

17 (1) "Accumulated contributions" means the sum of all regular
18 annuity contributions and, except for the purpose of withdrawal at
19 the time of retirement, any amount paid under RCW 41.50.165(2) with
20 regular interest thereon.

21 (2) "Actuarial equivalent" means a benefit of equal value when
22 computed upon the basis of such mortality tables and regulations as
23 shall be adopted by the director and regular interest.

24 (3) "Adjustment ratio" means the value of index A divided by
25 index B.

26 (4) "Annual increase" means, initially, fifty-nine cents per
27 month per year of service which amount shall be increased each July
28 1st by three percent, rounded to the nearest cent.

29 (5) "Annuity" means the moneys payable per year during life by
30 reason of accumulated contributions of a member.

31 (6) "Beneficiary" for plan 1 members, means any person in receipt
32 of a retirement allowance or other benefit provided by this chapter.

33 (7) "Contract" means any agreement for service and compensation
34 between a member and an employer.

35 (8) "Creditable service" means membership service plus prior
36 service for which credit is allowable.

37 (9) "Department" means the department of retirement systems
38 created in chapter 41.50 RCW.

1 (10) "Dependent" means receiving one-half or more of support from
2 a member.

3 (11) "Director" means the director of the department.

4 (12) "Disability allowance" means monthly payments during
5 disability.

6 (13) "Earnable compensation" means:

7 (a) All salaries and wages paid by an employer to an employee
8 member of the retirement system for personal services rendered during
9 a fiscal year. In all cases where compensation includes maintenance
10 the employer shall fix the value of that part of the compensation not
11 paid in money.

12 (b) For an employee member of the retirement system teaching in
13 an extended school year program, two consecutive extended school
14 years, as defined by the employer school district, may be used as the
15 annual period for determining earnable compensation in lieu of the
16 two fiscal years.

17 (c) "Earnable compensation" also includes the following actual or
18 imputed payments, which are not paid for personal services:

19 (i) Retroactive payments to an individual by an employer on
20 reinstatement of the employee in a position, or payments by an
21 employer to an individual in lieu of reinstatement in a position
22 which are awarded or granted as the equivalent of the salary or wages
23 which the individual would have earned during a payroll period shall
24 be considered earnable compensation and the individual shall receive
25 the equivalent service credit.

26 (ii) If a leave of absence, without pay, is taken by a member for
27 the purpose of serving as a member of the state legislature, and such
28 member has served in the legislature five or more years, the salary
29 which would have been received for the position from which the leave
30 of absence was taken shall be considered as compensation earnable if
31 the employee's contribution thereon is paid by the employee. In
32 addition, where a member has been a member of the state legislature
33 for five or more years, earnable compensation for the member's two
34 highest compensated consecutive years of service shall include a sum
35 not to exceed thirty-six hundred dollars for each of such two
36 consecutive years, regardless of whether or not legislative service
37 was rendered during those two years.

38 (d) For members employed less than full time under written
39 contract with a school district, or community college district, in an
40 instructional position, for which the member receives service credit

1 of less than one year in all of the years used to determine the
2 earnable compensation used for computing benefits due under RCW
3 41.32.497 (as recodified by this act), 41.32.498 (as recodified by
4 this act), and 41.32.520 (as recodified by this act), the member may
5 elect to have earnable compensation defined as provided in RCW
6 41.32.345 (as recodified by this act). For the purposes of this
7 subsection, the term "instructional position" means a position in
8 which more than seventy-five percent of the member's time is spent as
9 a classroom instructor (including office hours), a librarian, a
10 psychologist, a social worker, a nurse, a physical therapist, an
11 occupational therapist, a speech language pathologist or audiologist,
12 or a counselor. Earnable compensation shall be so defined only for
13 the purpose of the calculation of retirement benefits and only as
14 necessary to insure that members who receive fractional service
15 credit under RCW 41.32.270 (as recodified by this act) receive
16 benefits proportional to those received by members who have received
17 full-time service credit.

18 (e) "Earnable compensation" does not include:

19 (i) Remuneration for unused sick leave authorized under RCW
20 41.04.340, 28A.400.210, or 28A.310.490;

21 (ii) Remuneration for unused annual leave in excess of two
22 hundred forty hours as authorized by RCW 43.01.044 and 43.01.041.

23 (14) "Employed" or "employee" means a person who is providing
24 services for compensation to an employer, unless the person is free
25 from the employer's direction and control over the performance of
26 work. The department shall adopt rules and interpret this subsection
27 consistent with common law.

28 (15) "Employer" means the state of Washington, the school
29 district, or any agency of the state of Washington by which the
30 member is paid. Except as otherwise specifically provided in this
31 chapter, "employer" does not include a government contractor. For
32 purposes of this subsection, a "government contractor" is any entity,
33 including a partnership, limited liability company, for-profit or
34 nonprofit corporation, or person, that provides services pursuant to
35 a contract with an employer. The determination whether an employer-
36 employee relationship has been established is not based on the
37 relationship between a government contractor and an employer, but is
38 based solely on the relationship between a government contractor's
39 employee and an employer under this chapter.

1 (16) "Fiscal year" means a year which begins July 1st and ends
2 June 30th of the following year.

3 (17) "Former state fund" means the state retirement fund in
4 operation for teachers under chapter 187, Laws of 1923, as amended.

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

9 (19) "Index A" means the index for the year prior to the
10 determination of a postretirement adjustment.

11 (20) "Index B" means the index for the year prior to index A.

12 (21) "Index year" means the earliest calendar year in which the
13 index is more than sixty percent of index A.

14 (22) "Local fund" means any of the local retirement funds for
15 teachers operated in any school district in accordance with the
16 provisions of chapter 163, Laws of 1917 as amended.

17 (23) "Member" means any teacher included in the membership of the
18 retirement system who has not been removed from membership under RCW
19 41.32.878 or 41.32.768. Also, any other employee of the public
20 schools who, on July 1, 1947, had not elected to be exempt from
21 membership and who, prior to that date, had by an authorized payroll
22 deduction, contributed to the member reserve.

23 (24) "Member account" or "member's account" for purposes of plan
24 3 means the sum of the contributions and earnings on behalf of the
25 member in the defined contribution portion of plan 3.

26 (25) "Member reserve" means the fund in which all of the
27 accumulated contributions of members are held.

28 (26) "Membership service" means service rendered subsequent to
29 the first day of eligibility of a person to membership in the
30 retirement system: PROVIDED, That where a member is employed by two
31 or more employers the individual shall receive no more than one
32 service credit month during any calendar month in which multiple
33 service is rendered.

34 (27) "Pension" means the moneys payable per year during life from
35 the pension reserve.

36 (28) "Pension reserve" is a fund in which shall be accumulated an
37 actuarial reserve adequate to meet present and future pension
38 liabilities of the system and from which all pension obligations are
39 to be paid.

1 (29) "Prior service" means service rendered prior to the first
2 date of eligibility to membership in the retirement system for which
3 credit is allowable.

4 (30) "Prior service contributions" means contributions made by a
5 member to secure credit for prior service.

6 (31) "Public school" means any institution or activity operated
7 by the state of Washington or any instrumentality or political
8 subdivision thereof employing teachers, except the University of
9 Washington and Washington State University.

10 (32) "Regular contributions" means the amounts required to be
11 deducted from the compensation of a member and credited to the
12 member's individual account in the member reserve.

13 (33) "Regular interest" means such rate as the director may
14 determine.

15 (34) "Retiree" means any person who has begun accruing a
16 retirement allowance or other benefit provided by this chapter
17 resulting from service rendered to an employer while a member.

18 (35) "Retirement allowance" means monthly payments based on the
19 sum of annuity and pension, or any optional benefits payable in lieu
20 thereof.

21 (36) "Retirement system" means the Washington state teachers'
22 retirement system.

23 (37) "Separation from service or employment" occurs when a person
24 has terminated all employment with an employer. Separation from
25 service or employment does not occur, and if claimed by an employer
26 or employee may be a violation of RCW 41.32.055, when an employee and
27 employer have a written or oral agreement to resume employment with
28 the same employer following termination. Mere expressions or
29 inquiries about postretirement employment by an employer or employee
30 that do not constitute a commitment to reemploy the employee after
31 retirement are not an agreement under this section.

32 (38) "Service" means the time during which a member has been
33 employed by an employer for compensation.

34 (a) If a member is employed by two or more employers the
35 individual shall receive no more than one service credit month during
36 any calendar month in which multiple service is rendered.

37 (b) As authorized by RCW 28A.400.300, up to forty-five days of
38 sick leave may be creditable as service solely for the purpose of
39 determining eligibility to retire under RCW 41.32.470 (as recodified
40 by this act).

1 (c) As authorized in RCW 41.32.065, service earned in an out-of-
2 state retirement system that covers teachers in public schools may be
3 applied solely for the purpose of determining eligibility to retire
4 under RCW 41.32.470 (as recodified by this act).

5 (39) "Service credit month" means a full service credit month or
6 an accumulation of partial service credit months that are equal to
7 one.

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

10 (41) "State actuary" or "actuary" means the person appointed
11 pursuant to RCW 44.44.010(2).

12 (42) "State elective position" means any position held by any
13 person elected or appointed to statewide office or elected or
14 appointed as a member of the legislature.

15 (43) "Substitute teacher" means:

16 (a) A teacher who is hired by an employer to work as a temporary
17 teacher, except for teachers who are annual contract employees of an
18 employer and are guaranteed a minimum number of hours; or

19 (b) Teachers who either (i) work in ineligible positions for more
20 than one employer or (ii) work in an ineligible position or positions
21 together with an eligible position.

22 (44) "Teacher" means any person qualified to teach who is engaged
23 by a public school in an instructional, administrative, or
24 supervisory capacity. The term includes state, educational service
25 district, and school district superintendents and their assistants
26 and all employees certificated by the superintendent of public
27 instruction; and in addition thereto any full time school doctor who
28 is employed by a public school and renders service of an
29 instructional or educational nature.

30 NEW SECTION. **Sec. 223.** For the purposes of this chapter, the
31 terms spouse, marriage, marital, husband, wife, widow, widower, next
32 of kin, and family shall be interpreted as applying equally to state
33 registered domestic partnerships or individuals in state registered
34 domestic partnerships as well as to marital relationships and married
35 persons, and references to dissolution of marriage shall apply
36 equally to state registered domestic partnerships that have been
37 terminated, dissolved, or invalidated, to the extent that such
38 interpretation does not conflict with federal law. Where necessary to
39 implement chapter 521, Laws of 2009, gender-specific terms such as

1 husband and wife used in any statute, rule, or other law shall be
2 construed to be gender neutral, and applicable to individuals in
3 state registered domestic partnerships.

4 NEW SECTION. **Sec. 224.** Substitute teachers may apply to the
5 department to receive service credit or credit for earnable
6 compensation or both after the end of the last day of instruction of
7 the school year during which the service was performed.

8 (1) The application must:

9 (a) Include a list of the employers the substitute teacher has
10 worked for;

11 (b) Include proof of hours worked and compensation earned; and

12 (c) Be made prior to retirement.

13 (2) If the department accepts the substitute teacher's
14 application for service credit, the substitute teacher may obtain
15 service credit by paying the required contribution to the retirement
16 system. The employer must pay the required employer contribution upon
17 notice from the department that the substitute teacher has made
18 contributions under this section.

19 (3) The department shall charge interest prospectively on
20 employee contributions that are submitted under this section more
21 than six months after the end of the school year, for which the
22 substitute teacher is seeking service credit. The interest rate
23 charged to the employee shall take into account interest lost on
24 employer contributions delayed for more than six months after the end
25 of the school year.

26 (4) Each employer shall quarterly notify each substitute teacher
27 it has employed during the school year of the number of hours worked
28 by, and the compensation paid to, the substitute teacher.

29 (5) The department shall adopt rules implementing this section.

30 (6) If a substitute teacher as defined in section 222 of this act
31 applies to the department under this section for credit for earnable
32 compensation earned from an employer the substitute teacher must make
33 contributions for all periods of service for that employer.

34 NEW SECTION. **Sec. 225.** The department is empowered within the
35 limits of this chapter and, with regard to restoration of service
36 credit under RCW 41.50.165(2), to decide on all questions of
37 eligibility covering membership, service credit, and benefits.

1 NEW SECTION. **Sec. 226.** (1) Any teacher, as defined under
2 section 222 of this act, who is first employed by a public school on
3 or after June 7, 1984, shall become a member of the retirement system
4 if otherwise eligible.

5 (2) Any person who before June 7, 1984, has established service
6 credit under chapter 41.40 RCW while employed in an educational staff
7 associate position and who is employed in such a position on or after
8 June 7, 1984, has the following options:

9 (a) To remain a member of the public employees' retirement system
10 notwithstanding the provisions of RCW 41.32.240 (as recodified by
11 this act) or 41.32.780; or

12 (b) To irrevocably elect to join the retirement system under this
13 chapter and to receive service credit for previous periods of
14 employment in any position included under section 222 of this act.
15 This service credit and corresponding employee contribution shall be
16 computed as though the person had then been a member of the
17 retirement system under this chapter. All employee contributions
18 credited to a member under chapter 41.40 RCW for service now to be
19 credited to the retirement system under this chapter shall be
20 transferred to the system and the member shall not receive any credit
21 nor enjoy any rights under chapter 41.40 RCW for those periods of
22 service. The member shall pay any difference between the employee
23 contributions made under chapter 41.40 RCW and transferred under this
24 subsection and what would have been required under this chapter,
25 including interest as set by the director. The member shall be given
26 until July 1, 1989, to make the irrevocable election permitted under
27 this section. The election shall be made by submitting written
28 notification as required by the department requesting credit under
29 this section and by remitting any necessary proof of service or
30 payments within the time set by the department.

31 Any person, not employed as an educational staff associate on
32 June 7, 1984, may, before June 30 of the fifth school year after that
33 person's return to employment as a teacher, request and establish
34 membership and credit under this subsection.

35 NEW SECTION. **Sec. 227.** This section designates charter schools
36 established under chapter 28A.710 RCW as employers and charter school
37 employees as members, and applies only if the department of
38 retirement systems receives determinations from the internal revenue
39 service and the United States department of labor that participation

1 does not jeopardize the status of these retirement systems as
2 governmental plans under the federal employees' retirement income
3 security act and the internal revenue code.

4 NEW SECTION. **Sec. 228.** The deductions from salaries of members
5 of the retirement system for their contributions to the system are
6 not considered diminution of pay and every member is conclusively
7 presumed to consent thereto as a condition of employment. All
8 contributions to the member reserve shall be credited to the
9 individual for whose account the deductions from salary were made.
10 Regular interest shall be credited to each member's account at least
11 annually.

12 NEW SECTION. **Sec. 229.** A retired teacher upon returning to
13 service in the public schools of Washington may elect to again become
14 a member of the retirement system: PROVIDED, That if such a retired
15 teacher elects to be restored to membership he or she must establish
16 two full years of service credit before he or she will be eligible to
17 retire under the provision of a formula other than the one in effect
18 at the time of his or her previous retirement: PROVIDED FURTHER, That
19 where any such right to again retire is exercised to become effective
20 before a member has established two full years of service credit he
21 or she may elect to retire only under the provisions of the formula
22 in effect at the time of his or her previous retirement: AND PROVIDED
23 FURTHER, That this section shall not apply to any individual who has
24 returned to service as of September 27, 1973.

25 NEW SECTION. **Sec. 230.** (1) Subject to subsections (2) and (3)
26 of this section, the right of a person to a pension, an annuity, a
27 retirement allowance, or disability allowance, to the return of
28 contributions, any optional benefit or death benefit, any other right
29 accrued or accruing to any person under the provisions of this
30 chapter and the moneys in the various funds created by this chapter
31 shall be unassignable, and are hereby exempt from any state, county,
32 municipal or other local tax, and shall not be subject to execution,
33 garnishment, attachment, the operation of bankruptcy or insolvency
34 laws, or other process of law whatsoever whether the same be in
35 actual possession of the person or be deposited or loaned.

36 (2) This section shall not be deemed to prohibit a beneficiary of
37 a retirement allowance who is eligible:

1 (a) Under RCW 41.05.080 from authorizing monthly deductions
2 therefrom for payment of premiums due on any group insurance policy
3 or plan issued for the benefit of a group comprised of public
4 employees of the state of Washington or its political subdivisions;

5 (b) Under a group health care benefit plan approved pursuant to
6 RCW 28A.400.350 or 41.05.065 from authorizing monthly deductions
7 therefrom, of the amount or amounts of subscription payments,
8 premiums, or contributions to any person, firm, or corporation
9 furnishing or providing medical, surgical, and hospital care or other
10 health care insurance; or

11 (c) Under this system from authorizing monthly deductions
12 therefrom for payment of dues and other membership fees to any
13 retirement association composed of retired teachers and/or public
14 employees pursuant to a written agreement between the director and
15 the retirement association.

16 Deductions under (a) and (b) of this subsection shall be made in
17 accordance with rules that may be adopted by the director.

18 (3) Subsection (1) of this section shall not prohibit the
19 department from complying with (a) a wage assignment order for child
20 support issued pursuant to chapter 26.18 RCW, (b) an order to
21 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a
22 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a
23 mandatory benefits assignment order issued by the department, (e) a
24 court order directing the department of retirement systems to pay
25 benefits directly to an obligee under a dissolution order as defined
26 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and
27 41.50.700, or (f) any administrative or court order expressly
28 authorized by federal law.

29 NEW SECTION. **Sec. 231.** (1) A one hundred fifty thousand dollar
30 death benefit shall be paid to the member's estate, or such person or
31 persons, trust or organization as the member has nominated by written
32 designation duly executed and filed with the department. If no such
33 designated person or persons are still living at the time of the
34 member's death, the member's death benefit shall be paid to the
35 member's surviving spouse as if in fact the spouse had been nominated
36 by written designation, or if there is no surviving spouse, then to
37 the member's legal representatives.

38 (2) The benefit under this section shall be paid only where death
39 occurs as a result of (a) injuries sustained in the course of

1 employment; or (b) an occupational disease or infection that arises
2 naturally and proximately out of employment covered under this
3 chapter. The determination of eligibility for the benefit shall be
4 made consistent with Title 51 RCW by the department of labor and
5 industries. The department of labor and industries shall notify the
6 department of retirement systems by order under RCW 51.52.050.

7 NEW SECTION. **Sec. 232.** A member shall not receive a disability
8 retirement benefit under RCW 41.32.540 (as recodified by this act),
9 41.32.550 (as recodified by this act), 41.32.790, or 41.32.880 if the
10 disability is the result of criminal conduct by the member committed
11 after April 21, 1997.

12 NEW SECTION. **Sec. 233.** (1) Any person who shall knowingly make
13 false statements or shall falsify or permit to be falsified any
14 record or records of the retirement system, except under subsection
15 (2) of this section, in any attempt to defraud such system as a
16 result of such act, is guilty of a class B felony punishable
17 according to chapter 9A.20 RCW.

18 (2) Any person who shall knowingly make false statements or shall
19 falsify or permit to be falsified any record or records of the
20 retirement systems related to a member's separation from service and
21 qualification for a retirement allowance under RCW 41.32.480 (as
22 recodified by this act) in any attempt to defraud that system as a
23 result of such an act, is guilty of a gross misdemeanor.

24 NEW SECTION. **Sec. 234.** RCW 43.01.044 shall not result in any
25 increase in retirement benefits. The rights extended to state
26 officers and employees under RCW 43.01.044 are not intended to and
27 shall not have any effect on retirement benefits under this chapter.

28 NEW SECTION. **Sec. 235.** (1) The annual compensation taken into
29 account in calculating retiree benefits under this system shall not
30 exceed the limits imposed by section 401(a)(17) of the federal
31 internal revenue code for qualified trusts.

32 (2) The department shall adopt rules as necessary to implement
33 this section.

34 NEW SECTION. **Sec. 236.** Notwithstanding any provision to the
35 contrary, persons who fail to:

- 1 (1) Establish allowable membership service not previously
2 credited;
- 3 (2) Restore all or a part of that previously credited membership
4 service represented by withdrawn contributions; or
- 5 (3) Restore service credit represented by a lump sum payment in
6 lieu of benefits, before the deadline established by statute, may do
7 so under the conditions set forth in RCW 41.50.165.

8 NEW SECTION. **Sec. 237.** Those members subject to this chapter
9 who became disabled in the line of duty and who received or are
10 receiving benefits under Title 51 RCW or a similar federal workers'
11 compensation program shall receive or continue to receive service
12 credit subject to the following:

- 13 (1) No member may receive more than one month's service credit in
14 a calendar month.
- 15 (2) No service credit under this section may be allowed after a
16 member separates or is separated without leave of absence.
- 17 (3) Employer contributions shall be paid by the employer at the
18 rate in effect for the period of the service credited.
- 19 (4) Employee contributions shall be collected by the employer and
20 paid to the department at the rate in effect for the period of
21 service credited.
- 22 (5) Contributions shall be based on the regular compensation
23 which the member would have received had the disability not occurred.
24 If contribution payments are made retroactively, interest shall be
25 charged at the rate set by the director on both employee and employer
26 contributions. Service credit shall not be granted until the employee
27 contribution has been paid.
- 28 (6) The service and compensation credit shall not be granted for
29 a period to exceed twenty-four consecutive months.
- 30 (7) Should the legislature revoke the service credit authorized
31 under this section or repeal this section, no affected employee is
32 entitled to receive the credit as a matter of contractual right.

33 NEW SECTION. **Sec. 238.** A member who has not purchased service
34 credit under the provisions of RCW 41.32.813 or 41.32.868 may elect
35 under this section to apply service credit earned in an out-of-state
36 retirement system that covers teachers in public schools solely for
37 the purpose of determining the time at which the member may retire.
38 The benefit shall be actuarially reduced to recognize the difference

1 between the age a member would have first been able to retire based
2 on service in the state of Washington and the member's retirement
3 age.

4 NEW SECTION. **Sec. 239.** (1) A member eligible to retire under
5 RCW 41.32.480 (as recodified by this act), 41.32.765, or 41.32.875
6 may, at the time of filing a written application for retirement with
7 the department, apply to the department to make a one-time purchase
8 of up to five years of additional service credit.

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

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

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

28 NEW SECTION. **Sec. 240.** A member may purchase additional
29 benefits subject to the following:

30 (1) The member shall pay all reasonable administrative and
31 clerical costs; and

32 (2) The member shall make a member reserve contribution to be
33 actuarially converted to a monthly benefit at the time of retirement.

34 NEW SECTION. **Sec. 241.** (1) The state investment board has the
35 full power to invest, reinvest, manage, contract, sell, or exchange
36 investment money in the merged LEOFF 1/TRS 1 retirement plan fund.

1 All investment and operating costs of the state investment board
2 and the state treasurer associated with these funds shall be paid
3 under RCW 43.08.190, 43.33A.160, 43.79A.040, and 43.84.160. With the
4 exception of these expenses, the earnings from the investment of the
5 funds shall be retained by the funds.

6 (2) All investments made by the state investment board shall be
7 made with the exercise of that degree of judgment and care under RCW
8 43.33A.140 and the investment policy established by the state
9 investment board.

10 (3) As deemed appropriate by the state investment board, money in
11 the funds may be commingled for investment.

12 NEW SECTION. **Sec. 242.** A new section is added to chapter 41.26
13 RCW under the subchapter heading "Plan 1" to read as follows:

14 (1) The assets of the law enforcement officers' and firefighters'
15 system plan 1 retirement fund transferred to the merged LEOFF 1/TRS 1
16 retirement plan fund by RCW 41.50.075 shall fund the law enforcement
17 officers' and firefighters' system plan 1 lump sum defined benefit
18 created by this section.

19 (2) Law enforcement officers' and firefighters' plan 1 active
20 members, term-vested members, retirees, and survivors eligible for
21 benefits under the plan 1 provisions of this chapter on the effective
22 date of this section shall be eligible to receive the plan 1 lump sum
23 defined benefit pursuant to the conditions established in this
24 section.

25 (3) The lump sum defined benefit is \$20,000 per member or
26 survivor, payable on January 3, 2022, or the member's retirement
27 date, whichever is later. In the case of multiple survivor
28 beneficiaries, the lump sum defined benefit shall be divided equally.

29 (4) If a member is active or term-vested, interest on the lump
30 sum defined benefit as determined by the director of retirement
31 systems shall accumulate from January 3, 2022, until distribution to
32 the participant upon retirement from service or for disability. For
33 the purposes of this section, a "term-vested member" is a member who
34 has rendered five years of service, has not withdrawn his or her
35 member contributions, and who has not applied for retirement.

36 (5) If a member dies after the effective date of this section but
37 before distribution of the lump sum defined benefit created in this
38 section occurs, the distribution shall be made according to the
39 member's beneficiary designation under this chapter.

1 (6) The lump sum defined benefit created in this section is
2 subject to RCW 41.26.053.

3 (7) If section 203 of this act is held to be invalid, recipients
4 of the lump sum defined benefit provided by this section shall no
5 longer be entitled to this benefit and shall be required to return
6 any funds received according to the provisions of RCW 41.50.135,
7 41.50.136, 41.50.137, and 41.50.138.

8 NEW SECTION. **Sec. 301.** A new section is added to chapter 41.50
9 RCW to read as follows:

10 (1) The merger of the assets, liabilities, and membership of the
11 teachers' retirement system plan 1 and the law enforcement officers'
12 and firefighters' retirement system plan 1 in section 203 of this act
13 may not impact benefits for members of these plans. Specifically,
14 each member of each of these plans is entitled to receive benefits
15 immediately after the merger on the effective date of this section
16 that are equal to the benefits the member would have been entitled to
17 receive immediately before the merger in accordance with plan terms.
18 If the director determines that any provision of this act directly
19 impacts benefits for members of the teachers' retirement system plan
20 1 or benefits for members of the law enforcement officers' and
21 firefighters' retirement system plan 1, then the department is
22 instructed to administer this act in a way that neither reduces, nor
23 grants additional benefits, for members of those plans. The
24 department may also conduct rule making for this purpose as provided
25 in RCW 41.50.050.

26 (2) The department must submit a request for both a private
27 letter ruling and a determination letter from the federal internal
28 revenue service indicating the qualified status of the merged plan
29 that results from the merger of assets, liabilities, and membership
30 in section 203 of this act.

31 **Sec. 302.** RCW 41.50.110 and 2015 3rd sp.s. c 4 s 951 are each
32 amended to read as follows:

33 (1) Except as provided by RCW 41.50.255 and subsection (6) of
34 this section, all expenses of the administration of the department,
35 the expenses of administration of the retirement systems, and the
36 expenses of the administration of the office of the state actuary
37 created in chapters 2.10, 2.12, 28B.10, 41.26, 41.32, 41.--- RCW (the
38 new chapter created in section 803 of this act), 41.40, 41.34, 41.35,

1 41.37, 43.43, and 44.44 RCW shall be paid from the department of
2 retirement systems expense fund.

3 (2) In order to reimburse the department of retirement systems
4 expense fund on an equitable basis the department shall ascertain and
5 report to each employer, as defined in RCW 28B.10.400, 41.26.030,
6 41.32.010, section 206 of this act, section 232 of this act,
7 41.35.010, 41.37.010, or 41.40.010, the sum necessary to defray its
8 proportional share of the entire expense of the administration of the
9 retirement system that the employer participates in during the
10 ensuing biennium or fiscal year whichever may be required. Such sum
11 is to be computed in an amount directly proportional to the estimated
12 entire expense of the administration as the ratio of monthly salaries
13 of the employer's members bears to the total salaries of all members
14 in the entire system. It shall then be the duty of all such employers
15 to include in their budgets or otherwise provide the amounts so
16 required.

17 (3) The department shall compute and bill each employer, as
18 defined in RCW 28B.10.400, 41.26.030, 41.32.010, section 206 of this
19 act, section 232 of this act, 41.35.010, 41.37.010, or 41.40.010, at
20 the end of each month for the amount due for that month to the
21 department of retirement systems expense fund and the same shall be
22 paid as are its other obligations. Such computation as to each
23 employer shall be made on a percentage rate of salary established by
24 the department. However, the department may at its discretion
25 establish a system of billing based upon calendar year quarters in
26 which event the said billing shall be at the end of each such
27 quarter.

28 (4) The director may adjust the expense fund contribution rate
29 for each system at any time when necessary to reflect unanticipated
30 costs or savings in administering the department.

31 (5) An employer who fails to submit timely and accurate reports
32 to the department may be assessed an additional fee related to the
33 increased costs incurred by the department in processing the
34 deficient reports. Fees paid under this subsection shall be deposited
35 in the retirement system expense fund.

36 (a) Every six months the department shall determine the amount of
37 an employer's fee by reviewing the timeliness and accuracy of the
38 reports submitted by the employer in the preceding six months. If
39 those reports were not both timely and accurate the department may
40 prospectively assess an additional fee under this subsection.

1 (b) An additional fee assessed by the department under this
2 subsection shall not exceed fifty percent of the standard fee.

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

4 (6) Expenses other than those under RCW 41.34.060(4) shall be
5 paid pursuant to subsection (1) of this section.

6 (7) During the 2009-2011 and 2011-2013 fiscal biennia, the
7 legislature may transfer from the department of retirement systems'
8 expense fund to the state general fund such amounts as reflect the
9 excess fund balance of the fund. During the 2015-2017 fiscal
10 biennium, state contributions to the judicial retirement system may
11 be made in part by appropriations from the department of retirement
12 systems expense fund.

13 **Sec. 401.** RCW 41.26.030 and 2020 c 107 s 6 are each amended to
14 read as follows:

15 As used in this chapter, unless a different meaning is plainly
16 required by the context:

17 (1) "Accumulated contributions" means the employee's
18 contributions made by a member, including any amount paid under RCW
19 41.50.165(2), plus accrued interest credited thereon.

20 (2) "Actuarial reserve" means a method of financing a pension or
21 retirement plan wherein reserves are accumulated as the liabilities
22 for benefit payments are incurred in order that sufficient funds will
23 be available on the date of retirement of each member to pay the
24 member's future benefits during the period of retirement.

25 (3) "Actuarial valuation" means a mathematical determination of
26 the financial condition of a retirement plan. It includes the
27 computation of the present monetary value of benefits payable to
28 present members, and the present monetary value of future employer
29 and employee contributions, giving effect to mortality among active
30 and retired members and also to the rates of disability, retirement,
31 withdrawal from service, salary and interest earned on investments.

32 (4) ~~((a) "Basic salary" for plan 1 members, means the basic
33 monthly rate of salary or wages, including longevity pay but not
34 including overtime earnings or special salary or wages, upon which
35 pension or retirement benefits will be computed and upon which
36 employer contributions and salary deductions will be based.~~

37 ~~(b))~~ "Basic salary" for plan 2 members, means salaries or wages
38 earned by a member during a payroll period for personal services,
39 including overtime payments, and shall include wages and salaries

1 deferred under provisions established pursuant to sections 403(b),
2 414(h), and 457 of the United States Internal Revenue Code, but shall
3 exclude lump sum payments for deferred annual sick leave, unused
4 accumulated vacation, unused accumulated annual leave, or any form of
5 severance pay. In any year in which a member serves in the
6 legislature the member shall have the option of having such member's
7 basic salary be the greater of:

8 ~~((i))~~ (a) The basic salary the member would have received had
9 such member not served in the legislature; or

10 ~~((ii))~~ (b) Such member's actual basic salary received for
11 nonlegislative public employment and legislative service combined.
12 Any additional contributions to the retirement system required
13 because basic salary under ~~((b)(i))~~ (a) of this subsection is
14 greater than basic salary under ~~((b)(ii) or (f))~~ this subsection (4)(b)
15 shall be paid by the member for both member and employer
16 contributions.

17 (5)(a) "Beneficiary" for plan 1 members, means any person in
18 receipt of a retirement allowance, disability allowance, death
19 benefit, or any other benefit described herein.

20 (b) "Beneficiary" for plan 2 members, means any person in receipt
21 of a retirement allowance or other benefit provided by this chapter
22 resulting from service rendered to an employer by another person.

23 (6)(a) "Child" or "children" means an unmarried person who is
24 under the age of eighteen or mentally or physically disabled as
25 determined by the department, except a person who is disabled and in
26 the full time care of a state institution, who is:

27 (i) A natural born child;

28 (ii) A stepchild where that relationship was in existence prior
29 to the date benefits are payable under this chapter;

30 (iii) A posthumous child;

31 (iv) A child legally adopted or made a legal ward of a member
32 prior to the date benefits are payable under this chapter; or

33 (v) An illegitimate child legitimized prior to the date any
34 benefits are payable under this chapter.

35 (b) A person shall also be deemed to be a child up to and
36 including the age of twenty years and eleven months while attending
37 any high school, college, or vocational or other educational
38 institution accredited, licensed, or approved by the state, in which
39 it is located, including the summer vacation months and all other

1 normal and regular vacation periods at the particular educational
2 institution after which the child returns to school.

3 (7) "Department" means the department of retirement systems
4 created in chapter 41.50 RCW.

5 (8) "Director" means the director of the department.

6 (9) (~~"Disability board" for plan 1 members means either the~~
7 ~~county disability board or the city disability board established in~~
8 ~~RCW 41.26.110.~~

9 ~~(10) "Disability leave" means the period of six months or any~~
10 ~~portion thereof during which a member is on leave at an allowance~~
11 ~~equal to the member's full salary prior to the commencement of~~
12 ~~disability retirement. The definition contained in this subsection~~
13 ~~shall apply only to plan 1 members.~~

14 ~~(11) "Disability retirement" for plan 1 members, means the period~~
15 ~~following termination of a member's disability leave, during which~~
16 ~~the member is in receipt of a disability retirement allowance.~~

17 ~~(12)) "Domestic partners" means two adults who have registered~~
18 ~~as domestic partners under RCW 26.60.020.~~

19 ~~((13))~~ (10) "Employee" means any law enforcement officer or
20 firefighter as defined in subsections ~~((17))~~ (14) and ~~((19))~~ (16)
21 of this section.

22 ~~((14)(a) "Employer" for plan 1 members, means the legislative~~
23 ~~authority of any city, town, county, district, or regional fire~~
24 ~~protection service authority or the elected officials of any~~
25 ~~municipal corporation that employs any law enforcement officer and/or~~
26 ~~firefighter, any authorized association of such municipalities, and,~~
27 ~~except for the purposes of RCW 41.26.150, any labor guild,~~
28 ~~association, or organization, which represents the firefighters or~~
29 ~~law enforcement officers of at least seven cities of over 20,000~~
30 ~~population and the membership of each local lodge or division of~~
31 ~~which is composed of at least sixty percent law enforcement officers~~
32 ~~or firefighters as defined in this chapter.~~

33 ~~(b))~~ (11)(a) "Employer" for plan 2 members, means the following
34 entities to the extent that the entity employs any law enforcement
35 officer and/or firefighter:

36 (i) The legislative authority of any city, town, county,
37 district, public corporation, or regional fire protection service
38 authority established under RCW 35.21.730 to provide emergency
39 medical services as defined in RCW 18.73.030;

40 (ii) The elected officials of any municipal corporation;

1 (iii) The governing body of any other general authority law
2 enforcement agency;

3 (iv) A four-year institution of higher education having a fully
4 operational fire department as of January 1, 1996; or

5 (v) The department of social and health services or the
6 department of corrections when employing firefighters serving at a
7 prison or civil commitment center on an island.

8 ~~((e))~~ (b) Except as otherwise specifically provided in this
9 chapter, "employer" does not include a government contractor. For
10 purposes of this subsection, a "government contractor" is any entity,
11 including a partnership, limited liability company, for-profit or
12 nonprofit corporation, or person, that provides services pursuant to
13 a contract with an "employer." The determination whether an employer-
14 employee relationship has been established is not based on the
15 relationship between a government contractor and an "employer," but
16 is based solely on the relationship between a government contractor's
17 employee and an "employer" under this chapter.

18 ~~((15)(a) "Final average salary" for plan 1 members, means (i)~~
19 ~~for a member holding the same position or rank for a minimum of~~
20 ~~twelve months preceding the date of retirement, the basic salary~~
21 ~~attached to such same position or rank at time of retirement; (ii)~~
22 ~~for any other member, including a civil service member who has not~~
23 ~~served a minimum of twelve months in the same position or rank~~
24 ~~preceding the date of retirement, the average of the greatest basic~~
25 ~~salaries payable to such member during any consecutive twenty-four~~
26 ~~month period within such member's last ten years of service for which~~
27 ~~service credit is allowed, computed by dividing the total basic~~
28 ~~salaries payable to such member during the selected twenty-four month~~
29 ~~period by twenty-four; (iii) in the case of disability of any member,~~
30 ~~the basic salary payable to such member at the time of disability~~
31 ~~retirement; (iv) in the case of a member who hereafter vests pursuant~~
32 ~~to RCW 41.26.090, the basic salary payable to such member at the time~~
33 ~~of vesting.~~

34 ~~(b))~~ (12)(a) "Final average salary" for plan 2 members, means
35 the monthly average of the member's basic salary for the highest
36 consecutive sixty service credit months of service prior to such
37 member's retirement, termination, or death. Periods constituting
38 authorized unpaid leaves of absence may not be used in the
39 calculation of final average salary.

1 ~~((e))~~ (b) In calculating final average salary under ~~((a) or~~
2 ~~(b) or f))~~ this subsection, the department of retirement systems shall
3 include:

4 (i) Any compensation forgone by a member employed by a state
5 agency or institution during the 2009-2011 fiscal biennium as a
6 result of reduced work hours, mandatory or voluntary leave without
7 pay, temporary reduction in pay implemented prior to December 11,
8 2010, or temporary layoffs if the reduced compensation is an integral
9 part of the employer's expenditure reduction efforts, as certified by
10 the employer; and

11 (ii) Any compensation forgone by a member employed by the state
12 or a local government employer during the 2011-2013 fiscal biennium
13 as a result of reduced work hours, mandatory leave without pay,
14 temporary layoffs, or reductions to current pay if the reduced
15 compensation is an integral part of the employer's expenditure
16 reduction efforts, as certified by the employer. Reductions to
17 current pay shall not include elimination of previously agreed upon
18 future salary increases.

19 ~~((16))~~ (13) "Fire department" includes a fire station operated
20 by the department of social and health services or the department of
21 corrections when employing firefighters serving a prison or civil
22 commitment center on an island.

23 ~~((17))~~ (14) "Firefighter" means:

24 (a) Any person who is serving on a full time, fully compensated
25 basis as a member of a fire department of an employer and who is
26 serving in a position which requires passing a civil service
27 examination for firefighter, and who is actively employed as such;

28 (b) Anyone who is actively employed as a full time firefighter
29 where the fire department does not have a civil service examination;

30 (c) Supervisory firefighter personnel;

31 (d) ~~((Any full time executive secretary of an association of fire~~
32 ~~protection districts authorized under RCW 52.12.031. The provisions~~
33 ~~of this subsection (17) (d) shall not apply to plan 2 members;~~

34 ~~(e) The executive secretary of a labor guild, association or~~
35 ~~organization (which is an employer under subsection (14) of this~~
36 ~~section), if such individual has five years previous membership in a~~
37 ~~retirement system established in chapter 41.16 or 41.18 RCW. The~~
38 ~~provisions of this subsection (17) (e) shall not apply to plan 2~~
39 ~~members;~~

1 ~~(f)~~) Any person who is serving on a full time, fully compensated
2 basis for an employer, as a fire dispatcher, in a department in
3 which, on March 1, 1970, a dispatcher was required to have passed a
4 civil service examination for firefighter;

5 ~~(g)~~) (e) Any person who on March 1, 1970, was employed on a
6 full time, fully compensated basis by an employer, and who on May 21,
7 1971, was making retirement contributions under the provisions of
8 chapter 41.16 or 41.18 RCW; and

9 ~~(h)~~) (f) Any person who is employed on a full-time, fully
10 compensated basis by an employer as an emergency medical technician
11 that meets the requirements of RCW 18.71.200 or 18.73.030(12), and
12 whose duties include providing emergency medical services as defined
13 in RCW 18.73.030.

14 ~~(18)~~) (15) "General authority law enforcement agency" means
15 any agency, department, or division of a municipal corporation,
16 political subdivision, or other unit of local government of this
17 state, and any agency, department, or division of state government,
18 having as its primary function the detection and apprehension of
19 persons committing infractions or violating the traffic or criminal
20 laws in general, but not including the Washington state patrol. Such
21 an agency, department, or division is distinguished from a limited
22 authority law enforcement agency having as one of its functions the
23 apprehension or detection of persons committing infractions or
24 violating the traffic or criminal laws relating to limited subject
25 areas, including but not limited to, the state departments of natural
26 resources and social and health services, the state gambling
27 commission, the state lottery commission, the state parks and
28 recreation commission, the state utilities and transportation
29 commission, the state liquor and cannabis board, and the state
30 department of corrections. A general authority law enforcement agency
31 under this chapter does not include a government contractor.

32 ~~(19)~~) (16) "Law enforcement officer" beginning January 1,
33 1994, means any person who is commissioned and employed by an
34 employer on a full time, fully compensated basis to enforce the
35 criminal laws of the state of Washington generally, with the
36 following qualifications:

37 (a) No person who is serving in a position that is basically
38 clerical or secretarial in nature, and who is not commissioned shall
39 be considered a law enforcement officer;

1 (b) Only those deputy sheriffs, including those serving under a
2 different title pursuant to county charter, who have successfully
3 completed a civil service examination for deputy sheriff or the
4 equivalent position, where a different title is used, and those
5 persons serving in unclassified positions authorized by RCW 41.14.070
6 except a private secretary will be considered law enforcement
7 officers;

8 (c) Only such full time commissioned law enforcement personnel as
9 have been appointed to offices, positions, or ranks in the police
10 department which have been specifically created or otherwise
11 expressly provided for and designated by city charter provision or by
12 ordinance enacted by the legislative body of the city shall be
13 considered city police officers;

14 ~~(d) ((The term "law enforcement officer" also includes the~~
15 ~~executive secretary of a labor guild, association or organization~~
16 ~~(which is an employer under subsection (14) of this section) if that~~
17 ~~individual has five years previous membership in the retirement~~
18 ~~system established in chapter 41.20 RCW. The provisions of this~~
19 ~~subsection (19)(d) shall not apply to plan 2 members; and~~

20 ~~(e))~~ The term "law enforcement officer" also includes a person
21 employed on or after January 1, 1993, as a public safety officer or
22 director of public safety, so long as the job duties substantially
23 involve only either police or fire duties, or both, and no other
24 duties in a city or town with a population of less than ten thousand.
25 The provisions of this subsection ~~((19)(e))~~ (16)(d) shall not apply
26 to any public safety officer or director of public safety who is
27 receiving a retirement allowance under this chapter as of May 12,
28 1993.

29 ~~((20) "Medical services" for plan 1 members, shall include the~~
30 ~~following as minimum services to be provided. Reasonable charges for~~
31 ~~these services shall be paid in accordance with RCW 41.26.150.~~

32 ~~(a) Hospital expenses: These are the charges made by a hospital,~~
33 ~~in its own behalf, for~~

34 ~~(i) Board and room not to exceed semiprivate room rate unless~~
35 ~~private room is required by the attending physician due to the~~
36 ~~condition of the patient.~~

37 ~~(ii) Necessary hospital services, other than board and room,~~
38 ~~furnished by the hospital.~~

1 ~~(b) Other medical expenses: The following charges are considered~~
2 ~~"other medical expenses," provided that they have not been considered~~
3 ~~as "hospital expenses".~~

4 ~~(i) The fees of the following:~~

5 ~~(A) A physician or surgeon licensed under the provisions of~~
6 ~~chapter 18.71 RCW;~~

7 ~~(B) An osteopathic physician and surgeon licensed under the~~
8 ~~provisions of chapter 18.57 RCW;~~

9 ~~(C) A chiropractor licensed under the provisions of chapter 18.25~~
10 ~~RCW.~~

11 ~~(ii) The charges of a registered graduate nurse other than a~~
12 ~~nurse who ordinarily resides in the member's home, or is a member of~~
13 ~~the family of either the member or the member's spouse.~~

14 ~~(iii) The charges for the following medical services and~~
15 ~~supplies:~~

16 ~~(A) Drugs and medicines upon a physician's prescription;~~

17 ~~(B) Diagnostic X-ray and laboratory examinations;~~

18 ~~(C) X-ray, radium, and radioactive isotopes therapy;~~

19 ~~(D) Anesthesia and oxygen;~~

20 ~~(E) Rental of iron lung and other durable medical and surgical~~
21 ~~equipment;~~

22 ~~(F) Artificial limbs and eyes, and casts, splints, and trusses;~~

23 ~~(G) Professional ambulance service when used to transport the~~
24 ~~member to or from a hospital when injured by an accident or stricken~~
25 ~~by a disease;~~

26 ~~(H) Dental charges incurred by a member who sustains an~~
27 ~~accidental injury to his or her teeth and who commences treatment by~~
28 ~~a legally licensed dentist within ninety days after the accident;~~

29 ~~(I) Nursing home confinement or hospital extended care facility;~~

30 ~~(J) Physical therapy by a registered physical therapist;~~

31 ~~(K) Blood transfusions, including the cost of blood and blood~~
32 ~~plasma not replaced by voluntary donors;~~

33 ~~(L) An optometrist licensed under the provisions of chapter 18.53~~
34 ~~RCW.~~

35 ~~(21))~~ (17) "Member" means any firefighter, law enforcement
36 officer, or other person as would apply under subsection ~~((17))~~
37 (14) or ~~((19))~~ (16) of this section whose membership is transferred
38 to the Washington law enforcement officers' and firefighters'
39 retirement system on or after March 1, 1970, and every law

1 enforcement officer and firefighter who is employed in that capacity
2 on or after such date.

3 ~~((22)) "Plan 1" means the law enforcement officers' and~~
4 ~~firefighters' retirement system, plan 1 providing the benefits and~~
5 ~~funding provisions covering persons who first became members of the~~
6 ~~system prior to October 1, 1977.~~

7 ~~(23))~~ (18) "Plan 2" means the law enforcement officers' and
8 firefighters' retirement system, plan 2 providing the benefits and
9 funding provisions covering persons who first became members of the
10 system on and after October 1, 1977.

11 ~~((24))~~ (19) "Position" means the employment held at any
12 particular time, which may or may not be the same as civil service
13 rank.

14 ~~((25))~~ (20) "Regular interest" means such rate as the director
15 may determine.

16 ~~((26))~~ (21) "Retiree" for persons who establish membership in
17 the retirement system on or after October 1, 1977, means any member
18 in receipt of a retirement allowance or other benefit provided by
19 this chapter resulting from service rendered to an employer by such
20 member.

21 ~~((27))~~ (22) "Retirement fund" means the "Washington law
22 enforcement officers' and firefighters' retirement system fund" as
23 provided for ~~((herein))~~ in this chapter.

24 ~~((28))~~ (23) "Retirement system" means the "Washington law
25 enforcement officers' and firefighters' retirement system" provided
26 ~~((herein))~~ in this chapter.

27 ~~((29)(a)) "Service" for plan 1 members, means all periods of~~
28 ~~employment for an employer as a firefighter or law enforcement~~
29 ~~officer, for which compensation is paid, together with periods of~~
30 ~~suspension not exceeding thirty days in duration. For the purposes of~~
31 ~~this chapter service shall also include service in the armed forces~~
32 ~~of the United States as provided in RCW 41.26.190. Credit shall be~~
33 ~~allowed for all service credit months of service rendered by a member~~
34 ~~from and after the member's initial commencement of employment as a~~
35 ~~firefighter or law enforcement officer, during which the member~~
36 ~~worked for seventy or more hours, or was on disability leave or~~
37 ~~disability retirement. Only service credit months of service shall be~~
38 ~~counted in the computation of any retirement allowance or other~~
39 ~~benefit provided for in this chapter.~~

1 ~~(i) For members retiring after May 21, 1971 who were employed~~
2 ~~under the coverage of a prior pension act before March 1, 1970,~~
3 ~~"service" shall also include (A) such military service not exceeding~~
4 ~~five years as was creditable to the member as of March 1, 1970, under~~
5 ~~the member's particular prior pension act, and (B) such other periods~~
6 ~~of service as were then creditable to a particular member under the~~
7 ~~provisions of RCW 41.18.165, 41.20.160, or 41.20.170. However, in no~~
8 ~~event shall credit be allowed for any service rendered prior to March~~
9 ~~1, 1970, where the member at the time of rendition of such service~~
10 ~~was employed in a position covered by a prior pension act, unless~~
11 ~~such service, at the time credit is claimed therefor, is also~~
12 ~~creditable under the provisions of such prior act.~~

13 ~~(ii) A member who is employed by two employers at the same time~~
14 ~~shall only be credited with service to one such employer for any~~
15 ~~month during which the member rendered such dual service.~~

16 ~~(b-))~~ (24) "Service" for plan 2 members, means periods of
17 employment by a member for one or more employers for which basic
18 salary is earned for ninety or more hours per calendar month which
19 shall constitute a service credit month. Periods of employment by a
20 member for one or more employers for which basic salary is earned for
21 at least seventy hours but less than ninety hours per calendar month
22 shall constitute one-half service credit month. Periods of employment
23 by a member for one or more employers for which basic salary is
24 earned for less than seventy hours shall constitute a one-quarter
25 service credit month.

26 Members of the retirement system who are elected or appointed to
27 a state elective position may elect to continue to be members of this
28 retirement system.

29 Service credit years of service shall be determined by dividing
30 the total number of service credit months of service by twelve. Any
31 fraction of a service credit year of service as so determined shall
32 be taken into account in the computation of such retirement allowance
33 or benefits.

34 If a member receives basic salary from two or more employers
35 during any calendar month, the individual shall receive one service
36 credit month's service credit during any calendar month in which
37 multiple service for ninety or more hours is rendered; or one-half
38 service credit month's service credit during any calendar month in
39 which multiple service for at least seventy hours but less than
40 ninety hours is rendered; or one-quarter service credit month during

1 any calendar month in which multiple service for less than seventy
2 hours is rendered.

3 ~~((30))~~ (25) "Service credit month" means a full service credit
4 month or an accumulation of partial service credit months that are
5 equal to one.

6 ~~((31))~~ (26) "Service credit year" means an accumulation of
7 months of service credit which is equal to one when divided by
8 twelve.

9 ~~((32))~~ (27) "State actuary" or "actuary" means the person
10 appointed pursuant to RCW 44.44.010(2).

11 ~~((33))~~ (28) "State elective position" means any position held
12 by any person elected or appointed to statewide office or elected or
13 appointed as a member of the legislature.

14 ~~((34))~~ (29) "Surviving spouse" means the surviving widow or
15 widower of a member. "Surviving spouse" shall not include the
16 divorced spouse of a member except as provided in RCW 41.26.162 (as
17 recodified by this act).

18 **Sec. 402.** RCW 41.26.547 and 2007 c 304 s 1 are each amended to
19 read as follows:

20 (1) A member of plan 2 who was a member of the public employees'
21 retirement system while employed providing emergency medical services
22 for a city, town, county, or district and whose job was relocated
23 from another department of a city, town, county, or district to a
24 fire department, or a member of the public employees' retirement
25 system who is eligible for membership in plan 2 under RCW
26 41.26.030(~~((4-h))~~), has the following options:

27 (a) Remain a member of the public employees' retirement system;
28 or

29 (b) Leave any service credit earned as a member of the public
30 employees' retirement system in the public employees' retirement
31 system, and have all future service earned in the law enforcement
32 officers' and firefighters' retirement system plan 2, becoming a dual
33 member under the provisions of chapter 41.54 RCW; or

34 (c) Make an election no later than June 30, 2013, filed in
35 writing with the department of retirement systems, to transfer
36 service credit previously earned as an emergency medical technician
37 for a city, town, county, or district in the public employees'
38 retirement system plan 1 or plan 2 to the law enforcement officers'
39 and firefighters' retirement system plan 2 as defined in RCW

1 41.26.030. Service credit that a member elects to transfer from the
2 public employees' retirement system to the law enforcement officers'
3 and firefighters' retirement system under this section shall be
4 transferred no earlier than five years after the effective date the
5 member elects to transfer except under subsection (3) of this
6 section, and only after the member earns five years of service credit
7 as a firefighter following the effective date the member elects to
8 transfer except under subsection (3) of this section.

9 (2) A member of plan 1 who was a member of the public employees'
10 retirement system while employed providing emergency medical services
11 for a city, town, county, or district and whose job was relocated
12 from another department of a city, town, county, or district to a
13 fire department has the following options:

14 (a) Remain a member of the public employees' retirement system;
15 or

16 (b) Leave any service credit earned as a member of the public
17 employees' retirement system in the public employees' retirement
18 system, and have all future service earned in the law enforcement
19 officers' and firefighters' retirement system (~~plan 1~~) tier 1 of
20 the merged LEOFF 1/TRS 1 retirement plan.

21 (3) (a) A member who elects to transfer service credit under
22 subsection (1) (c) of this section shall make the payments required by
23 this subsection prior to having service credit earned as an emergency
24 medical technician for a city, town, county, or district under the
25 public employees' retirement system plan 1 or plan 2 transferred to
26 the law enforcement officers' and firefighters' retirement system
27 plan 2. However, in no event shall service credit be transferred
28 earlier than five years after the effective date the member elects to
29 transfer, or prior to the member earning five years of service credit
30 as a firefighter following the effective date the member elects to
31 transfer, except under (e) of this subsection.

32 (b) A member who elects to transfer service credit under this
33 subsection shall pay, for the applicable period of service, the
34 difference between the contributions the employee paid to the public
35 employees' retirement system plan 1 or plan 2 and the contributions
36 that would have been paid by the employee had the employee been a
37 member of the law enforcement officers' and firefighters' retirement
38 system plan 2, plus interest on this difference as determined by the
39 director. This payment must be made no later than five years from the
40 effective date of the election made under subsection (1) (c) of this

1 section and must be made prior to retirement, except under (e) of
2 this subsection.

3 (c) For a period of service transferred by a member eligible for
4 membership in plan 2 under RCW 41.26.030(~~((4)(h))~~), the employer
5 shall pay an amount sufficient to ensure that the contribution level
6 to the law enforcement officers' and firefighters' retirement system
7 will not increase due to this transfer. This payment must be made
8 within five years of the completion of the employee payment in (b) of
9 this subsection.

10 (d) No earlier than five years after the effective date the
11 member elects to transfer service credit under this section and upon
12 completion of the payment required in (b) of this subsection except
13 under (e) of this subsection, the department shall transfer from the
14 public employees' retirement system plan 1 or plan 2 to the law
15 enforcement officers' and firefighters' retirement system plan 2: (i)
16 All of the employee's applicable accumulated contributions plus
17 interest and an equal amount of employer contributions; and (ii) all
18 applicable months of service, as defined in RCW 41.26.030(~~((14)(b))~~),
19 credited to the employee under this chapter for service as an
20 emergency services provider for a city, town, county, or district as
21 though that service was rendered as a member of the law enforcement
22 officers' and firefighters' retirement system plan 2.

23 (e) If a member who elected to transfer pursuant to this section
24 dies or retires for disability prior to five years from their
25 election date, the member's benefit is calculated as follows:

26 (i) All of the applicable service credit, accumulated
27 contributions, and interest is transferred to the law enforcement
28 officers' and firefighters' retirement system plan 2 and used in the
29 calculation of a benefit.

30 (ii) If a member's obligation under (b) of this subsection has
31 not been paid in full at the time of death or disability retirement,
32 the member, or in the case of death the surviving spouse or eligible
33 minor children, have the following options:

34 (A) Pay the bill in full;

35 (B) If a continuing monthly benefit is chosen, have the benefit
36 actuarially reduced to reflect the amount of the unpaid obligation
37 under (b) of this subsection; or

38 (C) Continue to make payment against the obligation under (b) of
39 this subsection, provided that payment in full is made no later than
40 five years from the member's original election date.

1 (f) Upon transfer of service credit, contributions, and interest
2 under this subsection, the employee is permanently excluded from
3 membership in the public employees' retirement system for all service
4 transfers related to their time served as an emergency medical
5 technician for a city, town, county, or district under the public
6 employees' retirement system plan 1 or plan 2.

7 **Sec. 403.** RCW 41.32.005 and 1995 c 239 s 101 are each amended to
8 read as follows:

9 RCW 41.32.010 through 41.32.067 shall apply to members of ((plan
10 ~~1~~)) plan 2((~~7~~)) and plan 3.

11 **Sec. 404.** RCW 41.32.010 and 2018 c 257 s 2 are each amended to
12 read as follows:

13 As used in this chapter, unless a different meaning is plainly
14 required by the context:

15 (1) (a) "Accumulated contributions" for plan 1 members, means the
16 sum of all regular annuity contributions and, except for the purpose
17 of withdrawal at the time of retirement, any amount paid under RCW
18 41.50.165(2) with regular interest thereon.

19 (b) "Accumulated contributions" for plan 2 members, means the sum
20 of all contributions standing to the credit of a member in the
21 member's individual account, including any amount paid under RCW
22 41.50.165(2), together with the regular interest thereon.

23 (2) "Actuarial equivalent" means a benefit of equal value when
24 computed upon the basis of such mortality tables and regulations as
25 shall be adopted by the director and regular interest.

26 (3) "Adjustment ratio" means the value of index A divided by
27 index B.

28 (4) "Annual increase" means, initially, fifty-nine cents per
29 month per year of service which amount shall be increased each July
30 1st by three percent, rounded to the nearest cent.

31 (5) "Annuity" means the moneys payable per year during life by
32 reason of accumulated contributions of a member.

33 (6) "Average final compensation" for plan 2 and plan 3 members,
34 means the member's average earnable compensation of the highest
35 consecutive sixty service credit months prior to such member's
36 retirement, termination, or death. Periods constituting authorized
37 leaves of absence may not be used in the calculation of average final
38 compensation except under RCW 41.32.810(2).

1 (7) (a) "Beneficiary" for plan 1 members, means any person in
2 receipt of a retirement allowance or other benefit provided by this
3 chapter.

4 (b) "Beneficiary" for plan 2 and plan 3 members, means any person
5 in receipt of a retirement allowance or other benefit provided by
6 this chapter resulting from service rendered to an employer by
7 another person.

8 (8) "Contract" means any agreement for service and compensation
9 between a member and an employer.

10 (9) "Creditable service" means membership service plus prior
11 service for which credit is allowable. This subsection shall apply
12 only to plan 1 members.

13 (10) "Department" means the department of retirement systems
14 created in chapter 41.50 RCW.

15 (11) "Dependent" means receiving one-half or more of support from
16 a member.

17 (12) "Director" means the director of the department.

18 (13) "Disability allowance" means monthly payments during
19 disability. This subsection shall apply only to plan 1 members.

20 (14) (a) "Earnable compensation" for plan 1 members, means:

21 (i) All salaries and wages paid by an employer to an employee
22 member of the retirement system for personal services rendered during
23 a fiscal year. In all cases where compensation includes maintenance
24 the employer shall fix the value of that part of the compensation not
25 paid in money.

26 (ii) For an employee member of the retirement system teaching in
27 an extended school year program, two consecutive extended school
28 years, as defined by the employer school district, may be used as the
29 annual period for determining earnable compensation in lieu of the
30 two fiscal years.

31 ~~((iii) "Earnable compensation" for plan 1 members also includes~~
32 ~~the following actual or imputed payments, which are not paid for~~
33 ~~personal services:~~

34 ~~(A) Retroactive payments to an individual by an employer on~~
35 ~~reinstatement of the employee in a position, or payments by an~~
36 ~~employer to an individual in lieu of reinstatement in a position~~
37 ~~which are awarded or granted as the equivalent of the salary or wages~~
38 ~~which the individual would have earned during a payroll period shall~~
39 ~~be considered earnable compensation and the individual shall receive~~
40 ~~the equivalent service credit.~~

1 ~~(B) If a leave of absence, without pay, is taken by a member for~~
2 ~~the purpose of serving as a member of the state legislature, and such~~
3 ~~member has served in the legislature five or more years, the salary~~
4 ~~which would have been received for the position from which the leave~~
5 ~~of absence was taken shall be considered as compensation earnable if~~
6 ~~the employee's contribution thereon is paid by the employee. In~~
7 ~~addition, where a member has been a member of the state legislature~~
8 ~~for five or more years, earnable compensation for the member's two~~
9 ~~highest compensated consecutive years of service shall include a sum~~
10 ~~not to exceed thirty-six hundred dollars for each of such two~~
11 ~~consecutive years, regardless of whether or not legislative service~~
12 ~~was rendered during those two years.~~

13 ~~(iv) For members employed less than full time under written~~
14 ~~contract with a school district, or community college district, in an~~
15 ~~instructional position, for which the member receives service credit~~
16 ~~of less than one year in all of the years used to determine the~~
17 ~~earnable compensation used for computing benefits due under RCW~~
18 ~~41.32.497, 41.32.498, and 41.32.520, the member may elect to have~~
19 ~~earnable compensation defined as provided in RCW 41.32.345. For the~~
20 ~~purposes of this subsection, the term "instructional position" means~~
21 ~~a position in which more than seventy-five percent of the member's~~
22 ~~time is spent as a classroom instructor (including office hours), a~~
23 ~~librarian, a psychologist, a social worker, a nurse, a physical~~
24 ~~therapist, an occupational therapist, a speech language pathologist~~
25 ~~or audiologist, or a counselor. Earnable compensation shall be so~~
26 ~~defined only for the purpose of the calculation of retirement~~
27 ~~benefits and only as necessary to insure that members who receive~~
28 ~~fractional service credit under RCW 41.32.270 receive benefits~~
29 ~~proportional to those received by members who have received full-time~~
30 ~~service credit.~~

31 ~~(v) "Earnable compensation" does not include:~~

32 ~~(A) Remuneration for unused sick leave authorized under RCW~~
33 ~~41.04.340, 28A.400.210, or 28A.310.490;~~

34 ~~(B) Remuneration for unused annual leave in excess of two hundred~~
35 ~~forty hours as authorized by RCW 43.01.044 and 43.01.041.)~~

36 (b) "Earnable compensation" for plan 2 and plan 3 members, means
37 salaries or wages earned by a member during a payroll period for
38 personal services, including overtime payments, and shall include
39 wages and salaries deferred under provisions established pursuant to
40 sections 403(b), 414(h), and 457 of the United States Internal

1 Revenue Code, but shall exclude lump sum payments for deferred annual
2 sick leave, unused accumulated vacation, unused accumulated annual
3 leave, or any form of severance pay.

4 "Earnable compensation" for plan 2 and plan 3 members also
5 includes the following actual or imputed payments which, except in
6 the case of (b)(ii)(B) of this subsection, are not paid for personal
7 services:

8 (i) Retroactive payments to an individual by an employer on
9 reinstatement of the employee in a position or payments by an
10 employer to an individual in lieu of reinstatement in a position
11 which are awarded or granted as the equivalent of the salary or wages
12 which the individual would have earned during a payroll period shall
13 be considered earnable compensation, to the extent provided above,
14 and the individual shall receive the equivalent service credit.

15 (ii) In any year in which a member serves in the legislature the
16 member shall have the option of having such member's earnable
17 compensation be the greater of:

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

20 (B) Such member's actual earnable compensation received for
21 teaching and legislative service combined. Any additional
22 contributions to the retirement system required because compensation
23 earnable under (b)(ii)(A) of this subsection is greater than
24 compensation earnable under (b)(ii)(B) of this subsection shall be
25 paid by the member for both member and employer contributions.

26 (c) In calculating earnable compensation under (a) or (b) of this
27 subsection, the department of retirement systems shall include:

28 (i) Any compensation forgone by a member employed by a state
29 agency or institution during the 2009-2011 fiscal biennium as a
30 result of reduced work hours, mandatory or voluntary leave without
31 pay, temporary reduction in pay implemented prior to December 11,
32 2010, or temporary layoffs if the reduced compensation is an integral
33 part of the employer's expenditure reduction efforts, as certified by
34 the employer; and

35 (ii) Any compensation forgone by a member during the 2011-2013
36 fiscal biennium as a result of reduced work hours, mandatory leave
37 without pay, temporary layoffs, or reductions to current pay if the
38 reduced compensation is an integral part of the employer's
39 expenditure reduction efforts, as certified by the employer.

1 Reductions to current pay shall not include elimination of previously
2 agreed upon future salary reductions.

3 (15) (a) "Eligible position" for plan 2 members from June 7, 1990,
4 through September 1, 1991, means a position which normally requires
5 two or more uninterrupted months of creditable service during
6 September through August of the following year.

7 (b) "Eligible position" for plan 2 and plan 3 on and after
8 September 1, 1991, means a position that, as defined by the employer,
9 normally requires five or more months of at least seventy hours of
10 earnable compensation during September through August of the
11 following year.

12 (c) For purposes of this chapter an employer shall not define
13 "position" in such a manner that an employee's monthly work for that
14 employer is divided into more than one position.

15 (d) The elected position of the superintendent of public
16 instruction is an eligible position.

17 (16) "Employed" or "employee" means a person who is providing
18 services for compensation to an employer, unless the person is free
19 from the employer's direction and control over the performance of
20 work. The department shall adopt rules and interpret this subsection
21 consistent with common law.

22 (17) "Employer" means the state of Washington, the school
23 district, or any agency of the state of Washington by which the
24 member is paid. Except as otherwise specifically provided in this
25 chapter, "employer" does not include a government contractor. For
26 purposes of this subsection, a "government contractor" is any entity,
27 including a partnership, limited liability company, for-profit or
28 nonprofit corporation, or person, that provides services pursuant to
29 a contract with an employer. The determination whether an employer-
30 employee relationship has been established is not based on the
31 relationship between a government contractor and an employer, but is
32 based solely on the relationship between a government contractor's
33 employee and an employer under this chapter. For the purposes of
34 retirement plan membership, this subsection includes tribal schools
35 who have chosen to participate in the retirement system and satisfied
36 the requirements of RCW 28A.715.010(7).

37 (18) "Fiscal year" means a year which begins July 1st and ends
38 June 30th of the following year.

39 (19) "Former state fund" means the state retirement fund in
40 operation for teachers under chapter 187, Laws of 1923, as amended.

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

5 (21) "Index A" means the index for the year prior to the
6 determination of a postretirement adjustment.

7 (22) "Index B" means the index for the year prior to index A.

8 (23) "Index year" means the earliest calendar year in which the
9 index is more than sixty percent of index A.

10 (24) "Local fund" means any of the local retirement funds for
11 teachers operated in any school district in accordance with the
12 provisions of chapter 163, Laws of 1917 as amended.

13 (25) "Member" means any teacher included in the membership of the
14 retirement system who has not been removed from membership under RCW
15 41.32.878 or 41.32.768. Also, any other employee of the public
16 schools who, on July 1, 1947, had not elected to be exempt from
17 membership and who, prior to that date, had by an authorized payroll
18 deduction, contributed to the member reserve.

19 (26) "Member account" or "member's account" for purposes of plan
20 3 means the sum of the contributions and earnings on behalf of the
21 member in the defined contribution portion of plan 3.

22 (27) "Member reserve" means the fund in which all of the
23 accumulated contributions of members are held.

24 ~~(28) ("Membership service" means service rendered subsequent to~~
25 ~~the first day of eligibility of a person to membership in the~~
26 ~~retirement system: PROVIDED, That where a member is employed by two~~
27 ~~or more employers the individual shall receive no more than one~~
28 ~~service credit month during any calendar month in which multiple~~
29 ~~service is rendered. The provisions of this subsection shall apply~~
30 ~~only to plan 1 members.~~

31 ~~(29))~~ "Pension" means the moneys payable per year during life
32 from the pension reserve.

33 ~~((30))~~ (29) "Pension reserve" is a fund in which shall be
34 accumulated an actuarial reserve adequate to meet present and future
35 pension liabilities of the system and from which all pension
36 obligations are to be paid.

37 ~~((31) "Plan 1" means the teachers' retirement system, plan 1~~
38 ~~providing the benefits and funding provisions covering persons who~~
39 ~~first became members of the system prior to October 1, 1977.~~

1 ~~(32))~~ (30) "Plan 2" means the teachers' retirement system, plan
2 providing the benefits and funding provisions covering persons who
3 first became members of the system on and after October 1, 1977, and
4 prior to July 1, 1996.

5 ~~((33))~~ (31) "Plan 3" means the teachers' retirement system,
6 plan 3 providing the benefits and funding provisions covering persons
7 who first become members of the system on and after July 1, 1996, or
8 who transfer under RCW 41.32.817.

9 ~~((34) "Prior service" means service rendered prior to the first
10 date of eligibility to membership in the retirement system for which
11 credit is allowable. The provisions of this subsection shall apply
12 only to plan 1 members.~~

13 ~~(35) "Prior service contributions" means contributions made by a
14 member to secure credit for prior service. The provisions of this
15 subsection shall apply only to plan 1 members.~~

16 ~~(36))~~ (32) "Public school" means any institution or activity
17 operated by the state of Washington or any instrumentality or
18 political subdivision thereof employing teachers, except the
19 University of Washington and Washington State University. For the
20 purposes of retirement plan membership, this subsection includes
21 tribal schools who have chosen to participate in the retirement
22 system and satisfied the requirements of RCW 28A.715.010(7).

23 ~~((37) "Regular contributions" means the amounts required to be
24 deducted from the compensation of a member and credited to the
25 member's individual account in the member reserve. This subsection
26 shall apply only to plan 1 members.~~

27 ~~(38))~~ (33) "Regular interest" means such rate as the director
28 may determine.

29 ~~((39))~~ (34) "Retiree" means any person who has begun accruing a
30 retirement allowance or other benefit provided by this chapter
31 resulting from service rendered to an employer while a member.

32 ~~((40)(a) "Retirement allowance" for plan 1 members, means
33 monthly payments based on the sum of annuity and pension, or any
34 optional benefits payable in lieu thereof.~~

35 ~~(b))~~ (35) "Retirement allowance" for plan 2 and plan 3 members,
36 means monthly payments to a retiree or beneficiary as provided in
37 this chapter.

38 ~~((41))~~ (36) "Retirement system" means the Washington state
39 teachers' retirement system.

1 ~~((42))~~ (37) "Separation from service or employment" occurs when
2 a person has terminated all employment with an employer. Separation
3 from service or employment does not occur, and if claimed by an
4 employer or employee may be a violation of RCW 41.32.055, when an
5 employee and employer have a written or oral agreement to resume
6 employment with the same employer following termination. Mere
7 expressions or inquiries about postretirement employment by an
8 employer or employee that do not constitute a commitment to reemploy
9 the employee after retirement are not an agreement under this
10 section.

11 ~~((43)(a))~~ "Service" for plan 1 members means the time during
12 which a member has been employed by an employer for compensation.

13 ~~(i)~~ If a member is employed by two or more employers the
14 individual shall receive no more than one service credit month during
15 any calendar month in which multiple service is rendered.

16 ~~(ii)~~ As authorized by RCW 28A.400.300, up to forty-five days of
17 sick leave may be creditable as service solely for the purpose of
18 determining eligibility to retire under RCW 41.32.470.

19 ~~(iii)~~ As authorized in RCW 41.32.065, service earned in an out-
20 of-state retirement system that covers teachers in public schools may
21 be applied solely for the purpose of determining eligibility to
22 retire under RCW 41.32.470.

23 ~~(b))~~ (38)(a) "Service" for plan 2 and plan 3 members, means
24 periods of employment by a member for one or more employers for which
25 earnable compensation is earned subject to the following conditions:

26 (i) A member employed in an eligible position or as a substitute
27 shall receive one service credit month for each month of September
28 through August of the following year if he or she earns earnable
29 compensation for eight hundred ten or more hours during that period
30 and is employed during nine of those months, except that a member may
31 not receive credit for any period prior to the member's employment in
32 an eligible position except as provided in RCW 41.32.812 and
33 41.50.132.

34 (ii) Any other member employed in an eligible position or as a
35 substitute who earns earnable compensation during the period from
36 September through August shall receive service credit according to
37 one of the following methods, whichever provides the most service
38 credit to the member:

39 (A) If a member is employed either in an eligible position or as
40 a substitute teacher for nine months of the twelve-month period

1 between September through August of the following year but earns
2 earnable compensation for less than eight hundred ten hours but for
3 at least six hundred thirty hours, he or she will receive one-half of
4 a service credit month for each month of the twelve-month period;

5 (B) If a member is employed in an eligible position or as a
6 substitute teacher for at least five months of a six-month period
7 between September through August of the following year and earns
8 earnable compensation for six hundred thirty or more hours within the
9 six-month period, he or she will receive a maximum of six service
10 credit months for the school year, which shall be recorded as one
11 service credit month for each month of the six-month period;

12 (C) All other members employed in an eligible position or as a
13 substitute teacher shall receive service credit as follows:

14 (I) A service credit month is earned in those calendar months
15 where earnable compensation is earned for ninety or more hours;

16 (II) A half-service credit month is earned in those calendar
17 months where earnable compensation is earned for at least seventy
18 hours but less than ninety hours; and

19 (III) A quarter-service credit month is earned in those calendar
20 months where earnable compensation is earned for less than seventy
21 hours.

22 (iii) Any person who is a member of the teachers' retirement
23 system and who is elected or appointed to a state elective position
24 may continue to be a member of the retirement system and continue to
25 receive a service credit month for each of the months in a state
26 elective position by making the required member contributions.

27 (iv) When an individual is employed by two or more employers the
28 individual shall only receive one month's service credit during any
29 calendar month in which multiple service for ninety or more hours is
30 rendered.

31 (v) As authorized by RCW 28A.400.300, up to forty-five days of
32 sick leave may be creditable as service solely for the purpose of
33 determining eligibility to retire under RCW 41.32.470 (as recodified
34 by this act). For purposes of plan 2 and plan 3 "forty-five days" as
35 used in RCW 28A.400.300 is equal to two service credit months. Use of
36 less than forty-five days of sick leave is creditable as allowed
37 under this subsection as follows:

38 (A) Less than eleven days equals one-quarter service credit
39 month;

1 (B) Eleven or more days but less than twenty-two days equals one-
2 half service credit month;

3 (C) Twenty-two days equals one service credit month;

4 (D) More than twenty-two days but less than thirty-three days
5 equals one and one-quarter service credit month;

6 (E) Thirty-three or more days but less than forty-five days
7 equals one and one-half service credit month.

8 (vi) As authorized in RCW 41.32.065, service earned in an out-of-
9 state retirement system that covers teachers in public schools may be
10 applied solely for the purpose of determining eligibility to retire
11 under RCW 41.32.470 (as recodified by this act).

12 ~~((vii))~~ (b) The department shall adopt rules implementing this
13 subsection.

14 ~~((44))~~ (39) "Service credit month" means a full service credit
15 month or an accumulation of partial service credit months that are
16 equal to one.

17 ~~((45))~~ (40) "Service credit year" means an accumulation of
18 months of service credit which is equal to one when divided by
19 twelve.

20 ~~((46))~~ (41) "State actuary" or "actuary" means the person
21 appointed pursuant to RCW 44.44.010(2).

22 ~~((47))~~ (42) "State elective position" means any position held
23 by any person elected or appointed to statewide office or elected or
24 appointed as a member of the legislature.

25 ~~((48))~~ (43) "Substitute teacher" means:

26 (a) A teacher who is hired by an employer to work as a temporary
27 teacher, except for teachers who are annual contract employees of an
28 employer and are guaranteed a minimum number of hours; or

29 (b) Teachers who either (i) work in ineligible positions for more
30 than one employer or (ii) work in an ineligible position or positions
31 together with an eligible position.

32 ~~((49))~~ (44) "Teacher" means any person qualified to teach who
33 is engaged by a public school in an instructional, administrative, or
34 supervisory capacity. The term includes state, educational service
35 district, and school district superintendents and their assistants
36 and all employees certificated by the superintendent of public
37 instruction; and in addition thereto any full time school doctor who
38 is employed by a public school and renders service of an
39 instructional or educational nature.

1 **Sec. 501.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to
2 read as follows:

3 It is the intent of the legislature to provide a dependable and
4 systematic process for funding the benefits provided to members and
5 retirees of the public employees' retirement system, chapter 41.40
6 RCW; the teachers' retirement system, chapter 41.32 RCW; the law
7 enforcement officers' and firefighters' retirement systems, chapter
8 41.26 RCW; the school employees' retirement system, chapter 41.35
9 RCW; the public safety employees' retirement system, chapter 41.37
10 RCW; and the Washington state patrol retirement system, chapter 43.43
11 RCW.

12 The funding process established by this chapter is intended to
13 achieve the following goals:

14 (1) To fully fund the public employees' retirement system plans 2
15 and 3, the teachers' retirement system plans 2 and 3, the school
16 employees' retirement system plans 2 and 3, the public safety
17 employees' retirement system plan 2, and the law enforcement
18 officers' and firefighters' retirement system plan 2 as provided by
19 law;

20 (2) ~~((To fully amortize the total costs of the law enforcement~~
21 ~~officers' and firefighters' retirement system plan 1, not later than~~
22 ~~June 30, 2024;~~

23 ~~(3))~~ To fully amortize the unfunded actuarial accrued liability
24 in the public employees' retirement system plan 1 and the
25 ~~((teachers'))~~ merged LEOFF 1/TRS 1 retirement ~~((system))~~ plan ~~((1))~~
26 within a rolling ten-year period, using methods and assumptions that
27 balance needs for increased benefit security, decreased contribution
28 rate volatility, and affordability of pension contribution rates;

29 ~~((4))~~ (3) To establish long-term employer contribution rates
30 which will remain a relatively predictable proportion of the future
31 state budgets; and

32 ~~((5))~~ (4) To fund, to the extent feasible, all benefits for
33 plan 2 and 3 members over the working lives of those members so that
34 the cost of those benefits are paid by the taxpayers who receive the
35 benefit of those members' service.

36 **Sec. 502.** RCW 41.45.020 and 2006 c 365 s 1 are each amended to
37 read as follows:

38 As used in this chapter, the following terms have the meanings
39 indicated unless the context clearly requires otherwise.

1 (1) "Council" means the pension funding council created in RCW
2 41.45.100.

3 (2) "Department" means the department of retirement systems.

4 (3) (a) "Law enforcement officers' and firefighters' retirement
5 system plan 1" ((and "law)) means the benefits and funding provisions
6 for the law enforcement officers' and firefighters' retirement system
7 plan 1 benefit tier in chapter 41.--- RCW (the new chapter created in
8 section 803 of this act).

9 (b) "Law enforcement officers' and firefighters' retirement
10 system plan 2" means the benefits and funding provisions under
11 chapter 41.26 RCW.

12 (4) "Public employees' retirement system plan 1," "public
13 employees' retirement system plan 2," and "public employees'
14 retirement system plan 3" mean the benefits and funding provisions
15 under chapter 41.40 RCW.

16 (5) (a) "Teachers' retirement system plan 1((7))" (("teachers'))
17 means the benefits and funding provisions for the teachers'
18 retirement system plan 1 benefit tier in chapter 41.--- RCW (the new
19 chapter created in section 803 of this act).

20 (b) "Teachers' retirement system plan 2," and "teachers'
21 retirement system plan 3" mean the benefits and funding provisions
22 under chapter 41.32 RCW.

23 (6) "School employees' retirement system plan 2" and "school
24 employees' retirement system plan 3" mean the benefits and funding
25 provisions under chapter 41.35 RCW.

26 (7) "Washington state patrol retirement system" means the
27 retirement benefits provided under chapter 43.43 RCW.

28 (8) "Unfunded liability" means the unfunded actuarial accrued
29 liability of a retirement system.

30 (9) "Actuary" or "state actuary" means the state actuary employed
31 under chapter 44.44 RCW.

32 (10) "State retirement systems" means the retirement systems
33 listed in RCW 41.50.030.

34 (11) "Classified employee" means a member of the Washington
35 school employees' retirement system plan 2 or plan 3 as defined in
36 RCW 41.35.010.

37 (12) "Teacher" means a member of the teachers' retirement system
38 as defined in RCW 41.32.010(~~(+15+)~~) (25).

39 (13) "Select committee" means the select committee on pension
40 policy created in RCW 41.04.276.

1 (14) "Actuarial value of assets" means the value of pension plan
2 investments and other property used by the actuary for the purpose of
3 an actuarial valuation.

4 (15) "Public safety employees' retirement system plan 2" means
5 the benefits and funding provisions established under chapter 41.37
6 RCW.

7 (16) "Normal cost" means the portion of the actuarial present
8 value of projected benefits and expenses that is allocated to a
9 period, typically twelve months, under the actuarial cost method.

10 **Sec. 503.** RCW 41.45.035 and 2016 sp.s. c 36 s 922 are each
11 amended to read as follows:

12 (1) Beginning July 1, 2001, the following long-term economic
13 assumptions shall be used by the state actuary for the purposes of
14 RCW 41.45.030:

15 (a) The growth in inflation assumption shall be 3.5 percent;

16 (b) The growth in salaries assumption, exclusive of merit or
17 longevity increases, shall be 4.5 percent;

18 (c) The investment rate of return assumption shall be 8 percent;

19 (d) The growth in system membership assumption shall be 1.25
20 percent for the public employees' retirement system, the public
21 safety employees' retirement system, the school employees' retirement
22 system, and the law enforcement officers' and firefighters'
23 retirement system plan 2. The assumption shall be .90 percent for the
24 teachers' retirement system and the teachers' retirement systems plan
25 1 benefit tier of the merged LEOFF 1/TRS 1 retirement plan; and

26 (e) From July 1, 2016, until July 1, 2017, the growth in system
27 membership for the teachers' retirement system and the teachers'
28 retirement systems plan 1 benefit tier of the merged LEOFF 1/TRS 1
29 retirement plan shall be 1.25 percent. It is the intent of the
30 legislature to continue this growth rate assumption in the 2017-2019
31 fiscal biennium.

32 (2) Beginning July 1, 2009, the growth in salaries assumption for
33 the public employees' retirement system, the public safety employees'
34 retirement system, the teachers' retirement system, the teachers'
35 retirement systems plan 1 benefit tier of the merged LEOFF 1/TRS 1
36 retirement plan, the school employees' retirement system, plan 1 of
37 the law enforcement officers' and firefighters' retirement system
38 plan 2, and the Washington state patrol retirement system, exclusive
39 of merit or longevity increases, shall be the sum of:

1 (a) The growth in inflation assumption in subsection (1)(a) of
2 this section; and

3 (b) The productivity growth assumption of 0.5 percent.

4 (3) The following investment rate of return assumptions for the
5 public employees' retirement system, the public safety employees'
6 retirement system, the teachers' retirement system, the school
7 employees' retirement system, (~~plan 1 of the law enforcement~~
8 ~~officers' and firefighters')~~ the merged LEOFF 1/TRS 1 retirement
9 (~~system~~) plan, and the Washington state patrol retirement system,
10 shall be used by the state actuary for the purposes of RCW 41.45.030:

11 (a) Beginning July 1, 2013, the investment rate of return
12 assumption shall be 7.9 percent.

13 (b) Beginning July 1, 2015, the investment rate of return
14 assumption shall be 7.8 percent.

15 (c) Beginning July 1, 2017, the investment rate of return
16 assumption shall be 7.7 percent.

17 (d) For valuation purposes, the state actuary shall only use the
18 assumptions in (a) through (c) of this subsection after the effective
19 date in (a) through (c) of this subsection.

20 (e) By June 1, 2017, the state actuary shall submit to the
21 council information regarding the experience and financial condition
22 of each state retirement system, and make recommendations regarding
23 the long-term investment rate of return assumptions set forth in this
24 subsection. The council shall review this and such other information
25 as it may require.

26 (4)(a) Beginning with actuarial studies done after July 1, 2003,
27 changes to plan asset values that vary from the long-term investment
28 rate of return assumption shall be recognized in the actuarial value
29 of assets over a period that varies up to eight years depending on
30 the magnitude of the deviation of each year's investment rate of
31 return relative to the long-term rate of return assumption. Beginning
32 with actuarial studies performed after July 1, 2004, the actuarial
33 value of assets shall not be greater than one hundred thirty percent
34 of the market value of assets as of the valuation date or less than
35 seventy percent of the market value of assets as of the valuation
36 date. Beginning April 1, 2004, the council, by affirmative vote of
37 four councilmembers, may adopt changes to this asset value smoothing
38 technique. Any changes adopted by the council shall be subject to
39 revision by the legislature.

1 (b) The state actuary shall periodically review the
2 appropriateness of the asset smoothing method in this section and
3 recommend changes to the council as necessary. Any changes adopted by
4 the council shall be subject to revision by the legislature.

5 **Sec. 504.** RCW 41.45.050 and 2020 c 103 s 3 are each amended to
6 read as follows:

7 (1) Employers of members of the public employees' retirement
8 system, the TRS 1 benefit tier of the merged LEOFF 1/TRS 1 retirement
9 plan, the teachers' retirement system, the school employees'
10 retirement system, the public safety employees' retirement system,
11 the Washington state patrol retirement system, and the higher
12 education retirement plans shall make contributions to those systems
13 and plans based on the rates established in RCW 41.45.060 and
14 41.45.070.

15 (2) The state shall make contributions to the law enforcement
16 officers' and firefighters' retirement system plan 2 based on the
17 rates established in RCW 41.45.060 and 41.45.070. The state treasurer
18 shall transfer the required contributions each month on the basis of
19 salary data provided by the department.

20 (3) The department shall bill employers, and the state shall make
21 contributions to the law enforcement officers' and firefighters'
22 retirement system plan 2, using the combined rates established in RCW
23 41.45.060 and 41.45.070 regardless of the level of appropriation
24 provided in the biennial budget. Any member of an affected retirement
25 system may, by mandamus or other appropriate proceeding, require the
26 transfer and payment of funds as directed in this section.

27 (4) The contributions received for the public employees'
28 retirement system shall be allocated between the public employees'
29 retirement system plan 1 fund and the public employees' retirement
30 system combined plan 2 and plan 3 fund as follows: The contributions
31 necessary to fully fund the public employees' retirement system
32 combined plan 2 and plan 3 employer contribution shall first be
33 deposited in the public employees' retirement system combined plan 2
34 and plan 3 fund. All remaining public employees' retirement system
35 employer contributions shall be deposited in the public employees'
36 retirement system plan 1 fund.

37 (5) The contributions received for the teachers' retirement
38 system shall be allocated between the plan 1 fund and the combined
39 plan 2 and plan 3 fund as follows: The contributions necessary to

1 fully fund the combined plan 2 and plan 3 employer contribution shall
2 first be deposited in the combined plan 2 and plan 3 fund. All
3 remaining teachers' retirement system employer contributions shall be
4 deposited in the plan 1 fund.

5 (6) The contributions received for the school employees'
6 retirement system shall be allocated between the public employees'
7 retirement system plan 1 fund and the school employees' retirement
8 system combined plan 2 and plan 3 fund as follows: The contributions
9 necessary to fully fund the combined plan 2 and plan 3 employer
10 contribution shall first be deposited in the combined plan 2 and plan
11 3 fund. All remaining school employees' retirement system employer
12 contributions shall be deposited in the public employees' retirement
13 system plan 1 fund.

14 (7) The contributions received for the law enforcement officers'
15 and firefighters' retirement system plan 2 shall be deposited in the
16 law enforcement officers' and firefighters' retirement system plan 2
17 fund.

18 (8) The contributions received for the public safety employees'
19 retirement system shall be allocated between the public employees'
20 retirement system plan 1 fund and the public safety employees'
21 retirement system plan 2 fund as follows: The contributions necessary
22 to fully fund the plan 2 employer contribution shall first be
23 deposited in the plan 2 fund. All remaining public safety employees'
24 retirement system employer contributions shall be deposited in the
25 public employees' retirement system plan 1 fund.

26 (9) The contributions received for the higher education
27 retirement plan supplemental benefit fund shall be deposited in the
28 higher education retirement plan supplemental benefit fund and
29 amounts received from each institution accounted for separately and
30 shall only be used to make benefit payments to the beneficiaries of
31 that institution's plan.

32 **Sec. 505.** RCW 41.45.060 and 2020 c 103 s 4 are each amended to
33 read as follows:

34 (1) The state actuary shall provide preliminary actuarial
35 valuation results based on the economic assumptions and asset value
36 smoothing technique included in RCW 41.45.035 or adopted under RCW
37 41.45.030 or 41.45.035.

38 (2) Not later than July 31, 2008, and every two years thereafter,
39 consistent with the economic assumptions and asset value smoothing

1 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
2 41.45.035, the council shall adopt and may make changes to:

3 (a) (~~(A basic state contribution rate for the law enforcement~~
4 ~~officers' and firefighters' retirement system plan 1;~~

5 ~~(b))~~) Basic employer contribution rates for the public employees'
6 retirement system, the teachers' retirement system, and the
7 Washington state patrol retirement system; and

8 (~~(c))~~) (b) Basic employer contribution rates for the school
9 employees' retirement system and the public safety employees'
10 retirement system for funding both those systems and the public
11 employees' retirement system plan 1.

12 The council may adopt annual rate changes for any plan for any
13 rate-setting period. The contribution rates adopted by the council
14 shall be subject to revision by the legislature.

15 (3) The employer and state contribution rates adopted by the
16 council shall be the level percentages of pay that are needed:

17 (a) (~~(To fully amortize the total costs of the law enforcement~~
18 ~~officers' and firefighters' retirement system plan 1 not later than~~
19 ~~June 30, 2024;~~

20 ~~(b))~~) To fully fund the public employees' retirement system plans
21 2 and 3, the teachers' retirement system plans 2 and 3, the public
22 safety employees' retirement system plan 2, and the school employees'
23 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
24 41.45.067, and this section; and

25 (~~(c))~~) (b) To fully fund the public employees' retirement system
26 plan 1 and the (~~teachers' retirement system plan 1~~) merged LEOFF
27 1/TRS 1 retirement plan in accordance with RCW 41.45.070, 41.45.150,
28 and this section.

29 (4) The aggregate actuarial cost method shall be used to
30 calculate a combined plan 2 and 3 normal cost, a Washington state
31 patrol retirement system normal cost, and a public safety employees'
32 retirement system normal cost.

33 (5) A modified entry age normal cost method, as set forth in this
34 chapter, shall be used to calculate employer contributions to the
35 public employees' retirement system plan 1 and the (~~teachers'~~
36 ~~retirement system plan 1~~) merged LEOFF 1/TRS 1 retirement plan.

37 (6) The employer contribution rate for the public employees'
38 retirement system and the school employees' retirement system shall
39 equal the sum of:

1 (a) The amount required to pay the combined plan 2 and plan 3
2 normal cost for the system, subject to any minimum rates applied
3 pursuant to RCW 41.45.155; plus

4 (b) The amount required to amortize the unfunded actuarial
5 accrued liability in plan 1 of the public employees' retirement
6 system over a rolling ten-year period using projected future salary
7 growth and growth in system membership, and subject to any minimum or
8 maximum rates applied pursuant to RCW 41.45.150; plus

9 (c) The amounts required to amortize the costs of any benefit
10 improvements in plan 1 of the public employees' retirement system
11 that become effective after June 30, 2009. The cost of each benefit
12 improvement shall be amortized over a fixed ten-year period using
13 projected future salary growth and growth in system membership. The
14 amounts required under this subsection are not subject to, and are
15 collected in addition to, any minimum or maximum rates applied
16 pursuant to RCW 41.45.150.

17 (7) The employer contribution rate for the public safety
18 employees' retirement system shall equal the sum of:

19 (a) The amount required to pay the normal cost for the system,
20 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

21 (b) The amount required to amortize the unfunded actuarial
22 accrued liability in plan 1 of the public employees' retirement
23 system over a rolling ten-year period using projected future salary
24 growth and growth in system membership, and subject to any minimum or
25 maximum rates applied pursuant to RCW 41.45.150; plus

26 (c) The amounts required to amortize the costs of any benefit
27 improvements in plan 1 of the public employees' retirement system
28 that become effective after June 30, 2009. The cost of each benefit
29 improvement shall be amortized over a fixed ten-year period using
30 projected future salary growth and growth in system membership. The
31 amounts required under this subsection are not subject to, and are
32 collected in addition to, any minimum or maximum rates applied
33 pursuant to RCW 41.45.150.

34 (8) The employer contribution rate for the teachers' retirement
35 system shall equal the sum of:

36 (a) The amount required to pay the combined plan 2 and plan 3
37 normal cost for the system, subject to any minimum rates applied
38 pursuant to RCW 41.45.155 and the amounts in (b) and (c) of this
39 subsection; plus

1 (b) The amount required to amortize the unfunded actuarial
2 accrued liability in (~~plan 1 of the teachers' retirement system~~)
3 the merged LEOFF 1/TRS 1 retirement plan over a rolling ten-year
4 period using projected future salary growth and growth in system
5 membership, and subject to any minimum or maximum rates applied
6 pursuant to RCW 41.45.150; plus

7 (c) The amounts required to amortize the costs of any benefit
8 improvements in plan 1 of the teachers' retirement system that become
9 effective after June 30, 2009. The cost of each benefit improvement
10 shall be amortized over a fixed ten-year period using projected
11 future salary growth and growth in system membership. The amounts
12 required under this subsection are not subject to, and are collected
13 in addition to, any minimum or maximum rates applied pursuant to RCW
14 41.45.150.

15 (9) The employer contribution rate for each of the institutions
16 of higher education for the higher education supplemental retirement
17 benefits must be sufficient to fund, as a level percentage of pay, a
18 portion of the projected cost of the supplemental retirement benefits
19 for the institution beginning in 2035, with the other portion
20 supported on a pay-as-you-go basis, either as direct payments by each
21 institution to retirees, or as contributions to the higher education
22 retirement plan supplemental benefit fund. Contributions must
23 continue until the council determines that the institution for higher
24 education supplemental retirement benefit liabilities are satisfied.

25 (10) The council shall immediately notify the directors of the
26 office of financial management and department of retirement systems
27 of the state and employer contribution rates adopted. The rates shall
28 be effective for the ensuing biennial period, subject to any
29 legislative modifications.

30 (11) The director shall collect those rates adopted by the
31 council. The rates established in RCW 41.45.062, or by the council,
32 shall be subject to revision by the legislature.

33 (12) The state actuary shall prepare final actuarial valuation
34 results based on the economic assumptions, asset value smoothing
35 technique, and contribution rates included in or adopted under RCW
36 41.45.030, 41.45.035, and this section.

37 **Sec. 506.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to
38 read as follows:

1 (1) In addition to the basic employer contribution rate
2 established in RCW 41.45.060 (~~or 41.45.054~~), the department shall
3 also charge employers of public employees' retirement system, the
4 merged LEOFF 1/TRS 1 retirement plan, teachers' retirement system,
5 school employees' retirement system, public safety employees'
6 retirement system, or Washington state patrol retirement system
7 members an additional supplemental rate to pay for the cost of
8 additional benefits, if any, granted to members of those systems.
9 Except as provided in subsections (6), (7), and (9) of this section,
10 the supplemental contribution rates required by this section shall be
11 calculated by the state actuary and shall be charged regardless of
12 language to the contrary contained in the statute which authorizes
13 additional benefits.

14 (2) In addition to the basic member, employer, and state
15 contribution rate established in RCW 41.45.0604 for the law
16 enforcement officers' and firefighters' retirement system plan 2, the
17 department shall also establish supplemental rates to pay for the
18 cost of additional benefits, if any, granted to members of the law
19 enforcement officers' and firefighters' retirement system plan 2.
20 Except as provided in subsection (6) of this section, these
21 supplemental rates shall be calculated by the actuary retained by the
22 law enforcement officers' and firefighters' board and the state
23 actuary through the process provided in RCW 41.26.720(1)(a) and the
24 state treasurer shall transfer the additional required contributions
25 regardless of language to the contrary contained in the statute which
26 authorizes the additional benefits.

27 (3) (a) Beginning July 1, 2009, the supplemental rate charged
28 under this section to fund benefit increases provided to active
29 members of the public employees' retirement system plan 1 (~~and the~~
30 ~~teachers' retirement system plan 1~~) shall be calculated as the level
31 percentage of all system pay needed to fund the cost of the benefit
32 over a fixed ten-year period, using projected future salary growth
33 and growth in system membership. The supplemental rate to fund
34 benefit increases provided to active members of the public employees'
35 retirement system plan 1 shall be charged to all system employers in
36 the public employees' retirement system, the school employees'
37 retirement system, and the public safety employees' retirement
38 system.

39 (b) The supplemental rate to fund benefit increases provided to
40 active members of the teachers' retirement system plan 1 benefit tier

1 of the retirement plan established in chapter 41.--- RCW (the new
2 chapter created in section 803 of this act), shall be charged to all
3 system employers in the teachers' retirement system.

4 (4) The supplemental rate charged under this section to fund
5 benefit increases provided to active and retired members of the
6 public employees' retirement system plan 2 and plan 3, the teachers'
7 retirement system plan 2 and plan 3, the public safety employees'
8 retirement system plan 2, the school employees' retirement system
9 plan 2 and plan 3, or the Washington state patrol retirement system
10 shall be calculated as the level percentage of all members' pay
11 needed to fund the cost of the benefit, as calculated under RCW
12 41.45.060, 41.45.061, 41.45.0631, or 41.45.067.

13 (5) The supplemental rate charged under this section to fund
14 postretirement adjustments which are provided on a nonautomatic basis
15 to current retirees shall be calculated as the percentage of pay
16 needed to fund the adjustments as they are paid to the retirees.
17 Beginning July 1, 2009, the supplemental rate charged under this
18 section to fund increases in the automatic postretirement adjustments
19 for active or retired members of the public employees' retirement
20 system plan 1 and the teachers' retirement system plan 1 shall be
21 calculated as the level percentage of pay needed to fund the cost of
22 the automatic adjustments over a fixed ten-year period, using
23 projected future salary growth and growth in system membership. The
24 supplemental rate to fund increases in the automatic postretirement
25 adjustments for active members or retired members of the public
26 employees' retirement system plan 1 shall be charged to all system
27 employers in the public employees' retirement system, the school
28 employees' retirement system, and the public safety employees'
29 retirement system. The supplemental rate to fund increases in
30 automatic postretirement adjustments for active members or retired
31 members of the teachers' retirement system plan 1 shall be charged to
32 all system employers in the teachers' retirement system.

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

36 (7) A supplemental rate shall not be charged to pay for the cost
37 of additional benefits granted to members pursuant to chapter 41.31A
38 RCW; section 309, chapter 341, Laws of 1998; or section 701, chapter
39 341, Laws of 1998.

1 (8) A supplemental rate shall not be charged to pay for the cost
2 of additional benefits granted to members and survivors pursuant to
3 chapter 94, Laws of 2006.

4 (9) A supplemental rate shall not be charged to pay for the cost
5 of the additional benefits granted to members of the teachers'
6 retirement system and the school employees' retirement system plans 2
7 and 3 in sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until
8 September 1, 2008. A supplemental rate shall not be charged to pay
9 for the cost of the additional benefits granted to members of the
10 public employees' retirement system plans 2 and 3 under sections 9
11 and 10, chapter 491, Laws of 2007 until July 1, 2008.

12 **Sec. 507.** RCW 41.45.150 and 2011 c 362 s 8 are each amended to
13 read as follows:

14 (1) Beginning July 1, 2009, and ending June 30, 2015, maximum
15 annual contribution rates are established for the portion of the
16 employer contribution rate for the public employees' retirement
17 system and the public safety employees' retirement system that is
18 used for the sole purpose of amortizing that portion of the unfunded
19 actuarial accrued liability in the public employees' retirement
20 system plan 1 that excludes any amounts required to amortize plan 1
21 benefit improvements effective after June 30, 2009. The maximum rates
22 are:

23 Fiscal Year ending:

24	2010	2011	2012	2013	2014	2015
25	1.25%	1.25%	3.75%	4.50%	5.25%	6.00%

26 (2) Beginning September 1, 2009, and ending August 31, 2015,
27 maximum annual contribution rates are established for the portion of
28 the employer contribution rate for the school employees' retirement
29 system that is used for the sole purpose of amortizing that portion
30 of the unfunded actuarial accrued liability in the public employees'
31 retirement system plan 1 that excludes any amounts required to
32 amortize plan 1 benefit improvements effective after June 30, 2009.
33 The maximum rates are:

34 Fiscal Year ending:

35	2010	2011	2012	2013	2014	2015
36	1.25%	1.25%	3.75%	4.50%	5.25%	6.00%

1 (3) Beginning September 1, 2009, and ending August 31, 2015,
2 maximum annual contribution rates are established for the portion of
3 the employer contribution rate for the teachers' retirement system
4 that is used for the sole purpose of amortizing that portion of the
5 unfunded actuarial accrued liability in the teachers' retirement
6 system plan 1 that excludes any amounts required to amortize plan 1
7 benefit improvements for the merged LEOFF 1/TRS 1 retirement plan
8 effective after June 30, 2009. The maximum rates are:

9 Fiscal Year ending:

10	2010	2011	2012	2013	2014	2015
11	2.04%	2.04%	6.50%	7.50%	8.50%	9.50%

12 (4) Beginning July 1, 2015, and ending September 1, 2021, a
13 minimum 3.50 percent contribution is established as part of the basic
14 employer contribution rate for the public employees' retirement
15 system and the public safety employees' retirement system, to be used
16 for the sole purpose of amortizing that portion of the unfunded
17 actuarial accrued liability in the public employees' retirement
18 system plan 1 that excludes any amounts required to amortize plan 1
19 benefit improvements effective after June 30, 2009. This minimum
20 contribution rate shall remain effective until the actuarial value of
21 assets in plan 1 of the public employees' retirement system equals
22 one hundred percent of the actuarial accrued liability.

23 (5) Beginning September 1, 2015, and ending September 1, 2021, a
24 minimum 3.50 percent contribution is established as part of the basic
25 employer contribution rate for the school employees' retirement
26 system, to be used for the sole purpose of amortizing that portion of
27 the unfunded actuarial accrued liability in the public employees'
28 retirement system plan 1 that excludes any amounts required to
29 amortize plan 1 benefit improvements effective after June 30, 2009.
30 This minimum contribution rate shall remain effective until the
31 actuarial value of assets in plan 1 of the public employees'
32 retirement system equals one hundred percent of the actuarial accrued
33 liability.

34 (6) (a) Beginning September 1, 2015, and ending August 31, 2021, a
35 minimum 5.75 percent contribution is established as part of the basic
36 employer contribution rate for the teachers' retirement system ((7)).
37 This rate is to be used for the sole purpose of amortizing that
38 portion of the unfunded actuarial accrued liability in the teachers'

1 retirement system plan 1 that excludes any amounts required to
2 amortize plan 1 benefit improvements effective after June 30, 2009.
3 (~~(This minimum contribution rate)~~)

4 (b) Beginning September 1, 2021, a minimum contribution rate of
5 0.44 percent is established to amortize Plan 1 benefit improvements
6 effective after June 30, 2009, and shall remain effective until the
7 actuarial value of assets in plan 1 of the teachers' retirement
8 system equals one hundred percent of the actuarial accrued liability.

9 (7) Upon completion of each biennial actuarial valuation, the
10 state actuary shall review the appropriateness of the minimum
11 contribution rates and recommend to the council any adjustments as
12 may be needed due to material changes in benefits or actuarial
13 assumptions, methods, or experience. Any changes adopted by the
14 council shall be subject to revision by the legislature.

15 **Sec. 601.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to
16 read as follows:

17 (1) It is the policy of the state of Washington to ensure the
18 well-being of its citizens by protecting retirement income to which
19 they are or may become entitled. For that purpose generally and
20 pursuant to the authority granted to the state of Washington under 11
21 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to
22 retirement benefits are provided.

23 (2) Unless otherwise provided by federal law, any money received
24 by any citizen of the state of Washington as a pension from the
25 government of the United States, whether the same be in the actual
26 possession of such person or be deposited or loaned, shall be exempt
27 from execution, attachment, garnishment, or seizure by or under any
28 legal process whatever, and when a debtor dies, or absconds, and
29 leaves his or her family any money exempted by this subsection, the
30 same shall be exempt to the family as provided in this subsection.
31 This subsection shall not apply to child support collection actions
32 issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise
33 permitted by federal law.

34 (3) The right of a person to a pension, annuity, or retirement
35 allowance or disability allowance, or death benefits, or any optional
36 benefit, or any other right accrued or accruing to any citizen of the
37 state of Washington under any employee benefit plan, and any fund
38 created by such a plan or arrangement, shall be exempt from
39 execution, attachment, garnishment, or seizure by or under any legal

1 process whatever. This subsection shall not apply to child support
2 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW
3 if otherwise permitted by federal law. This subsection shall permit
4 benefits under any such plan or arrangement to be payable to a
5 spouse, former spouse, child, or other dependent of a participant in
6 such plan to the extent expressly provided for in a qualified
7 domestic relations order that meets the requirements for such orders
8 under the plan, or, in the case of benefits payable under a plan
9 described in 26 U.S.C. Sec. 403(b) or 408 of the internal revenue
10 code of 1986, as amended, or section 409 of such code as in effect
11 before January 1, 1984, to the extent provided in any order issued by
12 a court of competent jurisdiction that provides for maintenance or
13 support. This subsection does not prohibit actions against an
14 employee benefit plan, or fund for valid obligations incurred by the
15 plan or fund for the benefit of the plan or fund.

16 (4) For the purposes of this section, the term "employee benefit
17 plan" means any plan or arrangement that is described in RCW
18 49.64.020, including any Keogh plan, whether funded by a trust or by
19 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the
20 internal revenue code of 1986, as amended; or that is a tax-sheltered
21 annuity or a custodial account described in section 403(b) of such
22 code or an individual retirement account or an individual retirement
23 annuity described in section 408 of such code; or a Roth individual
24 retirement account described in section 408A of such code; or a
25 medical savings account or a health savings account described in
26 sections 220 and 223, respectively, of such code; or a retirement
27 bond described in section 409 of such code as in effect before
28 January 1, 1984. The term "employee benefit plan" shall not include
29 any employee benefit plan that is established or maintained for its
30 employees by the government of the United States, by the state of
31 Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.--- RCW (the
32 new chapter created in section 803 of this act), 41.34, 41.35, 41.37,
33 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency or
34 instrumentality of the government of the United States.

35 (5) An employee benefit plan shall be deemed to be a spendthrift
36 trust, regardless of the source of funds, the relationship between
37 the trustee or custodian of the plan and the beneficiary, or the
38 ability of the debtor to withdraw or borrow or otherwise become
39 entitled to benefits from the plan before retirement. This subsection
40 shall not apply to child support collection actions issued under

1 chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by
2 federal law. This subsection shall permit benefits under any such
3 plan or arrangement to be payable to a spouse, former spouse, child,
4 or other dependent of a participant in such plan to the extent
5 expressly provided for in a qualified domestic relations order that
6 meets the requirements for such orders under the plan, or, in the
7 case of benefits payable under a plan described in 26 U.S.C. Sec.
8 403(b) or 408 of the internal revenue code of 1986, as amended, or
9 section 409 of such code as in effect before January 1, 1984, to the
10 extent provided in any order issued by a court of competent
11 jurisdiction that provides for maintenance or support.

12 (6) Unless prohibited by federal law, nothing contained in
13 subsection (3), (4), or (5) of this section shall be construed as a
14 termination or limitation of a spouse's community property interest
15 in an employee benefit plan held in the name of or on account of the
16 other spouse, who is the participant or the account holder spouse.
17 Unless prohibited by applicable federal law, at the death of the
18 nonparticipant, nonaccount holder spouse, the nonparticipant,
19 nonaccount holder spouse may transfer or distribute the community
20 property interest of the nonparticipant, nonaccount holder spouse in
21 the participant or account holder spouse's employee benefit plan to
22 the nonparticipant, nonaccount holder spouse's estate, testamentary
23 trust, inter vivos trust, or other successor or successors pursuant
24 to the last will of the nonparticipant, nonaccount holder spouse or
25 the law of intestate succession, and that distributee may, but shall
26 not be required to, obtain an order of a court of competent
27 jurisdiction, including a nonjudicial binding agreement or order
28 entered under chapter 11.96A RCW, to confirm the distribution. For
29 purposes of subsection (3) of this section, the distributee of the
30 nonparticipant, nonaccount holder spouse's community property
31 interest in an employee benefit plan shall be considered a person
32 entitled to the full protection of subsection (3) of this section.
33 The nonparticipant, nonaccount holder spouse's consent to a
34 beneficiary designation by the participant or account holder spouse
35 with respect to an employee benefit plan shall not, absent clear and
36 convincing evidence to the contrary, be deemed a release, gift,
37 relinquishment, termination, limitation, or transfer of the
38 nonparticipant, nonaccount holder spouse's community property
39 interest in an employee benefit plan. For purposes of this
40 subsection, the term "nonparticipant, nonaccount holder spouse" means

1 the spouse of the person who is a participant in an employee benefit
2 plan or in whose name an individual retirement account is maintained.
3 As used in this subsection, an order of a court of competent
4 jurisdiction entered under chapter 11.96A RCW includes an agreement,
5 as that term is used under RCW 11.96A.220.

6 **Sec. 602.** RCW 28A.150.410 and 2018 c 266 s 202 are each amended
7 to read as follows:

8 (1) Through the 2017-18 school year, the legislature shall
9 establish for each school year in the appropriations act a statewide
10 salary allocation schedule, for allocation purposes only, to be used
11 to distribute funds for basic education certificated instructional
12 staff salaries under RCW 28A.150.260. For the purposes of this
13 section, the staff allocations for classroom teachers, teacher-
14 librarians, guidance counselors, and student health services staff
15 under RCW 28A.150.260 are considered allocations for certificated
16 instructional staff.

17 (2) Through the 2017-18 school year, salary allocations for
18 state-funded basic education certificated instructional staff shall
19 be calculated by the superintendent of public instruction by
20 determining the district's average salary for certificated
21 instructional staff, using the statewide salary allocation schedule
22 and related documents, conditions, and limitations established by the
23 omnibus appropriations act.

24 (3) Through the 2017-18 school year, no more than ninety college
25 quarter-hour credits received by any employee after the baccalaureate
26 degree may be used to determine compensation allocations under the
27 state salary allocation schedule and LEAP documents referenced in the
28 omnibus appropriations act, or any replacement schedules and
29 documents, unless:

30 (a) The employee has a master's degree; or

31 (b) The credits were used in generating state salary allocations
32 before January 1, 1992.

33 (4) Beginning in the 2007-08 school year and through the 2017-18
34 school year, the calculation of years of service for occupational
35 therapists, physical therapists, speech-language pathologists,
36 audiologists, nurses, social workers, counselors, and psychologists
37 regulated under Title 18 RCW may include experience in schools and
38 other nonschool positions as occupational therapists, physical
39 therapists, speech-language pathologists, audiologists, nurses,

1 social workers, counselors, or psychologists. The calculation shall
2 be that one year of service in a nonschool position counts as one
3 year of service for purposes of this chapter, up to a limit of two
4 years of nonschool service. Nonschool years of service included in
5 calculations under this subsection shall not be applied to service
6 credit totals for purposes of any retirement benefit under chapter
7 41.32, 41.--- RCW (the new chapter created in section 803 of this
8 act), 41.35, or 41.40 RCW, or any other state retirement system
9 benefits.

10 (5) By the 2018-19 school year, the minimum state allocation for
11 salaries for certificated instructional staff in the basic education
12 program must be increased to provide a statewide average allocation
13 of sixty-four thousand dollars adjusted for inflation from the
14 2017-18 school year.

15 (6) By the 2018-19 school year, the minimum state allocation for
16 salaries for certificated administrative staff in the basic education
17 program must be increased to provide a statewide average allocation
18 of ninety-five thousand dollars adjusted for inflation from the
19 2017-18 school year.

20 (7) By the 2018-19 school year, the minimum state allocation for
21 salaries for classified staff in the basic education program must be
22 increased to provide a statewide average allocation of forty-five
23 thousand nine hundred twelve dollars adjusted by inflation from the
24 2017-18 school year.

25 (8) For school year 2018-19, a district's minimum state
26 allocation for salaries is the greater of the district's 2017-18
27 state salary allocation, adjusted for inflation, or the district's
28 allocation based on the state salary level specified in subsections
29 (5) through (7) of this section, and as further specified in the
30 omnibus appropriations act.

31 (9) Beginning with the 2018-19 school year, state allocations for
32 salaries for certificated instructional staff, certificated
33 administrative staff, and classified staff must be adjusted for
34 regional differences in the cost of hiring staff. Adjustments for
35 regional differences must be specified in the omnibus appropriations
36 act for each school year through at least school year 2022-23. For
37 school years 2018-19 through school year 2022-23, the school district
38 regionalization factors are based on the median single-family
39 residential value of each school district and proximate school

1 district median single-family residential value as described in RCW
2 28A.150.412.

3 (10) Beginning with the 2023-24 school year and every four years
4 thereafter, the minimum state salary allocations and school district
5 regionalization factors for certificated instructional staff,
6 certificated administrative staff, and classified staff must be
7 reviewed and rebased, as provided under RCW 28A.150.412, to ensure
8 that state salary allocations continue to align with staffing costs
9 for the state's program of basic education.

10 (11) For the purposes of this section, "inflation" has the
11 meaning provided in RCW 28A.400.205 for "inflationary adjustment
12 index."

13 **Sec. 603.** RCW 28A.400.391 and 1993 c 386 s 2 are each amended to
14 read as follows:

15 (1) Every group disability insurance policy, health care service
16 contract, health maintenance agreement, and health and welfare
17 benefit plan obtained or created to provide benefits to employees of
18 school districts and their dependents shall contain provisions that
19 permit retired and disabled employees to continue medical, dental, or
20 vision coverage under the group policy, contract, agreement, or plan
21 until September 30, 1993, or until the employee becomes eligible for
22 federal medicare coverage, whichever occurs first. The terms and
23 conditions for election and maintenance of such continued coverage
24 shall conform to the standards established under the federal
25 consolidated omnibus budget reconciliation act of 1985, as amended.
26 The period of continued coverage provided under this section shall
27 run concurrently with any period of coverage guaranteed under the
28 federal consolidated omnibus budget reconciliation act of 1985, as
29 amended.

30 (2) This section applies to:

31 (a) School district employees who retired or lost insurance
32 coverage due to disability after July 28, 1991;

33 (b) School district employees who retired or lost insurance
34 coverage due to disability within the eighteen-month period ending on
35 July 28, 1991; and

36 (c) School district employees who retired or lost insurance
37 coverage due to disability prior to January 28, 1990, and who were
38 covered by their employing district's insurance plan on January 1,
39 1991.

1 (3) For the purposes of this section "retired employee" means an
2 employee who separates from district service and is eligible at the
3 time of separation from service to receive, immediately following
4 separation from service, a retirement allowance under chapter 41.32,
5 41.--- RCW (the new chapter created in section 803 of this act), or
6 41.40 RCW.

7 (4) The superintendent of public instruction shall adopt
8 administrative rules to implement this section.

9 **Sec. 604.** RCW 28A.625.150 and 1990 c 33 s 520 are each amended
10 to read as follows:

11 The board of directors of any school district may establish a
12 commendable employee service and recognition award program for
13 certificated and classified school employees. The program shall be
14 designed to recognize exemplary service, special achievements, or
15 outstanding contributions by an individual in the performance of his
16 or her duties as an employee of the school district. The board of
17 directors of the school district shall determine the extent and type
18 of any nonmonetary award. The value of any nonmonetary award shall
19 not be deemed salary or compensation for the purposes of RCW
20 28A.400.200 or chapter 41.32 RCW or 41.--- RCW (the new chapter
21 created in section 803 of this act).

22 **Sec. 605.** RCW 28B.15.380 and 2019 c 144 s 1 are each amended to
23 read as follows:

24 Subject to the limitations of RCW 28B.15.910, the governing
25 boards of the state universities, the regional universities, and The
26 Evergreen State College shall exempt the following students from the
27 payment of all tuition fees and services and activities fees:

28 (1) Children of any law enforcement officer as defined in chapter
29 41.26 RCW, firefighter as defined in chapter 41.26 (~~(OR)~~),
30 ((RCW)), or 41.--- RCW (the new chapter created in section 803 of
31 this act), highway worker, or Washington state patrol officer who
32 lost his or her life or became totally disabled in the line of duty
33 while employed by any public law enforcement agency or full-time or
34 volunteer fire department in this state, or was a highway worker
35 while either employed by a general contractor or subcontractor, on a
36 transportation project or employed by a transportation agency:
37 PROVIDED, That such persons may receive the exemption only if they

1 begin their course of study at a state-supported college or
2 university within ten years of their graduation from high school; and

3 (2) Surviving spouses of any law enforcement officer as defined
4 in chapter 41.26 RCW, firefighter as defined in chapter 41.26 (~~(RCW)~~),
5 41.24 (~~(RCW)~~), or 41.--- RCW (the new chapter created in section 803
6 of this act), highway worker, or Washington state patrol officer who
7 lost his or her life or became totally disabled in the line of duty
8 while employed by any public law enforcement agency or full-time or
9 volunteer fire department in this state, or was a highway worker
10 while either employed by a general contractor or subcontractor, on a
11 transportation project or employed by a transportation agency.

12 (3) The governing boards of the state universities, the regional
13 universities, and The Evergreen State College shall report to the
14 education data center on the annual cost of tuition fees and services
15 and activities fees waived for surviving spouses and children under
16 this section. The education data center shall consolidate the reports
17 of the waived fees and annually report to the appropriate fiscal and
18 policy committees of the legislature.

19 (4) As used in this section, "transportation agency" means any
20 agency, department, or division of a municipal corporation, political
21 subdivision, or other unit of local government in this state, and any
22 agency, department, or division of state government, having as its
23 primary function the construction and maintenance of the highways and
24 roads within the state of Washington. Such an agency, department, or
25 division is distinguished from a transit agency having as one of its
26 functions the highway maintenance, including but not limited to the
27 state department of transportation. A transportation agency under
28 this section does not include a government contractor.

29 **Sec. 606.** RCW 28B.15.520 and 2015 c 55 s 217 are each amended to
30 read as follows:

31 Subject to the limitations of RCW 28B.15.910, the governing
32 boards of the community and technical colleges:

33 (1) May waive all or a portion of tuition fees and services and
34 activities fees for students nineteen years of age or older who are
35 eligible for resident tuition and fee rates as defined in RCW
36 28B.15.012 through 28B.15.015, who enroll in a course of study or
37 program which will enable them to finish their high school education
38 and obtain a high school diploma or certificate, but who are not
39 eligible students as defined by RCW 28A.600.405;

1 (2) (a) Shall waive all of tuition fees and services and
2 activities fees for:

3 (i) Children of any law enforcement officer as defined in chapter
4 41.26 RCW, firefighter as defined in chapter 41.26 (~~(04)~~), 41.24 RCW,
5 or 41.--- RCW (the new chapter created in section 803 of this act),
6 or Washington state patrol officer who lost his or her life or became
7 totally disabled in the line of duty while employed by any public law
8 enforcement agency or full time or volunteer fire department in this
9 state: PROVIDED, That such persons may receive the waiver only if
10 they begin their course of study at a community or technical college
11 within ten years of their graduation from high school; and

12 (ii) Surviving spouses of any law enforcement officer as defined
13 in chapter 41.26 RCW, firefighter as defined in chapter 41.26 (~~(04)~~), 41.24 RCW,
14 or 41.--- RCW (the new chapter created in section 803 of
15 this act), or Washington state patrol officer who lost his or her
16 life or became totally disabled in the line of duty while employed by
17 any public law enforcement agency or full time or volunteer fire
18 department in this state.

19 (b) For the purposes of this section, "totally disabled" means a
20 person who has become totally and permanently disabled for life by
21 bodily injury or disease, and is thereby prevented from performing
22 any occupation or gainful pursuit.

23 (c) The governing boards of the community and technical colleges
24 shall report to the state board for community and technical colleges
25 on the annual cost of tuition fees and services and activities fees
26 waived for surviving spouses and children under (a) of this
27 subsection. The state board for community and technical colleges
28 shall consolidate the reports of the waived fees and annually report
29 to the appropriate fiscal and policy committees of the legislature;
30 and

31 (3) May waive all or a portion of the nonresident tuition fees
32 differential for:

33 (a) Nonresident students enrolled in a community or technical
34 college course of study or program which will enable them to finish
35 their high school education and obtain a high school diploma or
36 certificate but who are not eligible students as defined by RCW
37 28A.600.405. The waiver shall be in effect only for those courses
38 which lead to a high school diploma or certificate; and

1 (b) Up to forty percent of the students enrolled in the regional
2 education program for deaf students, subject to federal funding of
3 such program.

4 **Sec. 607.** RCW 28B.50.874 and 2008 c 229 s 11 are each amended to
5 read as follows:

6 When the state system of community and technical colleges assumes
7 administrative control of the vocational-technical institutes,
8 personnel employed by the vocational-technical institutes shall:

9 (1) Suffer no reduction in compensation, benefits, seniority, or
10 employment status. After September 1, 1991, classified employees
11 shall continue to be covered by chapter 41.56 RCW and faculty members
12 and administrators shall be covered by this chapter (~~(28B.50-RCW)~~);

13 (2) To the extent applicable to faculty members, any faculty
14 currently employed on a "continuing contract" basis under RCW
15 28A.405.210 be awarded tenure pursuant to RCW 28B.50.851 through
16 28B.50.873, except for any faculty members who are provisional
17 employees under RCW 28A.405.220;

18 (3) Be eligible to participate in the health care and other
19 insurance plans provided by the health care authority and the public
20 employees' benefits board pursuant to chapter 41.05 RCW;

21 (4) Be eligible to participate in old age annuities or retirement
22 income plans under the rules of the state board for community and
23 technical colleges pursuant to RCW 28B.10.400 or the teachers'
24 retirement system plan 1 for personnel employed before July 1, 1977,
25 or plan 2 for personnel employed after July 1, 1977, under chapter
26 41.32 RCW or 41.--- RCW (the new chapter created in section 803 of
27 this act); however, no affected vocational-technical institute
28 employee shall be required to choose from among any available
29 retirement plan options prior to six months after September 1, 1991;

30 (5) Have transferred to their new administrative college district
31 all accrued sick and vacation leave and thereafter shall earn and use
32 all such leave under the rule established pursuant to RCW 28B.50.551;

33 (6) Be eligible to participate in the deferred compensation plan
34 and programs pursuant to RCW 41.05.123, 41.05.300 through 41.05.360,
35 and 41.05.295 under the applicable rules.

36 An exclusive bargaining representative certified to represent a
37 bargaining unit covering employees of a vocational technical
38 institute on September 1, 1991, shall remain the exclusive
39 representative of such employees thereafter until and unless such

1 representative is replaced or decertified in accordance with state
2 law.

3 Any collective bargaining agreement in effect on June 30, 1991,
4 shall remain in effect as it applies to employees of vocational
5 technical institutes until its expiration or renewal date or until
6 renegotiated or renewed in accordance with chapter 28B.52 or 41.56
7 RCW. After the expiration date of a collective bargaining agreement,
8 all of the terms and conditions specified in the collective
9 bargaining agreement, as it applies to employees of vocational-
10 technical institutes, shall remain in effect until the effective date
11 of a subsequent agreement, not to exceed one year from the
12 termination date stated in the agreement. The board of trustees and
13 the employees may mutually agree to continue the terms and conditions
14 of the agreement beyond the one year extension. However, nothing in
15 this section shall be construed to deny any employee right granted
16 under chapter 28B.52 or 41.56 RCW. Labor relations processes and
17 agreements covering faculty members of vocational technical
18 institutes after September 1, 1991, shall be governed by chapter
19 28B.52 RCW. Labor relations processes and agreements covering
20 classified employees of vocational technical institutes after
21 September 1, 1991, shall continue to be governed by chapter 41.56
22 RCW.

23 **Sec. 608.** RCW 35.21.935 and 2015 c 288 s 1 are each amended to
24 read as follows:

25 (1) Any city or town may establish the position of warrant
26 officer.

27 (2) If any city or town establishes the position of warrant
28 officer, the position shall be maintained by the city or town within
29 the city or town police department. The number and qualifications of
30 warrant officers shall be fixed by ordinance and their compensation
31 shall be paid by the city or town. The chief of police of the city or
32 town must establish training requirements consistent with the job
33 description of warrant officer established in that city or town.
34 Training requirements must be approved by the criminal justice
35 training commission.

36 (3) Warrant officers shall be vested only with the special
37 authority identified in ordinance, which may include the authority to
38 make arrests authorized by warrants and other authority related to
39 service of civil and criminal process.

1 (4) Process issuing from any court that is directed to a police
2 department in which a warrant officer position is maintained may be
3 served or enforced by the warrant officer, if within the warrant
4 officer's authority as identified in ordinance.

5 (5) Warrant officers shall not be entitled to death, disability,
6 or retirement benefits pursuant to chapter 41.26 RCW or 41.--- RCW
7 (the new chapter created in section 803 of this act) on the basis of
8 service as a warrant officer as described in this section.

9 **Sec. 609.** RCW 35A.21.380 and 2015 c 288 s 2 are each amended to
10 read as follows:

11 (1) Any code city may establish the position of warrant officer.

12 (2) If any code city establishes the position of warrant officer,
13 the position shall be maintained by the city within the city police
14 department. The number and qualifications of warrant officers shall
15 be fixed by ordinance, and their compensation shall be paid by the
16 city. The chief of police of the city must establish training
17 requirements consistent with the job description of warrant officer
18 established in that city. Training requirements must be approved by
19 the criminal justice training commission.

20 (3) Warrant officers shall be vested only with the special
21 authority identified in ordinance, which may include the authority to
22 make arrests authorized by warrants and other authority related to
23 service of civil and criminal process.

24 (4) Process issuing from any court that is directed to a police
25 department in which a warrant officer position is maintained may be
26 served or enforced by the warrant officer, if within the warrant
27 officer's authority as identified in ordinance.

28 (5) Warrant officers shall not be entitled to death, disability,
29 or retirement benefits pursuant to chapter 41.26 RCW or 41.--- RCW
30 (the new chapter created in section 803 of this act) on the basis of
31 service as a warrant officer as described in this section.

32 **Sec. 610.** RCW 41.04.205 and 2018 c 260 s 21 are each amended to
33 read as follows:

34 (1) Notwithstanding the provisions of RCW 41.04.180, the
35 employees, with their dependents, of any county, municipality, or
36 other political subdivision of this state shall be eligible to
37 participate in any insurance or self-insurance program for employees
38 administered under chapter 41.05 RCW if the legislative authority of

1 any such county, municipality, or other political subdivisions of
2 this state determines, subject to collective bargaining under
3 applicable statutes, a transfer to an insurance or self-insurance
4 program administered under chapter 41.05 RCW should be made. In the
5 event of a special district employee transfer pursuant to this
6 section, members of the governing authority shall be eligible to be
7 included in such transfer if such members are authorized by law as of
8 June 25, 1976 to participate in the insurance program being
9 transferred from and subject to payment by such members of all costs
10 of insurance for members.

11 (2) When the legislative authority of a county, municipality, or
12 other political subdivision determines to so transfer, the state
13 health care authority shall:

14 (a) Establish the conditions for participation; and

15 (b) Have the sole right to reject the application, except a group
16 application from a county or other political subdivision of the state
17 with fewer than five thousand employees must be approved.

18 Approval of the application by the state health care authority
19 shall effect a transfer of the employees involved to the insurance,
20 self-insurance, or health care program applied for.

21 (3) Any application of this section to members of the law
22 enforcement officers' and firefighters' retirement system under
23 chapter 41.26 ((RCW)) or 41.--- RCW (the new chapter created in
24 section 803 of this act) is subject to chapter 41.56 RCW.

25 (4) Until December 31, 2019, school districts may voluntarily
26 transfer to the public employees' benefits board, except that all
27 eligible employees in a bargaining unit of a school district may
28 transfer only as a unit and all nonrepresented employees in a
29 district may transfer only as a unit.

30 **Sec. 611.** RCW 41.04.270 and 2006 c 309 s 3 are each amended to
31 read as follows:

32 (1) Except as provided in chapter 2.10, 2.12, 41.26, 41.28,
33 41.32, 41.--- RCW (the new chapter created in section 803 of this
34 act), 41.35, 41.37, 41.40, or 43.43 RCW, on and after March 19, 1976,
35 any member or former member who (a) receives a retirement allowance
36 earned by the former member as deferred compensation from any public
37 retirement system authorized by the general laws of this state, or
38 (b) is eligible to receive a retirement allowance from any public
39 retirement system listed in RCW 41.50.030, but chooses not to apply,

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

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

13 **Sec. 612.** RCW 41.04.350 and 1979 ex.s. c 159 s 1 are each
14 amended to read as follows:

15 (1) Notwithstanding any other provisions of law, no employee of
16 the state of Washington or any of its political subdivisions or any
17 institution supported in total or in part by the state or any of its
18 political subdivisions, other than employees covered by chapters
19 41.26, 41.--- RCW (the new chapter created in section 803 of this
20 act), and 43.43 RCW, shall be compelled to retire solely on the basis
21 of age prior to attaining seventy years of age.

22 (2) All compulsory retirement provisions relating to public
23 employees, other than employees covered by chapters 41.26, 41.--- RCW
24 (the new chapter created in section 803 of this act), and 43.43 RCW,
25 may be waived for individuals attaining seventy years of age by the
26 individual's employer.

27 **Sec. 613.** RCW 41.04.393 and 2006 c 309 s 5 are each amended to
28 read as follows:

29 Retirement benefits paid under chapter 41.26, 41.--- RCW (the new
30 chapter created in section 803 of this act), 41.37, 41.40, or 43.43
31 RCW to beneficiaries of public safety officers who die in the line of
32 duty shall be paid in accordance with Title 26 U.S.C. Sec. 101(h) as
33 amended by the Fallen Hero Survivor Benefit Fairness Act of 2001.

34 **Sec. 614.** RCW 41.04.400 and 1984 c 184 s 22 are each amended to
35 read as follows:

36 It is the purpose of RCW 41.04.405 through 41.04.430 to govern
37 the retirement rights of persons whose employment status is altered

1 when: (1) Two or more units of local government of this state, at
2 least one of which is a first-class city with its own retirement
3 system, enter into an agreement for the consolidated performance of a
4 governmental service, activity, or undertaking; (2) the service,
5 activity, or undertaking is to be performed either by one of the
6 participating local governmental units or by a newly established
7 separate legal entity; and (3) the employees of the participating
8 local governmental units are not all members of the same Washington
9 public retirement system.

10 RCW 41.04.405 through 41.04.430 are not intended to and do not
11 govern retirement rights of any members of the retirement systems
12 established by chapter 41.16, 41.18, 41.20, (~~or~~) 41.26, or 41.---
13 RCW (the new chapter created in section 803 of this act) RCW, or of
14 employees described in RCW 35.58.265, 35.58.390, or 70.08.070. To the
15 extent there is any conflict between RCW 41.04.405 through 41.04.430
16 and RCW 41.04.110, the provisions of RCW 41.04.405 through 41.04.430
17 shall govern.

18 **Sec. 615.** RCW 41.04.440 and 2007 c 492 s 3 are each amended to
19 read as follows:

20 (1) The sole purpose of RCW 41.04.445 and 41.04.450 is to allow
21 the members of the retirement systems created in chapters 2.10, 2.12,
22 41.26, 41.--- RCW (the new chapter created in section 803 of this
23 act), 41.32, 41.35, 41.37, 41.40, 41.34, and 43.43 RCW to enjoy the
24 tax deferral benefits allowed under 26 U.S.C. 414(h). Chapter 227,
25 Laws of 1984 does not alter in any manner the provisions of RCW
26 41.45.060, 41.45.061, and 41.45.067 which require that the member
27 contribution rates shall be set so as to provide fifty percent of the
28 cost of the respective retirement plans.

29 (2) Should the legislature revoke any benefit allowed under 26
30 U.S.C. 414(h), no affected employee shall be entitled thereafter to
31 receive such benefit as a matter of contractual right.

32 **Sec. 616.** RCW 41.04.445 and 2007 c 492 s 4 are each amended to
33 read as follows:

34 (1) This section applies to all members who are:

35 (a) Judges under the retirement system established under chapter
36 2.10, 2.12, or 2.14 RCW;

1 (b) Employees of the state under the retirement system
2 established by chapter 41.--- RCW (the new chapter created in section
3 803 of this act), chapter 41.32, 41.37, 41.40, or 43.43 RCW;

4 (c) Employees of school districts under the retirement system
5 established by chapter 41.--- RCW (the new chapter created in section
6 803 of this act), chapter 41.32, or 41.40 RCW, except for substitute
7 teachers as defined by RCW 41.32.010;

8 (d) Employees of educational service districts under the
9 retirement system established by chapter 41.--- RCW (the new chapter
10 created in section 803 of this act), chapter 41.32, or 41.40 RCW; or

11 (e) Employees of community college districts under the retirement
12 system established by chapter 41.--- RCW (the new chapter created in
13 section 803 of this act), chapter 41.32, or 41.40 RCW.

14 (2) Only for compensation earned after the effective date of the
15 implementation of this section and as provided by section 414(h) of
16 the federal internal revenue code, the employer of all the members
17 specified in subsection (1) of this section shall pick up only those
18 member contributions as required under:

19 (a) RCW 2.10.090(1);

20 (b) RCW 2.12.060;

21 (c) RCW 2.14.090;

22 (d) RCW 41.32.263 (as recodified by this act);

23 (e) RCW 41.32.350 (as recodified by this act);

24 (f) RCW 41.40.330 (1) and (3);

25 (g) RCW 41.45.061 and 41.45.067;

26 (h) RCW 41.34.070; and

27 (i) ((~~RCW 43.43.300~~; and

28 ~~(j)~~) RCW 41.34.040.

29 (3) Only for the purposes of federal income taxation, the gross
30 income of the member shall be reduced by the amount of the
31 contribution to the respective retirement system picked up by the
32 employer.

33 (4) All member contributions to the respective retirement system
34 picked up by the employer as provided by this section, plus the
35 accrued interest earned thereon, shall be paid to the member upon the
36 withdrawal of funds or lump sum payment of accumulated contributions
37 as provided under the provisions of the retirement systems.

38 (5) At least forty-five days prior to implementing this section,
39 the employer shall provide:

- 1 (a) A complete explanation of the effects of this section to all
2 members; and
3 (b) Notification of such implementation to the director of the
4 department of retirement systems.

5 **Sec. 617.** RCW 41.04.450 and 2007 c 492 s 5 are each amended to
6 read as follows:

7 (1) Employers of those members under chapters 41.26, 41.--- RCW
8 (the new chapter created in section 803 of this act), 41.34, 41.35,
9 41.37, and 41.40 RCW who are not specified in RCW 41.04.445 may
10 choose to implement the employer pick up of all member contributions
11 without exception under RCW (~~(41.26.080(1)(a),~~) 41.26.450,
12 41.40.330(1), 41.45.060, 41.45.061, and 41.45.067 and chapter 41.34
13 RCW. If the employer does so choose, the employer and members shall
14 be subject to the conditions and limitations of RCW 41.04.445 (3),
15 (4), and (5) and 41.04.455.

16 (2) An employer exercising the option under this section may
17 later choose to withdraw from and/or reestablish the employer pick up
18 of member contributions only once in a calendar year following forty-
19 five days prior notice to the director of the department of
20 retirement systems.

21 **Sec. 618.** RCW 41.04.803 and 2012 c 236 s 7 are each amended to
22 read as follows:

23 (1) Chapter 236, Laws of 2012 is curative and remedial and is
24 applicable to any future determination of eligibility for membership
25 in a retirement system under chapters 41.26, 41.--- RCW (the new
26 chapter created in section 803 of this act), 41.32, 41.35, 41.37, and
27 41.40 RCW.

28 (2) Chapter 236, Laws of 2012 does not apply to or contravene any
29 prior final decision of the state supreme court regarding the
30 interpretation of the statutes addressed in chapter 236, Laws of
31 2012.

32 **Sec. 619.** RCW 41.05.011 and 2019 c 411 s 4 are each amended to
33 read as follows:

34 The definitions in this section apply throughout this chapter
35 unless the context clearly requires otherwise.

36 (1) "Authority" means the Washington state health care authority.

1 (2) "Board" means the public employees' benefits board
2 established under RCW 41.05.055 and the school employees' benefits
3 board established under RCW 41.05.740.

4 (3) "Dependent care assistance program" means a benefit plan
5 whereby employees and school employees may pay for certain employment
6 related dependent care with pretax dollars as provided in the salary
7 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or
8 other sections of the internal revenue code.

9 (4) "Director" means the director of the authority.

10 (5) "Emergency service personnel killed in the line of duty"
11 means law enforcement officers and firefighters as defined in ((RCW
12 ~~41.26.030~~) section 206 of this act, members of the Washington state
13 patrol retirement fund as defined in RCW 43.43.120, and reserve
14 officers and firefighters as defined in RCW 41.24.010 who die as a
15 result of injuries sustained in the course of employment as
16 determined consistent with Title 51 RCW by the department of labor
17 and industries.

18 (6) (a) "Employee" for the public employees' benefits board
19 program includes all employees of the state, whether or not covered
20 by civil service; elected and appointed officials of the executive
21 branch of government, including full-time members of boards,
22 commissions, or committees; justices of the supreme court and judges
23 of the court of appeals and the superior courts; and members of the
24 state legislature. Pursuant to contractual agreement with the
25 authority, "employee" may also include: (i) Employees of a county,
26 municipality, or other political subdivision of the state and members
27 of the legislative authority of any county, city, or town who are
28 elected to office after February 20, 1970, if the legislative
29 authority of the county, municipality, or other political subdivision
30 of the state submits application materials to the authority to
31 provide any of its insurance programs by contract with the authority,
32 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
33 employee organizations representing state civil service employees, at
34 the option of each such employee organization; (iii) through December
35 31, 2019, employees of a school district if the authority agrees to
36 provide any of the school districts' insurance programs by contract
37 with the authority as provided in RCW 28A.400.350; (iv) employees of
38 a tribal government, if the governing body of the tribal government
39 seeks and receives the approval of the authority to provide any of
40 its insurance programs by contract with the authority, as provided in

1 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
2 benefit exchange if the governing board of the exchange established
3 in RCW 43.71.020 seeks and receives approval of the authority to
4 provide any of its insurance programs by contract with the authority,
5 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
6 December 31, 2019, employees of a charter school established under
7 chapter 28A.710 RCW. "Employee" does not include: Adult family home
8 providers; unpaid volunteers; patients of state hospitals; inmates;
9 employees of the Washington state convention and trade center as
10 provided in RCW 41.05.110; students of institutions of higher
11 education as determined by their institution; and any others not
12 expressly defined as employees under this chapter or by the authority
13 under this chapter.

14 (b) Effective January 1, 2020, "school employee" for the school
15 employees' benefits board program includes:

16 (i) All employees of school districts and charter schools
17 established under chapter 28A.710 RCW;

18 (ii) Represented employees of educational service districts; and

19 (iii) Effective January 1, 2024, all employees of educational
20 service districts.

21 (7) "Employee group" means employees of a similar employment
22 type, such as administrative, represented classified, nonrepresented
23 classified excluding such employees in educational service districts
24 until December 31, 2023, confidential, represented certificated, or
25 nonrepresented certificated excluding such employees in educational
26 service districts until December 31, 2023, within a school employees'
27 benefits board organization.

28 (8)(a) "Employer" for the public employees' benefits board
29 program means the state of Washington.

30 (b) "Employer" for the school employees' benefits board program
31 means school districts and educational service districts and charter
32 schools established under chapter 28A.710 RCW.

33 (9) "Employer group" means those counties, municipalities,
34 political subdivisions, the Washington health benefit exchange,
35 tribal governments, employee organizations representing state civil
36 service employees, and through December 31, 2019, school districts,
37 charter schools, and through December 31, 2023, educational service
38 districts obtaining employee benefits through a contractual agreement
39 with the authority to participate in benefit plans developed by the
40 public employees' benefits board.

1 (10) (a) "Employing agency" for the public employees' benefits
2 board program means a division, department, or separate agency of
3 state government, including an institution of higher education; a
4 county, municipality, or other political subdivision; and a tribal
5 government covered by this chapter.

6 (b) "Employing agency" for the school employees' benefits board
7 program means school districts, educational service districts, and
8 charter schools.

9 (11) "Faculty" means an academic employee of an institution of
10 higher education whose workload is not defined by work hours but
11 whose appointment, workload, and duties directly serve the
12 institution's academic mission, as determined under the authority of
13 its enabling statutes, its governing body, and any applicable
14 collective bargaining agreement.

15 (12) "Flexible benefit plan" means a benefit plan that allows
16 employees and school employees to choose the level of health care
17 coverage provided and the amount of employee or school employee
18 contributions from among a range of choices offered by the authority.

19 (13) "Insuring entity" means an insurer as defined in chapter
20 48.01 RCW, a health care service contractor as defined in chapter
21 48.44 RCW, or a health maintenance organization as defined in chapter
22 48.46 RCW.

23 (14) "Medical flexible spending arrangement" means a benefit plan
24 whereby state and school employees may reduce their salary before
25 taxes to pay for medical expenses not reimbursed by insurance as
26 provided in the salary reduction plan under this chapter pursuant to
27 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

28 (15) "Participant" means an individual who fulfills the
29 eligibility and enrollment requirements under the salary reduction
30 plan.

31 (16) "Plan year" means the time period established by the
32 authority.

33 (17) "Premium payment plan" means a benefit plan whereby public
34 employees may pay their share of group health plan premiums with
35 pretax dollars as provided in the salary reduction plan under this
36 chapter pursuant to 26 U.S.C. Sec. 125 or other sections of the
37 internal revenue code.

38 (18) "Public employee" has the same meaning as employee and
39 school employee.

40 (19) "Retired or disabled school employee" means:

1 (a) Persons who separated from employment with a school district
2 or educational service district and are receiving a retirement
3 allowance under chapter 41.32 (~~(RCW)~~), 41.40 ((RCW)), or 41.--- RCW
4 (the new chapter created in section 803 of this act) as of September
5 30, 1993;

6 (b) Persons who separate from employment with a school district,
7 educational service district, or charter school on or after October
8 1, 1993, and immediately upon separation receive a retirement
9 allowance under chapter 41.32, 41.35, (~~(RCW)~~) 41.40 ((RCW)), or 41.---
10 RCW (the new chapter created in section 803 of this act);

11 (c) Persons who separate from employment with a school district,
12 educational service district, or charter school due to a total and
13 permanent disability, and are eligible to receive a deferred
14 retirement allowance under chapter 41.32, 41.35, (~~(RCW)~~) 41.40
15 ((RCW)), or 41.--- RCW (the new chapter created in section 803 of
16 this act).

17 (20) "Salary" means a state or school employee's monthly salary
18 or wages.

19 (21) "Salary reduction plan" means a benefit plan whereby public
20 employees may agree to a reduction of salary on a pretax basis to
21 participate in the dependent care assistance program, medical
22 flexible spending arrangement, or premium payment plan offered
23 pursuant to 26 U.S.C. Sec. 125 or other sections of the internal
24 revenue code.

25 (22) "School employees' benefits board organization" means a
26 public school district or educational service district or charter
27 school established under chapter 28A.710 RCW that is required to
28 participate in benefit plans provided by the school employees'
29 benefits board.

30 (23) "School year" means school year as defined in RCW
31 28A.150.203(11).

32 (24) "Seasonal employee" means a state employee hired to work
33 during a recurring, annual season with a duration of three months or
34 more, and anticipated to return each season to perform similar work.

35 (25) "Separated employees" means persons who separate from
36 employment with an employer as defined in:

37 (a) RCW 41.32.010(17) on or after July 1, 1996; or

38 (b) RCW 41.35.010 on or after September 1, 2000; or

39 (c) RCW 41.40.010 on or after March 1, 2002;

1 and who are at least age fifty-five and have at least ten years of
2 service under the teachers' retirement system plan 3 as defined in
3 RCW 41.32.010(33), the Washington school employees' retirement system
4 plan 3 as defined in RCW 41.35.010, or the public employees'
5 retirement system plan 3 as defined in RCW 41.40.010.

6 (26) "State purchased health care" or "health care" means medical
7 and health care, pharmaceuticals, and medical equipment purchased
8 with state and federal funds by the department of social and health
9 services, the department of health, the basic health plan, the state
10 health care authority, the department of labor and industries, the
11 department of corrections, the department of veterans affairs, and
12 local school districts.

13 (27) "Tribal government" means an Indian tribal government as
14 defined in section 3(32) of the employee retirement income security
15 act of 1974, as amended, or an agency or instrumentality of the
16 tribal government, that has government offices principally located in
17 this state.

18 **Sec. 620.** RCW 41.05.320 and 2018 c 260 s 20 are each amended to
19 read as follows:

20 (1) Elected officials and permanent employees and school
21 employees are eligible to participate in the salary reduction plan
22 and reduce their salary by agreement with the authority. The
23 authority may adopt rules to: (a) Limit the participation of
24 employing agencies and their employees in the plan; and (b) permit
25 participation in the plan by temporary employees and school
26 employees.

27 (2) Persons eligible under subsection (1) of this section may
28 enter into salary reduction agreements with the state.

29 (3) (a) An eligible person may become a participant of the salary
30 reduction plan for a full plan year with annual benefit plan
31 selection for each new plan year made before the beginning of the
32 plan year, as determined by the authority, or upon becoming eligible.

33 (b) Once an eligible person elects to participate in the salary
34 reduction plan and determines the amount his or her gross salary
35 shall be reduced and the benefit plan for which the funds are to be
36 used during the plan year, the agreement shall be irrevocable and may
37 not be amended during the plan year except as provided in (c) of this
38 subsection. Prior to making an election to participate in the salary
39 reduction plan, the eligible person shall be informed in writing of

1 all the benefits and reductions that will occur as a result of such
2 election.

3 (c) The authority shall provide in the salary reduction plan that
4 a participant may enroll, terminate, or change his or her election
5 after the plan year has begun if there is a significant change in a
6 participant's status, as provided by 26 U.S.C. Sec. 125 and the
7 regulations adopted under that section and defined by the authority.

8 (4) The authority shall establish as part of the salary reduction
9 plan the procedures for and effect of withdrawal from the plan by
10 reason of retirement, death, leave of absence, or termination of
11 employment. To the extent possible under federal law, the authority
12 shall protect participants from forfeiture of rights under the plan.

13 (5) Any reduction of salary under the salary reduction plan shall
14 not reduce the reportable compensation for the purpose of computing
15 the state retirement and pension benefits earned by the employee or
16 school employee pursuant to chapters 41.26, 41.--- RCW (the new
17 chapter created in section 803 of this act), 41.32, 41.35, 41.37,
18 41.40, and 43.43 RCW.

19 **Sec. 621.** RCW 41.16.145 and 2007 c 218 s 30 are each amended to
20 read as follows:

21 The amount of all benefits payable under the provisions of RCW
22 41.16.080, 41.16.120, 41.16.130, 41.16.140 and 41.16.230 shall be
23 increased annually as hereafter in this section provided. The local
24 pension board shall meet subsequent to March 31st but prior to June
25 30th of each year for the purposes of adjusting benefit allowances
26 payable pursuant to the aforementioned sections. The local board
27 shall determine the increase in the consumer price index between
28 January 1st and December 31st of the previous year and increase in
29 dollar amount the benefits payable subsequent to July 1st of the year
30 in which said board makes such determination by a dollar amount
31 proportionate to the increase in the consumer price index: PROVIDED,
32 That regardless of the change in the consumer price index, such
33 increase shall be at least two percent each year such adjustment is
34 made.

35 Each year effective with the July payment all benefits specified
36 herein, shall be increased by this section. This benefit increase
37 shall be paid monthly as part of the regular pension payment and
38 shall be cumulative. The increased benefits authorized by this
39 section shall not affect any benefit payable under the provisions of

1 this chapter (~~(41.16-RCW)~~) in which the benefit payment is attached
2 to a current salary of the rank held at time of retirement. A
3 beneficiary of benefit increases provided for pursuant to this
4 section is hereby authorized to appeal a decision on such increases
5 or the failure of the local pension board to order such increased
6 benefits or the amount of such benefits to the (~~(Washington law~~
7 ~~enforcement officers' and firefighters' system retirement board~~
8 ~~provided for in RCW 41.26.050)~~) department.

9 For the purpose of this section the term "consumer price index"
10 shall mean, for any calendar year, the consumer price index for the
11 Seattle, Washington area as compiled by the bureau of labor
12 statistics of the United States department of labor.

13 **Sec. 622.** RCW 41.18.104 and 1975-'76 2nd ex.s. c 44 s 2 are each
14 amended to read as follows:

15 The amount of all benefits payable under the provisions of RCW
16 41.18.040, 41.18.080, 41.18.100 and 41.18.200 as now or hereafter
17 amended, shall be increased annually as hereafter in this section
18 provided. The local pension board shall meet subsequent to March 31st
19 but prior to June 30th of each year for the purpose of adjusting
20 benefit allowances payable pursuant to the aforementioned sections.
21 The local board shall determine the increase in the consumer price
22 index between January 1st and December 31st of the previous year and
23 increase in dollar amount the benefits payable subsequent to July 1st
24 of the year in which said board makes such determination by a dollar
25 amount proportionate to the increase in the consumer price index:
26 PROVIDED, That regardless of the change in the consumer price index,
27 such increase shall be at least two percent each year such adjustment
28 is made.

29 Each year effective with the July payment all benefits specified
30 herein, shall be increased as authorized by this section. This
31 benefit increase shall be paid monthly as part of the regular pension
32 payment and shall be cumulative. The increased benefits authorized by
33 this section shall not affect any benefit payable under the
34 provisions of this chapter (~~(41.18-RCW)~~) in which the benefit payment
35 is attached to a current salary of the rank held at time of
36 retirement. A beneficiary of benefit increases provided for pursuant
37 to this section is hereby authorized to appeal a decision on such
38 increases or the failure of the local pension board to order such
39 increased benefits or the amount of such benefits to the (~~(Washington~~

1 ~~law enforcement officers' and firefighters' system retirement board~~
2 ~~provided for in RCW 41.26.050)) department.~~

3 For the purpose of this section the term

4 "Consumer price index" shall mean, for any calendar year, the
5 consumer price index for the Seattle, Washington area as compiled by
6 the bureau of labor statistics of the United States department of
7 labor.

8 **Sec. 623.** RCW 41.20.175 and 2012 c 117 s 36 are each amended to
9 read as follows:

10 A former employee of a fire department of a city of the first
11 class who (1) was a member of the firefighters' pension system
12 created by chapter((s)) 41.16 or 41.18 RCW, and (2) is now employed
13 within the police department of such city, will be regarded as having
14 received membership service credit for such service to the fire
15 department in the city's police and relief pension system at the time
16 he or she recovers such service credit by paying withdrawn
17 contributions to the Washington law enforcement officers' and
18 firefighters' retirement system pursuant to RCW 41.26.030(~~((+28))~~)
19 (22) and section 206 of this act.

20 **Sec. 624.** RCW 41.24.400 and 2007 c 492 s 7 are each amended to
21 read as follows:

22 (1) Except as provided in subsection (2) of this section, any
23 municipality may make provision by appropriate legislation and
24 payment of fees required by RCW 41.24.030(1) solely for the purpose
25 of enabling any reserve officer to enroll under the retirement
26 pension provisions of this chapter or fees required under RCW
27 41.24.030(1) to pay for the costs of extending the relief provisions
28 of this chapter to its reserve officers.

29 (2) A reserve officer is not eligible to receive a benefit under
30 the retirement provisions of this chapter for service under chapter
31 41.26, 41.--- RCW (the new chapter created in section 803 of this
32 act), 41.32, 41.35, 41.37, or 41.40 RCW.

33 (3) Every municipality shall make provisions for the collection
34 and payment of the fees required under this chapter, and shall
35 continue to make provisions for all reserve officers who come under
36 this chapter as long as they continue to be employed as reserve
37 officers.

1 (4) Except as provided under RCW 41.24.450, a reserve officer is
2 not eligible to receive a benefit under the relief provisions of this
3 chapter.

4 **Sec. 625.** RCW 41.50.075 and 2020 c 103 s 5 are each amended to
5 read as follows:

6 (1) (a) Two funds are hereby created and established in the state
7 treasury to be known as the Washington law enforcement officers' and
8 firefighters' system plan 1 retirement fund, and the Washington law
9 enforcement officers' and firefighters' system plan 2 retirement fund
10 which shall consist of all moneys paid into them in accordance with
11 the provisions of this chapter and chapter 41.26 RCW, whether such
12 moneys take the form of cash, securities, or other assets. The plan 1
13 fund shall consist of all moneys paid to finance the benefits
14 provided to members of the law enforcement officers' and
15 firefighters' retirement system plan 1, and the plan 2 fund shall
16 consist of all moneys paid to finance the benefits provided to
17 members of the law enforcement officers' and firefighters' retirement
18 system plan 2.

19 (b) Pursuant to the merger of assets and liabilities in section
20 203 of this act, the plan 1 fund in this subsection shall be closed
21 and all moneys paid to the merged LEOFF 1/TRS 1 retirement plan fund.

22 (2) (a) All of the assets of the Washington state teachers'
23 retirement system shall be credited according to the purposes for
24 which they are held, to two funds to be maintained in the state
25 treasury, namely, the teachers' retirement system plan 1 fund and the
26 teachers' retirement system combined plan 2 and 3 fund. The plan 1
27 fund shall consist of all moneys paid to finance the benefits
28 provided to members of the Washington state teachers' retirement
29 system plan 1, and the combined plan 2 and 3 fund shall consist of
30 all moneys paid to finance the benefits provided to members of the
31 Washington state teachers' retirement system plan 2 and 3.

32 (b) Pursuant to the merger of assets and liabilities in section
33 203 of this act, the plan 1 fund in this subsection shall be closed
34 and all moneys paid to the merged LEOFF 1/TRS 1 retirement plan fund.

35 (3) There is hereby established in the state treasury two
36 separate funds, namely the public employees' retirement system plan 1
37 fund and the public employees' retirement system combined plan 2 and
38 plan 3 fund. The plan 1 fund shall consist of all moneys paid to
39 finance the benefits provided to members of the public employees'

1 retirement system plan 1, and the combined plan 2 and plan 3 fund
2 shall consist of all moneys paid to finance the benefits provided to
3 members of the public employees' retirement system plans 2 and 3.

4 (4) There is hereby established in the state treasury the school
5 employees' retirement system combined plan 2 and 3 fund. The combined
6 plan 2 and 3 fund shall consist of all moneys paid to finance the
7 benefits provided to members of the school employees' retirement
8 system plan 2 and plan 3.

9 (5) There is hereby established in the state treasury the public
10 safety employees' retirement system plan 2 fund. The plan 2 fund
11 shall consist of all moneys paid to finance the benefits provided to
12 members of the public safety employees' retirement system plan 2.

13 (6) (a) (i) There is hereby established in the state treasury the
14 higher education retirement plan supplemental benefit fund. The
15 higher education retirement plan supplemental benefit fund shall
16 consist of all moneys paid to finance the benefits provided to
17 members of each of the higher education retirement plans.

18 (ii) The fund in this subsection (6) was originally created under
19 chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute House
20 Bill No. 1981).

21 (b) The office of financial management must create individual
22 accounts for each institution of higher education within the higher
23 education retirement plan supplemental benefit fund. For fiscal year
24 2021, the office of financial management must transfer all the assets
25 of the higher education retirement plan supplemental benefit fund
26 into the individual accounts for each institution that will be used
27 to manage the accounting for each benefit plan. The higher education
28 retirement plan supplemental benefit fund will include all the
29 amounts in the individual accounts created in this subsection.

30 (7) There is hereby established in the state treasury the merged
31 LEOFF 1/TRS 1 retirement plan fund. This fund shall consist of all
32 moneys paid to finance the benefits provided to members of the merged
33 LEOFF 1/TRS 1 retirement plan, including any funds transferred from
34 the former plan 1 funds under subsections (1) and (2) of this
35 section.

36 **Sec. 626.** RCW 43.84.092 and 2020 c 354 s 11, 2020 c 221 s 5,
37 2020 c 148 s 3, 2020 c 103 s 7, and 2020 c 18 s 3 are each reenacted
38 and amended to read as follows:

1 (1) All earnings of investments of surplus balances in the state
2 treasury shall be deposited to the treasury income account, which
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or
5 receive funds associated with federal programs as required by the
6 federal cash management improvement act of 1990. The treasury income
7 account is subject in all respects to chapter 43.88 RCW, but no
8 appropriation is required for refunds or allocations of interest
9 earnings required by the cash management improvement act. Refunds of
10 interest to the federal treasury required under the cash management
11 improvement act fall under RCW 43.88.180 and shall not require
12 appropriation. The office of financial management shall determine the
13 amounts due to or from the federal government pursuant to the cash
14 management improvement act. The office of financial management may
15 direct transfers of funds between accounts as deemed necessary to
16 implement the provisions of the cash management improvement act, and
17 this subsection. Refunds or allocations shall occur prior to the
18 distributions of earnings set forth in subsection (4) of this
19 section.

20 (3) Except for the provisions of RCW 43.84.160, the treasury
21 income account may be utilized for the payment of purchased banking
22 services on behalf of treasury funds including, but not limited to,
23 depository, safekeeping, and disbursement functions for the state
24 treasury and affected state agencies. The treasury income account is
25 subject in all respects to chapter 43.88 RCW, but no appropriation is
26 required for payments to financial institutions. Payments shall occur
27 prior to distribution of earnings set forth in subsection (4) of this
28 section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the
32 treasury income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The abandoned recreational
36 vehicle disposal account, the aeronautics account, the Alaskan Way
37 viaduct replacement project account, the ambulance transport fund,
38 the brownfield redevelopment trust fund account, the budget
39 stabilization account, the capital vessel replacement account, the
40 capitol building construction account, the Central Washington

1 University capital projects account, the charitable, educational,
2 penal and reformatory institutions account, the Chehalis basin
3 account, the Chehalis basin taxable account, the cleanup settlement
4 account, the Columbia river basin water supply development account,
5 the Columbia river basin taxable bond water supply development
6 account, the Columbia river basin water supply revenue recovery
7 account, the common school construction fund, the community forest
8 trust account, the connecting Washington account, the county arterial
9 preservation account, the county criminal justice assistance account,
10 the deferred compensation administrative account, the deferred
11 compensation principal account, the department of licensing services
12 account, the department of retirement systems expense account, the
13 developmental disabilities community (~~trust~~) services account, the
14 diesel idle reduction account, the drinking water assistance account,
15 the administrative subaccount of the drinking water assistance
16 account, the early learning facilities development account, the early
17 learning facilities revolving account, the Eastern Washington
18 University capital projects account, the education construction fund,
19 the education legacy trust account, the election account, the
20 electric vehicle account, the energy freedom account, the energy
21 recovery act account, the essential rail assistance account, The
22 Evergreen State College capital projects account, the ferry bond
23 retirement fund, the fish, wildlife, and conservation account, the
24 freight mobility investment account, the freight mobility multimodal
25 account, the grade crossing protective fund, the public health
26 services account, the state higher education construction account,
27 the higher education construction account, the higher education
28 retirement plan supplemental benefit fund, the highway bond
29 retirement fund, the highway infrastructure account, the highway
30 safety fund, the hospital safety net assessment fund, the Interstate
31 405 and state route number 167 express toll lanes account, the
32 judges' retirement account, the judicial retirement administrative
33 account, the judicial retirement principal account, the limited fish
34 and wildlife account, the local leasehold excise tax account, the
35 local real estate excise tax account, the local sales and use tax
36 account, the marine resources stewardship trust account, the medical
37 aid account, the merged LEOFF 1/TRS 1 retirement plan fund, the
38 money-purchase retirement savings administrative account, the money-
39 purchase retirement savings principal account, the motor vehicle
40 fund, the motorcycle safety education account, the multimodal

1 transportation account, the multiuse roadway safety account, the
2 municipal criminal justice assistance account, the oyster reserve
3 land account, the pension funding stabilization account, the
4 perpetual surveillance and maintenance account, the pilotage account,
5 the pollution liability insurance agency underground storage tank
6 revolving account, the public employees' retirement system plan 1
7 account, the public employees' retirement system combined plan 2 and
8 plan 3 account, the public facilities construction loan revolving
9 account, the public health supplemental account, the public works
10 assistance account, the Puget Sound capital construction account, the
11 Puget Sound ferry operations account, the Puget Sound Gateway
12 facility account, the Puget Sound taxpayer accountability account,
13 the real estate appraiser commission account, the recreational
14 vehicle account, the regional mobility grant program account, the
15 resource management cost account, the rural arterial trust account,
16 the rural mobility grant program account, the rural Washington loan
17 fund, the sexual assault prevention and response account, the site
18 closure account, the skilled nursing facility safety net trust fund,
19 the small city pavement and sidewalk account, the special category C
20 account, the special wildlife account, the state investment board
21 expense account, the state investment board commingled trust fund
22 accounts, the state patrol highway account, the state reclamation
23 revolving account, the state route number 520 civil penalties
24 account, the state route number 520 corridor account, the statewide
25 broadband account, the statewide tourism marketing account, the
26 supplemental pension account, the Tacoma Narrows toll bridge account,
27 (~~the teachers' retirement system plan 1 account,~~) the teachers'
28 retirement system combined plan 2 and plan 3 account, the tobacco
29 prevention and control account, the tobacco settlement account, the
30 toll facility bond retirement account, the transportation 2003
31 account (nickel account), the transportation equipment fund, the
32 transportation future funding program account, the transportation
33 improvement account, the transportation improvement board bond
34 retirement account, the transportation infrastructure account, the
35 transportation partnership account, the traumatic brain injury
36 account, the University of Washington bond retirement fund, the
37 University of Washington building account, the voluntary cleanup
38 account, the volunteer firefighters' and reserve officers' relief and
39 pension principal fund, the volunteer firefighters' and reserve
40 officers' administrative fund, the vulnerable roadway user education

1 account, the Washington judicial retirement system account, ((the
2 ~~Washington law enforcement officers' and firefighters' system plan 1~~
3 ~~retirement account,~~) the Washington law enforcement officers' and
4 firefighters' system plan 2 retirement account, the Washington public
5 safety employees' plan 2 retirement account, the Washington school
6 employees' retirement system combined plan 2 and 3 account, the
7 Washington state patrol retirement account, the Washington State
8 University building account, the Washington State University bond
9 retirement fund, the water pollution control revolving administration
10 account, the water pollution control revolving fund, the Western
11 Washington University capital projects account, the Yakima integrated
12 plan implementation account, the Yakima integrated plan
13 implementation revenue recovery account, and the Yakima integrated
14 plan implementation taxable bond account. Earnings derived from
15 investing balances of the agricultural permanent fund, the normal
16 school permanent fund, the permanent common school fund, the
17 scientific permanent fund, and the state university permanent fund
18 shall be allocated to their respective beneficiary accounts.

19 (b) Any state agency that has independent authority over accounts
20 or funds not statutorily required to be held in the state treasury
21 that deposits funds into a fund or account in the state treasury
22 pursuant to an agreement with the office of the state treasurer shall
23 receive its proportionate share of earnings based upon each account's
24 or fund's average daily balance for the period.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no treasury accounts or funds shall be allocated
27 earnings without the specific affirmative directive of this section.

28 **Sec. 627.** RCW 43.84.092 and 2020 c 221 s 5, 2020 c 148 s 3, 2020
29 c 103 s 7, and 2020 c 18 s 3 are each reenacted and amended to read
30 as follows:

31 (1) All earnings of investments of surplus balances in the state
32 treasury shall be deposited to the treasury income account, which
33 account is hereby established in the state treasury.

34 (2) The treasury income account shall be utilized to pay or
35 receive funds associated with federal programs as required by the
36 federal cash management improvement act of 1990. The treasury income
37 account is subject in all respects to chapter 43.88 RCW, but no
38 appropriation is required for refunds or allocations of interest
39 earnings required by the cash management improvement act. Refunds of

1 interest to the federal treasury required under the cash management
2 improvement act fall under RCW 43.88.180 and shall not require
3 appropriation. The office of financial management shall determine the
4 amounts due to or from the federal government pursuant to the cash
5 management improvement act. The office of financial management may
6 direct transfers of funds between accounts as deemed necessary to
7 implement the provisions of the cash management improvement act, and
8 this subsection. Refunds or allocations shall occur prior to the
9 distributions of earnings set forth in subsection (4) of this
10 section.

11 (3) Except for the provisions of RCW 43.84.160, the treasury
12 income account may be utilized for the payment of purchased banking
13 services on behalf of treasury funds including, but not limited to,
14 depository, safekeeping, and disbursement functions for the state
15 treasury and affected state agencies. The treasury income account is
16 subject in all respects to chapter 43.88 RCW, but no appropriation is
17 required for payments to financial institutions. Payments shall occur
18 prior to distribution of earnings set forth in subsection (4) of this
19 section.

20 (4) Monthly, the state treasurer shall distribute the earnings
21 credited to the treasury income account. The state treasurer shall
22 credit the general fund with all the earnings credited to the
23 treasury income account except:

24 (a) The following accounts and funds shall receive their
25 proportionate share of earnings based upon each account's and fund's
26 average daily balance for the period: The abandoned recreational
27 vehicle disposal account, the aeronautics account, the Alaskan Way
28 viaduct replacement project account, the brownfield redevelopment
29 trust fund account, the budget stabilization account, the capital
30 vessel replacement account, the capitol building construction
31 account, the Central Washington University capital projects account,
32 the charitable, educational, penal and reformatory institutions
33 account, the Chehalis basin account, the Chehalis basin taxable
34 account, the cleanup settlement account, the Columbia river basin
35 water supply development account, the Columbia river basin taxable
36 bond water supply development account, the Columbia river basin water
37 supply revenue recovery account, the common school construction fund,
38 the community forest trust account, the connecting Washington
39 account, the county arterial preservation account, the county
40 criminal justice assistance account, the deferred compensation

1 administrative account, the deferred compensation principal account,
2 the department of licensing services account, the department of
3 retirement systems expense account, the developmental disabilities
4 community (~~trust~~) services account, the diesel idle reduction
5 account, the drinking water assistance account, the administrative
6 subaccount of the drinking water assistance account, the early
7 learning facilities development account, the early learning
8 facilities revolving account, the Eastern Washington University
9 capital projects account, the education construction fund, the
10 education legacy trust account, the election account, the electric
11 vehicle account, the energy freedom account, the energy recovery act
12 account, the essential rail assistance account, The Evergreen State
13 College capital projects account, the ferry bond retirement fund, the
14 fish, wildlife, and conservation account, the freight mobility
15 investment account, the freight mobility multimodal account, the
16 grade crossing protective fund, the public health services account,
17 the state higher education construction account, the higher education
18 construction account, the higher education retirement plan
19 supplemental benefit fund, the highway bond retirement fund, the
20 highway infrastructure account, the highway safety fund, the hospital
21 safety net assessment fund, the Interstate 405 and state route number
22 167 express toll lanes account, the judges' retirement account, the
23 judicial retirement administrative account, the judicial retirement
24 principal account, the limited fish and wildlife account, the local
25 leasehold excise tax account, the local real estate excise tax
26 account, the local sales and use tax account, the marine resources
27 stewardship trust account, the medical aid account, the merged LEOFF
28 1/TRS 1 retirement plan fund, the money-purchase retirement savings
29 administrative account, the money-purchase retirement savings
30 principal account, the motor vehicle fund, the motorcycle safety
31 education account, the multimodal transportation account, the
32 multiuse roadway safety account, the municipal criminal justice
33 assistance account, the oyster reserve land account, the pension
34 funding stabilization account, the perpetual surveillance and
35 maintenance account, the pilotage account, the pollution liability
36 insurance agency underground storage tank revolving account, the
37 public employees' retirement system plan 1 account, the public
38 employees' retirement system combined plan 2 and plan 3 account, the
39 public facilities construction loan revolving account, the public
40 health supplemental account, the public works assistance account, the

1 Puget Sound capital construction account, the Puget Sound ferry
2 operations account, the Puget Sound Gateway facility account, the
3 Puget Sound taxpayer accountability account, the real estate
4 appraiser commission account, the recreational vehicle account, the
5 regional mobility grant program account, the resource management cost
6 account, the rural arterial trust account, the rural mobility grant
7 program account, the rural Washington loan fund, the sexual assault
8 prevention and response account, the site closure account, the
9 skilled nursing facility safety net trust fund, the small city
10 pavement and sidewalk account, the special category C account, the
11 special wildlife account, the state investment board expense account,
12 the state investment board commingled trust fund accounts, the state
13 patrol highway account, the state reclamation revolving account, the
14 state route number 520 civil penalties account, the state route
15 number 520 corridor account, the statewide broadband account, the
16 statewide tourism marketing account, the supplemental pension
17 account, the Tacoma Narrows toll bridge account, (~~the teachers'~~
18 ~~retirement system plan 1 account,~~) the teachers' retirement system
19 combined plan 2 and plan 3 account, the tobacco prevention and
20 control account, the tobacco settlement account, the toll facility
21 bond retirement account, the transportation 2003 account (nickel
22 account), the transportation equipment fund, the transportation
23 future funding program account, the transportation improvement
24 account, the transportation improvement board bond retirement
25 account, the transportation infrastructure account, the
26 transportation partnership account, the traumatic brain injury
27 account, the University of Washington bond retirement fund, the
28 University of Washington building account, the voluntary cleanup
29 account, the volunteer firefighters' and reserve officers' relief and
30 pension principal fund, the volunteer firefighters' and reserve
31 officers' administrative fund, the vulnerable roadway user education
32 account, the Washington judicial retirement system account, (~~the
33 Washington law enforcement officers' and firefighters' system plan 1
34 retirement account,~~) the Washington law enforcement officers' and
35 firefighters' system plan 2 retirement account, the Washington public
36 safety employees' plan 2 retirement account, the Washington school
37 employees' retirement system combined plan 2 and 3 account, the
38 Washington state patrol retirement account, the Washington State
39 University building account, the Washington State University bond
40 retirement fund, the water pollution control revolving administration

1 account, the water pollution control revolving fund, the Western
2 Washington University capital projects account, the Yakima integrated
3 plan implementation account, the Yakima integrated plan
4 implementation revenue recovery account, and the Yakima integrated
5 plan implementation taxable bond account. Earnings derived from
6 investing balances of the agricultural permanent fund, the normal
7 school permanent fund, the permanent common school fund, the
8 scientific permanent fund, and the state university permanent fund
9 shall be allocated to their respective beneficiary accounts.

10 (b) Any state agency that has independent authority over accounts
11 or funds not statutorily required to be held in the state treasury
12 that deposits funds into a fund or account in the state treasury
13 pursuant to an agreement with the office of the state treasurer shall
14 receive its proportionate share of earnings based upon each account's
15 or fund's average daily balance for the period.

16 (5) In conformance with Article II, section 37 of the state
17 Constitution, no treasury accounts or funds shall be allocated
18 earnings without the specific affirmative directive of this section.

19 **Sec. 628.** RCW 41.33.020 and 2012 c 117 s 58 are each amended to
20 read as follows:

21 The terms and provisions of the plan are as follows:

22 (1) Each political subdivision of the state employing members of
23 the teachers' retirement system and the members of the teachers'
24 retirement system, after the approval of this plan by the
25 legislature, and by the eligible employees through a referendum as
26 provided in RCW 41.48.030 (3) and (4), shall be deemed to have
27 accepted and agreed to be bound by the following terms and conditions
28 in consideration of extension of the existing agreement between the
29 secretary of health, education, and welfare and the governor to make
30 the protection of the federal old age and survivors insurance program
31 available and applicable to such employees.

32 (2) As used in this plan the terms quoted below shall have the
33 meanings assigned thereto in this section.

34 "Political subdivision" means any political subdivision, or
35 instrumentality of one or more subdivisions, or proprietary
36 enterprise acquired, purchased or originated by one or more such
37 subdivisions after December, 1950, which employs members of the
38 teachers' retirement system. The state, its agencies,

1 instrumentalities, and institutions of higher learning shall be
2 grouped and considered as a single political subdivision.

3 "Employee" means any person who is a member of the teachers'
4 retirement system and is employed by a political subdivision.

5 "Wages" shall have the meaning given in RCW 41.48.020(~~((+1+))~~) (6)
6 and section 209 of the social security act (42 U.S.C.A. Sec. 409).

7 "State" where not otherwise clearly indicated by the context,
8 means the commissioner of employment security or other officer
9 designated by the governor to administer the plan at the state level
10 for all participating political subdivisions.

11 (3) The terms and conditions of this plan are intended and shall
12 be construed to be in conformity with the requirements of the federal
13 social security act as amended and with the requirements of chapter
14 41.48 RCW, and particularly RCW 41.48.050, as amended by chapter 4,
15 Laws of 1955 extraordinary session.

16 (4) The rights and benefits accruing to employees from membership
17 in the teachers' retirement system shall in no way be altered or
18 impaired by this plan or by the additional and supplementary OASI
19 coverage which such employees may receive hereunder, other than the
20 elimination of (1), (2) and (3) of section 52, chapter 80, Laws of
21 1947 and RCW 41.32.520 (as recodified by this act) as each are
22 amended, with the exception of that part of (1) which permits a widow
23 or widower without a child or children under age eighteen to receive
24 a monthly payment of fifty dollars at age fifty, provided that the
25 member had fifteen or more years of Washington membership service
26 credit at date of death.

27 (5) There shall be no additional cost to or involvement of the
28 state or a political subdivision with respect to OASI coverage of
29 members of the teachers' retirement system until this plan has been
30 approved by the legislature.

31 (6) Each employee to whom OASI coverage is made applicable under
32 this plan pursuant to an extension or modification under RCW
33 41.48.030 of the existing agreement between the secretary of health,
34 education, and welfare and the governor shall be required to pay into
35 the OASI contribution account established by RCW 41.48.060 during the
36 period of such coverage contributions with respect to his or her
37 wages in an amount equal to the employee tax imposed by the federal
38 insurance contributions act (section 3101, Internal Revenue Code of
39 1954), in consideration of the employee's retention in service by the
40 political subdivision. The subdivision shall withhold such

1 contributions from the wages paid to the employee; and shall remit
2 the contributions so withheld in each calendar quarter to the state
3 for deposit in the contribution account not later than the twentieth
4 calendar day of the month following that quarter.

5 (7) Each political subdivision shall pay into the contribution
6 account with respect to the wages of its employees during the period
7 of their OASI coverage pursuant to this plan contributions in an
8 amount equal to the employer tax imposed by the federal insurance
9 contributions act (section 3111, Internal Revenue Code of 1954), from
10 the fund of the subdivision from which such employees' wages are
11 paid. The subdivision shall remit such contributions to the state for
12 deposit in the contribution account on a quarterly basis, not later
13 than the twentieth calendar day of the month following each calendar
14 quarter.

15 (8) If any political subdivision other than that comprising the
16 state, its agencies, instrumentalities, and institutions of higher
17 learning fails to remit as provided herein employer contributions or
18 employee contributions, or any part of either, such delinquent
19 contributions may be recovered with interest at the rate of six
20 percent per annum by action in a court of competent jurisdiction
21 against the political subdivision; or such delinquent contributions
22 may at the request of the governor be deducted from any moneys
23 payable to such subdivision by the state.

24 (9) Each political subdivision shall be charged with a share of
25 the cost of administration of this plan by the state, to be computed
26 as that proportion of the overall cost of administration which its
27 total annual contributions bear to the total annual contributions
28 paid by all subdivisions on behalf of employees covered by the plan.
29 The state shall compute the share of cost allocable to each
30 subdivision and bill the subdivision therefor at the end of each
31 fiscal year. The subdivision shall within ninety days thereafter
32 remit its share of the cost to the state for deposit in the general
33 fund of the state.

34 (10) Each political subdivision shall submit to the state,
35 through the employment security department, P.O. Box 367, Olympia,
36 Washington, or such other officer or agency as the governor may
37 subsequently designate, on forms furnished by the state, not later
38 than the twentieth calendar day of the month following the end of
39 each calendar quarter, the following information:

40 A. The social security account number of each employee;

1 B. The name of each employee;

2 C. The amount of wages subject to contributions as required
3 hereunder paid to each employee during the quarter;

4 D. The total amount of wages subject to contributions paid to all
5 employees during the quarter;

6 E. The total amount of employee contributions withheld and
7 remitted for the quarter; and

8 F. The total amount of employer contributions paid by the
9 subdivision for the quarter.

10 (11) Each political subdivision shall furnish in the same manner
11 as provided in subsection (10) of this section, upon reasonable
12 notice, such other and further reports or information as the governor
13 may from time to time require. Each subdivision shall comply with
14 such requirements as the secretary of health, education, and welfare
15 or the governor may from time to time establish with respect to any
16 or all of the reports or information which are or may be provided for
17 under subsection (10) of this section or this subsection in order to
18 assure the correctness and verification thereof.

19 (12) The governing body of each political subdivision shall
20 designate an officer of the subdivision to administer such
21 accounting, reporting, and other functions as will be required for
22 the effective operation of this plan within the subdivision, as
23 provided herein. The commissioner of employment security or such
24 other officer as the governor may designate, shall perform or
25 supervise those functions with respect to employees of the
26 subdivision comprising the state, its agencies, instrumentalities,
27 and institutions of higher learning; and shall serve as the
28 representative of the participating political subdivisions in the
29 administration of this plan with the secretary of health, education,
30 and welfare.

31 (13) The legislature shall designate the first day of any month
32 beginning with January, 1956, as the effective date of OASI coverage
33 for such employees, except that after January 1, 1958, the effective
34 date may not be prior to the first day of the current year.

35 The employer's contribution for any retroactive coverage shall be
36 transferred by the board of trustees from the teachers' retirement
37 pension reserve to the official designated by the governor to
38 administer the plan at the state level.

39 Each employee's contributions for any retroactive coverage shall
40 be transferred by the board of trustees from his or her accumulated

1 contributions in the teachers' retirement fund, to the official
2 designated above. Each employee, if he or she so desires, may, within
3 one year from the date of transfer, reimburse his or her accumulated
4 contributions for the amount so transferred.

5 (14) The governor may terminate the operation of this plan in its
6 entirety with respect to any political subdivision, in his or her
7 discretion, if he or she finds that the subdivision has failed to
8 comply substantially with any requirement or provision of this plan.
9 The plan shall not be so terminated until reasonable notice and
10 opportunity for hearing thereon have been given to the subdivision
11 under such conditions, consistent with the provisions of the social
12 security act, as shall have been established in regulations by the
13 governor.

14 **Sec. 629.** RCW 41.35.010 and 2018 c 257 s 3 are each amended to
15 read as follows:

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

18 (1) "Accumulated contributions" means the sum of all
19 contributions standing to the credit of a member in the member's
20 individual account, including any amount paid under RCW 41.50.165(2),
21 together with the regular interest thereon.

22 (2) "Actuarial equivalent" means a benefit of equal value when
23 computed upon the basis of such mortality and other tables as may be
24 adopted by the director.

25 (3) "Adjustment ratio" means the value of index A divided by
26 index B.

27 (4) "Annuity" means payments for life derived from accumulated
28 contributions of a member. All annuities shall be paid in monthly
29 installments.

30 (5) (a) "Average final compensation" for plan 2 and plan 3 members
31 means the member's average compensation earnable of the highest
32 consecutive sixty months of service credit months prior to such
33 member's retirement, termination, or death. Periods constituting
34 authorized leaves of absence may not be used in the calculation of
35 average final compensation except under RCW 41.40.710(2).

36 (b) In calculating average final compensation under (a) of this
37 subsection, the department of retirement systems shall include any
38 compensation forgone by a member during the 2011-2013 fiscal biennium
39 as a result of reduced work hours, mandatory leave without pay,

1 temporary layoffs, or reductions to current pay if the reduced
2 compensation is an integral part of the employer's expenditure
3 reduction efforts, as certified by the employer. Reductions to
4 current pay shall not include elimination of previously agreed upon
5 future salary reductions.

6 (6) "Beneficiary" for plan 2 and plan 3 members means any person
7 in receipt of a retirement allowance or other benefit provided by
8 this chapter resulting from service rendered to an employer by
9 another person.

10 (7) "Classified employee" means an employee of a school district
11 or an educational service district who is not eligible for membership
12 in the teachers' retirement system established under chapter 41.32
13 ((RCW)) or 41.--- RCW (the new chapter created in section 803 of this
14 act).

15 (8) (a) "Compensation earnable" for plan 2 and plan 3 members,
16 means salaries or wages earned by a member during a payroll period
17 for personal services, including overtime payments, and shall include
18 wages and salaries deferred under provisions established pursuant to
19 sections 403(b), 414(h), and 457 of the United States internal
20 revenue code, but shall exclude nonmoney maintenance compensation and
21 lump sum or other payments for deferred annual sick leave, unused
22 accumulated vacation, unused accumulated annual leave, or any form of
23 severance pay.

24 (b) "Compensation earnable" for plan 2 and plan 3 members also
25 includes the following actual or imputed payments, which are not paid
26 for personal services:

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

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

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

1 (B) Such member's actual compensation earnable received for
2 nonlegislative public employment and legislative service combined.
3 Any additional contributions to the retirement system required
4 because compensation earnable under (b)(ii)(A) of this subsection is
5 greater than compensation earnable under this (b)(ii)(B) of this
6 subsection shall be paid by the member for both member and employer
7 contributions;

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

10 (iv) Compensation that a member would have received but for a
11 disability occurring in the line of duty only as authorized by RCW
12 41.40.038;

13 (v) Compensation that a member receives due to participation in
14 the leave sharing program only as authorized by RCW 41.04.650 through
15 41.04.670; and

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

21 (9) "Department" means the department of retirement systems
22 created in chapter 41.50 RCW.

23 (10) "Director" means the director of the department.

24 (11) "Eligible position" means any position that, as defined by
25 the employer, normally requires five or more months of service a year
26 for which regular compensation for at least seventy hours is earned
27 by the occupant thereof. For purposes of this chapter an employer
28 shall not define "position" in such a manner that an employee's
29 monthly work for that employer is divided into more than one
30 position.

31 (12) "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
34 work. The department shall adopt rules and interpret this subsection
35 consistent with common law.

36 (13) "Employer," for plan 2 and plan 3 members, means a school
37 district, an educational service district, or tribal school that has
38 chosen to participate in the retirement system and has satisfied the
39 requirements of RCW 28A.715.010(7). Except as otherwise specifically
40 provided in this chapter, "employer" does not include a government

1 contractor. For purposes of this subsection, a "government
2 contractor" is any entity, including a partnership, limited liability
3 company, for-profit or nonprofit corporation, or person, that
4 provides services pursuant to a contract with an employer. The
5 determination whether an employer-employee relationship has been
6 established is not based on the relationship between a government
7 contractor and an employer, but is based solely on the relationship
8 between a government contractor's employee and an employer under this
9 chapter.

10 (14) "Final compensation" means the annual rate of compensation
11 earnable by a member at the time of termination of employment.

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

16 (16) "Index A" means the index for the year prior to the
17 determination of a postretirement adjustment.

18 (17) "Index B" means the index for the year prior to index A.

19 (18) "Ineligible position" means any position which does not
20 conform with the requirements set forth in subsection (22) of this
21 section.

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

25 (20) "Member" means any employee included in the membership of
26 the retirement system, as provided for in RCW 41.35.030.

27 (21) "Member account" or "member's account" for purposes of plan
28 3 means the sum of the contributions and earnings on behalf of the
29 member in the defined contribution portion of plan 3.

30 (22) "Membership service" means all service rendered as a member.

31 (23) "Pension" means payments for life derived from contributions
32 made by the employer. All pensions shall be paid in monthly
33 installments.

34 (24) "Plan 2" means the Washington school employees' retirement
35 system plan 2 providing the benefits and funding provisions covering
36 persons who first became members of the public employees' retirement
37 system on and after October 1, 1977, and transferred to the
38 Washington school employees' retirement system under RCW 41.40.750.

39 (25) "Plan 3" means the Washington school employees' retirement
40 system plan 3 providing the benefits and funding provisions covering

1 persons who first became members of the system on and after September
2 1, 2000, or who transfer from plan 2 under RCW 41.35.510.

3 (26) "Regular interest" means such rate as the director may
4 determine.

5 (27) "Retiree" means any person who has begun accruing a
6 retirement allowance or other benefit provided by this chapter
7 resulting from service rendered to an employer while a member.

8 (28) "Retirement" means withdrawal from active service with a
9 retirement allowance as provided by this chapter.

10 (29) "Retirement allowance" for plan 2 and plan 3 members means
11 monthly payments to a retiree or beneficiary as provided in this
12 chapter.

13 (30) "Retirement system" means the Washington school employees'
14 retirement system provided for in this chapter.

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

17 (32) "Service" for plan 2 and plan 3 members means periods of
18 employment by a member in an eligible position or positions for one
19 or more employers for which compensation earnable is paid.
20 Compensation earnable earned for ninety or more hours in any calendar
21 month shall constitute one service credit month except as provided in
22 RCW 41.35.180. Compensation earnable earned for at least seventy
23 hours but less than ninety hours in any calendar month shall
24 constitute one-half service credit month of service. Compensation
25 earnable earned for less than seventy hours in any calendar month
26 shall constitute one-quarter service credit month of service. Time
27 spent in standby status, whether compensated or not, is 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
33 service credit months of service for such calendar year. If an
34 individual is employed in an eligible position by one or more
35 employers the individual shall receive no more than one service
36 credit month during any calendar month in which multiple service for
37 ninety or more hours is rendered.

38 (c) For purposes of plan 2 and 3 "forty-five days" as used in RCW
39 28A.400.300 is equal to two service credit months. Use of less than

1 forty-five days of sick leave is creditable as allowed under this
2 subsection as follows:

3 (i) Less than eleven days equals one-quarter service credit
4 month;

5 (ii) Eleven or more days but less than twenty-two days equals
6 one-half service credit month;

7 (iii) Twenty-two days equals one service credit month;

8 (iv) More than twenty-two days but less than thirty-three days
9 equals one and one-quarter service credit month; and

10 (v) Thirty-three or more days but less than forty-five days
11 equals one and one-half service credit month.

12 (33) "Service credit month" means a month or an accumulation of
13 months of service credit which is equal to one.

14 (34) "Service credit year" means an accumulation of months of
15 service credit which is equal to one when divided by twelve.

16 (35) "State actuary" or "actuary" means the person appointed
17 pursuant to RCW 44.44.010(2).

18 (36) "State elective position" means any position held by any
19 person elected or appointed to statewide office or elected or
20 appointed as a member of the legislature.

21 (37) "State treasurer" means the treasurer of the state of
22 Washington.

23 (38) "Substitute employee" means a classified employee who is
24 employed by an employer exclusively as a substitute for an absent
25 employee.

26 **Sec. 630.** RCW 41.45.203 and 2007 c 492 s 12 are each amended to
27 read as follows:

28 (1) The required employer contribution rate in support of
29 teachers' retirement system members employed as supreme court
30 justices, court of appeals judges, and superior court judges who
31 elect to participate under RCW 41.32.584(1) (as recodified by this
32 act), or who are newly elected or appointed after January 1, 2007,
33 shall equal the teachers' retirement system employer contribution
34 rate established under this chapter.

35 (2) The required contribution rate for members of the teachers'
36 retirement system plan 1 employed as supreme court justices, court of
37 appeals judges, and superior court judges who elect to participate
38 under RCW 41.32.584(1) (as recodified by this act), or who are newly
39 elected or appointed after January 1, 2007, shall be the deductions

1 established under RCW 41.50.235 plus three and seventy-six one-
2 hundredths percent of pay.

3 **Sec. 631.** RCW 41.50.030 and 2011 1st sp.s. c 47 s 20 are each
4 amended to read as follows:

5 (1) As soon as possible but not more than one hundred and eighty
6 days after March 19, 1976, there is transferred to the department of
7 retirement systems, except as otherwise provided in this chapter, all
8 powers, duties, and functions of:

9 (a) The Washington public employees' retirement system;

10 (b) The Washington state teachers' retirement system;

11 (c) The Washington law enforcement officers' and firefighters'
12 retirement system;

13 (d) The Washington state patrol retirement system;

14 (e) The Washington judicial retirement system; (~~and~~)

15 (f) The merged LEOFF 1/TRS 1 retirement plan; and

16 (g) The state treasurer with respect to the administration of the
17 judges' retirement fund imposed pursuant to chapter 2.12 RCW.

18 (2) On July 1, 1996, there is transferred to the department all
19 powers, duties, and functions of the deferred compensation committee.

20 (3) The department shall administer chapter 41.34 RCW.

21 (4) The department shall administer the Washington school
22 employees' retirement system created under chapter 41.35 RCW.

23 (5) The department shall administer the Washington public safety
24 employees' retirement system created under chapter 41.37 RCW.

25 (6) The department shall administer the collection of employer
26 contributions and initial prefunding of the higher education
27 retirement plan supplemental benefits, also referred to as the
28 annuity or retirement income plans created under chapter 28B.10 RCW.

29 **Sec. 632.** RCW 41.50.033 and 2019 c 64 s 18 are each amended to
30 read as follows:

31 (1) The director shall determine when interest, if provided by a
32 plan, shall be credited to accounts in the public employees'
33 retirement system, the teachers' retirement system, the school
34 employees' retirement system, the public safety employees' retirement
35 system, the law enforcement officers' and firefighters' retirement
36 system, or the Washington state patrol retirement system. The amounts
37 to be credited and the methods of doing so shall be at the director's

1 discretion, except that if interest is credited, it shall be done at
2 least quarterly.

3 (2) Interest as determined by the director under this section is
4 "regular interest" as defined in RCW 41.40.010, 41.32.010, 41.35.010,
5 41.37.010, 41.26.030, section 206 of this act, and 43.43.120.

6 (3) The legislature affirms that the authority of the director
7 under RCW 41.40.020 and 41.50.030 includes the authority and
8 responsibility to establish the amount and all conditions for regular
9 interest, if any. The legislature intends chapter 493, Laws of 2007
10 to be curative, remedial, and retrospectively applicable.

11 **Sec. 633.** RCW 41.50.060 and 2004 c 242 s 43 are each amended to
12 read as follows:

13 The director may delegate the performance of such powers, duties,
14 and functions, other than those relating to rule making, to employees
15 of the department, but the director shall remain and be responsible
16 for the official acts of the employees of the department.

17 The director shall be responsible for the public employees'
18 retirement system, the teachers' retirement system, the school
19 employees' retirement system, the judicial retirement system, the law
20 enforcement officers' and firefighters' retirement system, the merged
21 LEOFF 1/TRS 1 retirement plan, the public safety employees'
22 retirement system, and the Washington state patrol retirement system.
23 The director shall also be responsible for the deferred compensation
24 program.

25 **Sec. 634.** RCW 41.50.080 and 2011 1st sp.s. c 47 s 21 are each
26 amended to read as follows:

27 The state investment board shall provide for the investment of
28 all funds of the Washington public employees' retirement system, the
29 merged LEOFF 1/TRS 1 retirement plan, the teachers' retirement
30 system, the school employees' retirement system, the Washington law
31 enforcement officers' and firefighters' retirement system, the
32 Washington state patrol retirement system, the Washington judicial
33 retirement system, the Washington public safety employees' retirement
34 system, the higher education retirement plan supplemental benefit
35 fund, and the judges' retirement fund, pursuant to RCW 43.84.150, and
36 may sell or exchange investments acquired in the exercise of that
37 authority.

1 **Sec. 635.** RCW 41.50.112 and 2000 c 247 s 1107 are each amended
2 to read as follows:

3 Employers, as defined in RCW 41.26.030, 41.32.010, section 206 of
4 this act, 41.34.020, 41.35.010, and 41.40.010, must report all member
5 data to the department in a format designed and communicated by the
6 department. Employers failing to comply with this reporting
7 requirement shall be assessed an additional fee as defined under RCW
8 41.50.110(5).

9 **Sec. 636.** RCW 41.50.150 and 2004 c 242 s 47 are each amended to
10 read as follows:

11 (1) The employer of any employee whose retirement benefits are
12 based in part on excess compensation, as defined in this section,
13 shall, upon receipt of a billing from the department, pay into the
14 appropriate retirement system the present value at the time of the
15 employee's retirement of the total estimated cost of all present and
16 future benefits from the retirement system attributable to the excess
17 compensation. The state actuary shall determine the estimated cost
18 using the same method and procedure as is used in preparing fiscal
19 note costs for the legislature. However, the director may in the
20 director's discretion decline to bill the employer if the amount due
21 is less than fifty dollars. Accounts unsettled within thirty days of
22 the receipt of the billing shall be assessed an interest penalty of
23 one percent of the amount due for each month or fraction thereof
24 beyond the original thirty-day period.

25 (2) "Excess compensation," as used in this section, includes the
26 following payments, if used in the calculation of the employee's
27 retirement allowance:

28 (a) A cash out of unused annual leave in excess of two hundred
29 forty hours of such leave. "Cash out" for purposes of this subsection
30 means:

31 (i) Any payment in lieu of an accrual of annual leave; or

32 (ii) Any payment added to salary or wages, concurrent with a
33 reduction of annual leave;

34 (b) A cash out of any other form of leave;

35 (c) A payment for, or in lieu of, any personal expense or
36 transportation allowance to the extent that payment qualifies as
37 reportable compensation in the member's retirement system;

38 (d) The portion of any payment, including overtime payments, that
39 exceeds twice the regular daily or hourly rate of pay; and

1 (e) Any termination or severance payment.

2 (3) This section applies to the retirement systems listed in RCW
3 41.50.030 and to retirements occurring on or after March 15, 1984.
4 Nothing in this section is intended to amend or determine the meaning
5 of any definition in chapter 2.10, 2.12, 41.26, 41.32, 41.--- RCW
6 (the new chapter created in section 803 of this act), 41.40, 41.35,
7 41.37, or 43.43 RCW or to determine in any manner what payments are
8 includable in the calculation of a retirement allowance under such
9 chapters.

10 (4) An employer is not relieved of liability under this section
11 because of the death of any person either before or after the billing
12 from the department.

13 **Sec. 637.** RCW 41.50.152 and 2004 c 242 s 48 are each amended to
14 read as follows:

15 (1) Except as limited by subsection (3) of this section, the
16 governing body of an employer under chapter 41.32, 41.35, 41.37, or
17 41.40 RCW shall comply with the provisions of subsection (2) of this
18 section prior to executing a contract or collective bargaining
19 agreement with members under chapter 41.32, 41.--- RCW (the new
20 chapter created in section 803 of this act), 41.35, 41.37, or 41.40
21 RCW which provides for:

22 (a) A cash out of unused annual leave in excess of two hundred
23 forty hours of such leave. "Cash out" for purposes of this subsection
24 means any payment in lieu of an accrual of annual leave or any
25 payment added to regular salary, concurrent with a reduction of
26 annual leave;

27 (b) A cash out of any other form of leave;

28 (c) A payment for, or in lieu of, any personal expense or
29 transportation allowance;

30 (d) The portion of any payment, including overtime payments, that
31 exceeds twice the regular rate of pay; or

32 (e) Any other termination or severance payment.

33 (2) Any governing body entering into a contract that includes a
34 compensation provision listed in subsection (1) of this section shall
35 do so only after public notice in compliance with the open public
36 meetings act, chapter 42.30 RCW. This notification requirement may be
37 accomplished as part of the approval process for adopting a contract
38 in whole, and does not require separate or additional open public
39 meetings. At the public meeting, full disclosure shall be made of the

1 nature of the proposed compensation provision, and the employer's
2 estimate of the excess compensation billings under RCW 41.50.150 that
3 the employing entity would have to pay as a result of the proposed
4 compensation provision. The employer shall notify the department of
5 its compliance with this section at the time the department bills the
6 employer under RCW 41.50.150 for the pension impact of compensation
7 provisions listed in subsection (1) of this section that are adopted
8 after July 23, 1995.

9 (3) The requirements of subsection (2) of this section shall not
10 apply to the adoption of a compensation provision listed in
11 subsection (1) of this section if the compensation would not be
12 includable in calculating benefits under chapter 41.32, 41.--- RCW
13 (the new chapter created in section 803 of this act), 41.35, 41.37,
14 or 41.40 RCW for the employees covered by the compensation provision.

15 **Sec. 638.** RCW 41.50.255 and 2004 c 242 s 49 are each amended to
16 read as follows:

17 The director is authorized to pay from the interest earnings of
18 the trust funds of the public employees' retirement system, the
19 merged LEOFF 1/TRS 1 retirement plan, the teachers' retirement
20 system, the Washington state patrol retirement system, the Washington
21 judicial retirement system, the judges' retirement system, the school
22 employees' retirement system, the public safety employees' retirement
23 system, or the law enforcement officers' and firefighters' retirement
24 system lawful obligations of the appropriate system for legal
25 expenses and medical expenses which expenses are primarily incurred
26 for the purpose of protecting the appropriate trust fund or are
27 incurred in compliance with statutes governing such funds.

28 The term "legal expense" includes, but is not limited to, legal
29 services provided through the legal services revolving fund, fees for
30 expert witnesses, travel expenses, fees for court reporters, cost of
31 transcript preparation, and reproduction of documents.

32 The term "medical costs" includes, but is not limited to,
33 expenses for the medical examination or reexamination of members or
34 retirees, the costs of preparation of medical reports, and fees
35 charged by medical professionals for attendance at discovery
36 proceedings or hearings.

37 The director may also pay from the interest earnings of the trust
38 funds specified in this section costs incurred in investigating fraud
39 and collecting overpayments, including expenses incurred to review

1 and investigate cases of possible fraud against the trust funds and
2 collection agency fees and other costs incurred in recovering
3 overpayments. Recovered funds must be returned to the appropriate
4 trust funds.

5 **Sec. 639.** RCW 41.50.500 and 2004 c 242 s 50 are each amended to
6 read as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout RCW 41.50.500 through 41.50.650,
9 41.50.670 through 41.50.720, and 26.09.138.

10 (1) "Benefits" means periodic retirement payments or a withdrawal
11 of accumulated contributions.

12 (2) "Disposable benefits" means that part of the benefits of an
13 individual remaining after the deduction from those benefits of any
14 amount required by law to be withheld. The term "required by law to
15 be withheld" does not include any deduction elective to the member.

16 (3) "Dissolution order" means any judgment, decree, or order of
17 spousal maintenance, property division, or court-approved property
18 settlement incident to a decree of divorce, dissolution, invalidity,
19 or legal separation issued by the superior court of the state of
20 Washington or a judgment, decree, or other order of spousal support
21 issued by a court of competent jurisdiction in another state or
22 country, that has been registered or otherwise made enforceable in
23 this state.

24 (4) "Mandatory benefits assignment order" means an order issued
25 to the department of retirement systems pursuant to RCW 41.50.570 to
26 withhold and deliver benefits payable to an obligor under chapter
27 2.10, 2.12, 41.26, 41.--- RCW (the new chapter created in section 803
28 of this act), 41.32, 41.40, 41.35, 41.37, or 43.43 RCW.

29 (5) "Obligee" means an ex spouse or spouse to whom a duty of
30 spousal maintenance or property division obligation is owed.

31 (6) "Obligor" means the spouse or ex spouse owing a duty of
32 spousal maintenance or a property division obligation.

33 (7) "Periodic retirement payments" means periodic payments of
34 retirement allowances, including but not limited to service
35 retirement allowances, disability retirement allowances, and
36 survivors' allowances. The term does not include a withdrawal of
37 accumulated contributions.

38 (8) "Property division obligation" means any outstanding court-
39 ordered property division or court-approved property settlement

1 obligation incident to a decree of divorce, dissolution, or legal
2 separation.

3 (9) "Standard allowance" means a benefit payment option selected
4 under RCW 2.10.146(1)(a), 41.26.460(1)(a), 41.32.785(1)(a),
5 41.40.188(1)(a), 41.40.660(1), 41.40.845(1)(a), 41.37.170, or
6 41.35.220 that ceases upon the death of the retiree. Standard
7 allowance also means the benefit allowance provided under RCW
8 2.10.110, 2.10.130, 43.43.260, 41.26.100 (as recodified by this act),
9 41.26.130(1)(a) (as recodified by this act), or chapter 2.12 RCW.
10 Standard allowance also means the maximum retirement allowance
11 available under RCW 41.32.530(1) (as recodified by this act)
12 following member withdrawal of accumulated contributions, if any.

13 (10) "Withdrawal of accumulated contributions" means a lump sum
14 payment to a retirement system member of all or a part of the
15 member's accumulated contributions, including accrued interest, at
16 the request of the member including any lump sum amount paid upon the
17 death of the member.

18 **Sec. 640.** RCW 41.50.670 and 2004 c 242 s 51 are each amended to
19 read as follows:

20 (1) Nothing in this chapter regarding mandatory assignment of
21 benefits to enforce a spousal maintenance obligation shall abridge
22 the right of an obligee to direct payments of retirement benefits to
23 satisfy a property division obligation ordered pursuant to a court
24 decree of dissolution or legal separation or any court order or
25 court-approved property settlement agreement incident to any court
26 decree of dissolution or legal separation as provided in RCW
27 2.10.180, 2.12.090, 41.26.053, (~~(41.26.162)~~) 41.32.052, 41.35.100,
28 41.34.070(4), 41.40.052, 43.43.310, 41.37.090, or 26.09.138, as those
29 statutes existed before July 1, 1987, and as those statutes exist on
30 and after July 28, 1991. The department shall pay benefits under this
31 chapter in a lump sum or as a portion of periodic retirement payments
32 as expressly provided by the dissolution order. A dissolution order
33 may not order the department to pay a periodic retirement payment or
34 lump sum unless that payment is specifically authorized under the
35 provisions of chapter 2.10, 2.12, 41.26, 41.32, 41.35, 41.34, 41.40,
36 41.37, or 43.43 RCW, as applicable.

37 (2) The department shall pay directly to an obligee the amount of
38 periodic retirement payments or lump sum payment, as appropriate,
39 specified in the dissolution order if the dissolution order filed

1 with the department pursuant to subsection (1) of this section
2 includes a provision that states in the following form:

3 If (the obligor) receives periodic retirement
4 payments as defined in RCW 41.50.500, the department of retirement
5 systems shall pay to (the obligee) dollars
6 from such payments or . . . percent of such payments. If the
7 obligor's debt is expressed as a percentage of his or her periodic
8 retirement payment and the obligee does not have a survivorship
9 interest in the obligor's benefit, the amount received by the obligee
10 shall be the percentage of the periodic retirement payment that the
11 obligor would have received had he or she selected a standard
12 allowance.

13 If (the obligor) requests or has requested a
14 withdrawal of accumulated contributions as defined in RCW 41.50.500,
15 or becomes eligible for a lump sum death benefit, the department of
16 retirement systems shall pay to (the obligee)
17 dollars plus interest at the rate paid by the department of
18 retirement systems on member contributions. Such interest to accrue
19 from the date of this order's entry with the court of record.

20 (3) This section does not require a member to select a standard
21 allowance upon retirement nor does it require the department to
22 recalculate the amount of a retiree's periodic retirement payment
23 based on a change in survivor option.

24 (4) A court order under this section may not order the department
25 to pay more than seventy-five percent of an obligor's periodic
26 retirement payment to an obligee.

27 (5) Persons whose court decrees were entered between July 1,
28 1987, and July 28, 1991, shall also be entitled to receive direct
29 payments of retirement benefits to satisfy court-ordered property
30 divisions if the dissolution orders comply or are modified to comply
31 with this section and RCW 41.50.680 through 41.50.720 and, as
32 applicable, RCW 2.10.180, 2.12.090, 41.26.053, 41.32.052, 41.35.100,
33 41.34.070, 41.40.052, 43.43.310, 41.37.090, and 26.09.138.

34 (6) The obligee must file a copy of the dissolution order with
35 the department within ninety days of that order's entry with the
36 court of record.

37 (7) A division of benefits pursuant to a dissolution order under
38 this section shall be based upon the obligor's gross benefit prior to
39 any deductions. If the department is required to withhold a portion
40 of the member's benefit pursuant to 26 U.S.C. Sec. 3402 and the sum

1 of that amount plus the amount owed to the obligee exceeds the total
2 benefit, the department shall satisfy the withholding requirements
3 under 26 U.S.C. Sec. 3402 and then pay the remainder to the obligee.
4 The provisions of this subsection do not apply to amounts withheld
5 pursuant to 26 U.S.C. Sec. 3402(i).

6 **Sec. 641.** RCW 41.50.700 and 2003 c 294 s 12 are each amended to
7 read as follows:

8 (1) Except under subsection (3) of this section and RCW
9 41.26.460(5), 41.32.530(5) (as recodified by this act), 41.32.785(5),
10 41.32.851(4), 41.35.220(4), 41.40.188(5), 41.40.660(5), 41.40.845(4),
11 43.43.271(4), and 41.34.080, the department's obligation to provide
12 direct payment of a property division obligation to an obligee under
13 RCW 41.50.670 shall cease upon the death of the obligee or upon the
14 death of the obligor, whichever comes first. However, if an obligor
15 dies and is eligible for a lump sum death benefit, the department
16 shall be obligated to provide direct payment to the obligee of all or
17 a portion of the withdrawal of accumulated contributions pursuant to
18 a court order that complies with RCW 41.50.670.

19 (2) The direct payment of a property division obligation to an
20 obligee under RCW 41.50.670 shall be paid as a deduction from the
21 member's periodic retirement payment. An obligee may not direct the
22 department to withhold any funds from such payment.

23 (3) The department's obligation to provide direct payment to a
24 nonmember ex spouse from a preretirement divorce meeting the criteria
25 of RCW (~~(41.26.162(2) or~~) 43.43.270(2) may continue for the life of
26 the member's surviving spouse qualifying for benefits under RCW
27 41.26.160 (as recodified by this act), 41.26.161 (as recodified by
28 this act), or 43.43.270(2). Upon the death of the member's surviving
29 spouse qualifying for benefits under RCW 41.26.160 (as recodified by
30 this act), 41.26.161 (as recodified by this act), or 43.43.270(2),
31 the department's obligation under this subsection shall cease. The
32 department's obligation to provide direct payment to a nonmember ex
33 spouse qualifying for a continued split benefit payment under RCW
34 41.26.162(3) (as recodified by this act) shall continue for the life
35 of that nonmember ex spouse.

36 **Sec. 642.** RCW 41.50.790 and 2004 c 242 s 52 are each amended to
37 read as follows:

1 (1) The department shall designate an obligee as a survivor
2 beneficiary of a member under RCW 2.10.146, 41.26.460, 41.32.530 (as
3 recodified by this act), 41.32.785, 41.32.851, 41.35.220, 41.40.188,
4 41.40.660, 41.37.170, or 41.40.845 if the department has been served
5 by registered or certified mail with a dissolution order as defined
6 in RCW 41.50.500 at least thirty days prior to the member's
7 retirement. The department's duty to comply with the dissolution
8 order arises only if the order contains a provision that states in
9 substantially the following form:

10 When (the obligor) applies for retirement the
11 department shall designate (the obligee) as
12 survivor beneficiary with a survivor benefit.

13 The survivor benefit designated in the dissolution order must be
14 consistent with the survivor benefit options authorized by statute or
15 administrative rule.

16 (2) The obligee's entitlement to a survivor benefit pursuant to a
17 dissolution order filed with the department in compliance with
18 subsection (1) of this section shall cease upon the death of the
19 obligee.

20 (3) (a) A subsequent dissolution order may order the department to
21 divide a survivor benefit between a survivor beneficiary and an
22 alternate payee. In order to divide a survivor benefit between more
23 than one payee, the dissolution order must:

24 (i) Be ordered by a court of competent jurisdiction following
25 notice to the survivor beneficiary;

26 (ii) Contain a provision that complies with subsection (1) of
27 this section designating the survivor beneficiary;

28 (iii) Contain a provision clearly identifying the alternate payee
29 or payees; and

30 (iv) Specify the proportional division of the benefit between the
31 survivor beneficiary and the alternate payee or payees.

32 (b) The department will calculate actuarial adjustment for the
33 court-ordered survivor benefit based upon the life of the survivor
34 beneficiary.

35 (c) If the survivor beneficiary dies, the department shall
36 terminate the benefit. If the alternate payee predeceases the
37 survivor beneficiary, all entitlement of the alternate payee to a
38 benefit ceases and the entire benefit will revert to the survivor
39 beneficiary.

1 (d) For purposes of this section, "survivor beneficiary" means:

2 (i) The obligee designated in the provision of dissolution filed
3 in compliance with subsection (1) of this section; or

4 (ii) In the event of more than one dissolution order, the obligee
5 named in the first decree of dissolution received by the department.

6 (e) For purposes of this section, "alternate payee" means a
7 person, other than the survivor beneficiary, who is granted a
8 percentage of a survivor benefit pursuant to a dissolution order.

9 (4) The department shall under no circumstances be held liable
10 for not designating an obligee as a survivor beneficiary under
11 subsection (1) of this section if the dissolution order or amendment
12 thereto is not served on the department by registered or certified
13 mail at least thirty days prior to the member's retirement.

14 (5) If a dissolution order directing designation of a survivor
15 beneficiary has been previously filed with the department in
16 compliance with this section, no additional obligation shall arise on
17 the part of the department upon filing of a subsequent dissolution
18 order unless the subsequent dissolution order:

19 (a) Specifically amends or supersedes the dissolution order
20 already on file with the department; and

21 (b) Is filed with the department by registered or certified mail
22 at least thirty days prior to the member's retirement.

23 (6) The department shall designate a court-ordered survivor
24 beneficiary pursuant to a dissolution order filed with the department
25 before June 6, 1996, only if the order:

26 (a) Specifically directs the member or department to make such
27 selection;

28 (b) Specifies the survivor option to be selected; and

29 (c) The member retires after June 6, 1996.

30 **Sec. 643.** RCW 41.54.010 and 2007 c 207 s 1 are each amended to
31 read as follows:

32 The definitions in this section apply throughout this chapter
33 unless the context clearly requires otherwise.

34 (1) "Base salary" means salaries or wages earned by a member of a
35 system during a payroll period for personal services and includes
36 wages and salaries deferred under provisions of the United States
37 internal revenue code, but shall exclude overtime payments, nonmoney
38 maintenance compensation, and lump sum payments for deferred annual
39 sick leave, unused accumulated vacation, unused accumulated annual

1 leave, any form of severance pay, any bonus for voluntary retirement,
2 any other form of leave, or any similar lump sum payment; except that
3 forms of payment which are excluded under this subsection shall be
4 included in base salary when reportable to the department in all of a
5 dual member's retirement systems, and when none of the dual member's
6 retirement systems are the Washington state patrol retirement system.

7 (2) "Department" means the department of retirement systems.

8 (3) "Director" means the director of the department of retirement
9 systems.

10 (4) "Dual member" means a person who (a) is or becomes a member
11 of a system on or after July 1, 1988, (b) has been a member of one or
12 more other systems, and (c) has never been retired for service from a
13 retirement system and is not receiving a disability retirement or
14 disability leave benefit from any retirement system listed in RCW
15 41.50.030 or subsection (6) of this section.

16 (5) "Service" means the same as it may be defined in each
17 respective system. For the purposes of RCW 41.54.030, military
18 service granted under RCW 41.40.170(3) or 43.43.260 may only be based
19 on service accrued under chapter 41.40 or 43.43 RCW, respectively.

20 (6) "System" means the retirement systems established under
21 chapters 41.--- RCW (the new chapter created in section 803 of this
22 act), 41.32, 41.40, 41.44, 41.35, 41.37, and 43.43 RCW; plan 2 of the
23 system established under chapter 41.26 RCW; and the city employee
24 retirement systems for Seattle, Tacoma, and Spokane.

25 **Sec. 644.** RCW 41.54.040 and 2004 c 242 s 59 are each amended to
26 read as follows:

27 (1) The allowances calculated under RCW 41.54.030, 41.54.032, and
28 41.54.034 shall be paid separately by each respective current and
29 prior system. Any deductions from such separate payments shall be
30 according to the provisions of the respective systems.

31 (2) Postretirement adjustments, if any, shall be applied by the
32 respective systems based on the payments made under subsection (1) of
33 this section.

34 (3) The department shall adopt rules under chapter 34.05 RCW to
35 ensure that where a dual member has service in a system established
36 under chapter 41.--- RCW (the new chapter created in section 803 of
37 this act), 41.32, 41.40, 41.44, 41.35, 41.37, or 43.43 RCW; service
38 in plan 2 of the system established under chapter 41.26 RCW; and
39 service under the city employee retirement system for Seattle,

1 Tacoma, or Spokane, the additional cost incurred as a result of the
2 dual member receiving a benefit under this chapter shall be borne by
3 the retirement system incurring the additional cost.

4 **Sec. 645.** RCW 51.32.050 and 2010 c 261 s 3 are each amended to
5 read as follows:

6 (1) Where death results from the injury the expenses of burial
7 not to exceed two hundred percent of the average monthly wage in the
8 state as defined in RCW 51.08.018 shall be paid.

9 (2)(a) Where death results from the injury, a surviving spouse of
10 a deceased worker eligible for benefits under this title shall
11 receive monthly for life or until remarriage payments according to
12 the following schedule:

13 (i) If there are no children of the deceased worker, sixty
14 percent of the wages of the deceased worker;

15 (ii) If there is one child of the deceased worker and in the
16 legal custody of such spouse, sixty-two percent of the wages of the
17 deceased worker;

18 (iii) If there are two children of the deceased worker and in the
19 legal custody of such spouse, sixty-four percent of the wages of the
20 deceased worker;

21 (iv) If there are three children of the deceased worker and in
22 the legal custody of such spouse, sixty-six percent of the wages of
23 the deceased worker;

24 (v) If there are four children of the deceased worker and in the
25 legal custody of such spouse, sixty-eight percent of the wages of the
26 deceased worker; or

27 (vi) If there are five or more children of the deceased worker
28 and in the legal custody of such spouse, seventy percent of the wages
29 of the deceased worker.

30 (b) Where the surviving spouse does not have legal custody of any
31 child or children of the deceased worker or where after the death of
32 the worker legal custody of such child or children passes from such
33 surviving spouse to another, any payment on account of such child or
34 children not in the legal custody of the surviving spouse shall be
35 made to the person or persons having legal custody of such child or
36 children. The amount of such payments shall be five percent of the
37 monthly benefits payable as a result of the worker's death for each
38 such child but such payments shall not exceed twenty-five percent.
39 Such payments on account of such child or children shall be

1 subtracted from the amount to which such surviving spouse would have
2 been entitled had such surviving spouse had legal custody of all of
3 the children and the surviving spouse shall receive the remainder
4 after such payments on account of such child or children have been
5 subtracted. Such payments on account of a child or children not in
6 the legal custody of such surviving spouse shall be apportioned
7 equally among such children.

8 (c) Payments to the surviving spouse of the deceased worker shall
9 cease at the end of the month in which remarriage occurs: PROVIDED,
10 That a monthly payment shall be made to the child or children of the
11 deceased worker from the month following such remarriage in a sum
12 equal to five percent of the wages of the deceased worker for one
13 child and a sum equal to five percent for each additional child up to
14 a maximum of five such children. Payments to such child or children
15 shall be apportioned equally among such children. Such sum shall be
16 in place of any payments theretofore made for the benefit of or on
17 account of any such child or children. If the surviving spouse does
18 not have legal custody of any child or children of the deceased
19 worker, or if after the death of the worker, legal custody of such
20 child or children passes from such surviving spouse to another, any
21 payment on account of such child or children not in the legal custody
22 of the surviving spouse shall be made to the person or persons having
23 legal custody of such child or children.

24 (d) In no event shall the monthly payments provided in this
25 subsection (2) (~~of this section~~):

26 (i) Exceed the applicable percentage of the average monthly wage
27 in the state as computed under RCW 51.08.018 as follows:

	AFTER	PERCENTAGE
28		
29	June 30, 1993	105%
30	June 30, 1994	110%
31	June 30, 1995	115%
32	June 30, 1996	120%

33 (ii) For dates of injury or disease manifestation after July 1,
34 2008, be less than fifteen percent of the average monthly wage in the
35 state as computed under RCW 51.08.018 plus an additional ten dollars
36 per month for a surviving spouse and an additional ten dollars per
37 month for each child of the worker up to a maximum of five children.
38 However, if the monthly payment computed under this subsection

1 (2)(d)(ii) is greater than one hundred percent of the wages of the
2 deceased worker as determined under RCW 51.08.178, the monthly
3 payment due to the surviving spouse shall be equal to the greater of
4 the monthly wages of the deceased worker or the minimum benefit set
5 forth in this section on June 30, 2008.

6 (e) In addition to the monthly payments provided for in
7 (~~subsection—(2)~~)(a) through (c) of this (~~section~~) subsection, a
8 surviving spouse or child or children of such worker if there is no
9 surviving spouse, or dependent parent or parents, if there is no
10 surviving spouse or child or children of any such deceased worker
11 shall be forthwith paid a sum equal to one hundred percent of the
12 average monthly wage in the state as defined in RCW 51.08.018, any
13 such children, or parents to share and share alike in said sum.

14 (f) Upon remarriage of a surviving spouse the monthly payments
15 for the child or children shall continue as provided in this section,
16 but the monthly payments to such surviving spouse shall cease at the
17 end of the month during which remarriage occurs. However, after
18 September 8, 1975, an otherwise eligible surviving spouse of a worker
19 who died at any time prior to or after September 8, 1975, shall have
20 an option of:

21 (i)(A) Receiving, once and for all, a lump sum of twenty-four
22 times the monthly compensation rate in effect on the date of
23 remarriage allocable to the spouse for himself or herself pursuant to
24 (~~subsection—(2)~~)(a)(i) of this (~~section~~) subsection and subject
25 to any modifications specified under (~~subsection—(2)~~)(d) of this
26 (~~section~~) subsection and RCW 51.32.075(3) or fifty percent of the
27 then remaining annuity value of his or her pension, whichever is the
28 lesser: PROVIDED, That if the injury occurred prior to July 28, 1991,
29 the remarriage benefit lump sum available shall be as provided in the
30 remarriage benefit schedules then in effect;

31 (B) If a surviving spouse is the surviving spouse of a member of
32 the law enforcement officers' and firefighters' retirement system
33 under chapter 41.26 RCW or the state patrol retirement system under
34 chapter 43.43 RCW, the surviving spouse may receive a lump sum of
35 thirty-six times the monthly compensation rate in effect on the date
36 of remarriage allocable to the spouse for himself or herself pursuant
37 to (~~subsection—(2)~~)(a)(i) of this (~~section~~) subsection and RCW
38 51.32.075(3) or fifty percent of the remaining annuity value of his
39 or her pension provided under this chapter, whichever is the lesser:
40 PROVIDED, That if the injury occurred prior to July 28, 1991, the

1 lump sum benefit shall be as provided in the remarriage benefit
2 schedules then in effect; or

3 (ii) If a surviving spouse does not choose the option specified
4 in (~~(subsection—(2))~~) (f) (i) of this (~~(section)~~) subsection to accept
5 the lump sum payment, the remarriage of the surviving spouse of a
6 worker shall not bar him or her from claiming the lump sum payment
7 authorized in (~~(subsection—(2))~~) (f) (i) of this (~~(section)~~) subsection
8 during the life of the remarriage, or shall not prevent subsequent
9 monthly payments to him or to her if the remarriage has been
10 terminated by death or has been dissolved or annulled by valid court
11 decree provided he or she has not previously accepted the lump sum
12 payment.

13 (g) If the surviving spouse during the remarriage should die
14 without having previously received the lump sum payment provided in
15 (~~(subsection—(2))~~) (f) (i) of this (~~(section)~~) subsection, his or her
16 estate shall be entitled to receive the sum specified under
17 (~~(subsection—(2))~~) (f) (i) of this (~~(section)~~) subsection or fifty
18 percent of the then remaining annuity value of his or her pension
19 whichever is the lesser.

20 (h) The effective date of resumption of payments under
21 (~~(subsection—(2))~~) (f) (ii) of this (~~(section)~~) subsection to a
22 surviving spouse based upon termination of a remarriage by death,
23 annulment, or dissolution shall be the date of the death or the date
24 the judicial decree of annulment or dissolution becomes final and
25 when application for the payments has been received.

26 (i) If it should be necessary to increase the reserves in the
27 reserve fund or to create a new pension reserve fund as a result of
28 the amendments in chapter 45, Laws of 1975-'76 2nd ex. sess., the
29 amount of such increase in pension reserve in any such case shall be
30 transferred to the reserve fund from the supplemental pension fund.

31 (3) If there is a child or children and no surviving spouse of
32 the deceased worker or the surviving spouse is not eligible for
33 benefits under this title, a sum equal to thirty-five percent of the
34 wages of the deceased worker shall be paid monthly for one child and
35 a sum equivalent to fifteen percent of such wage shall be paid
36 monthly for each additional child, the total of such sum to be
37 divided among such children, share and share alike: PROVIDED, That
38 benefits under this subsection or subsection (4) of this section
39 shall not exceed the lesser of sixty-five percent of the wages of the
40 deceased worker at the time of his or her death or the applicable

1 percentage of the average monthly wage in the state as defined in RCW
2 51.08.018, as follows:

3	AFTER	PERCENTAGE
4	June 30, 1993	105%
5	June 30, 1994	110%
6	June 30, 1995	115%
7	June 30, 1996	120%

8 (4) In the event a surviving spouse receiving monthly payments
9 dies, the child or children of the deceased worker shall receive the
10 same payment as provided in subsection (3) of this section.

11 (5) If the worker leaves no surviving spouse or child, but leaves
12 a dependent or dependents, a monthly payment shall be made to each
13 dependent equal to fifty percent of the average monthly support
14 actually received by such dependent from the worker during the twelve
15 months next preceding the occurrence of the injury, but the total
16 payment to all dependents in any case shall not exceed the lesser of
17 sixty-five percent of the wages of the deceased worker at the time of
18 his or her death or the applicable percentage of the average monthly
19 wage in the state as defined in RCW 51.08.018 as follows:

20	AFTER	PERCENTAGE
21	June 30, 1993	105%
22	June 30, 1994	110%
23	June 30, 1995	115%
24	June 30, 1996	120%

25 If any dependent is under the age of eighteen years at the time
26 of the occurrence of the injury, the payment to such dependent shall
27 cease when such dependent reaches the age of eighteen years except
28 such payments shall continue until the dependent reaches age twenty-
29 three while permanently enrolled at a full time course in an
30 accredited school. The payment to any dependent shall cease if and
31 when, under the same circumstances, the necessity creating the
32 dependency would have ceased if the injury had not happened.

33 (6) For claims filed prior to July 1, 1986, if the injured worker
34 dies during the period of permanent total disability, whatever the
35 cause of death, leaving a surviving spouse, or child, or children,
36 the surviving spouse or child or children shall receive benefits as

1 if death resulted from the injury as provided in subsections (2)
2 through (4) of this section. Upon remarriage or death of such
3 surviving spouse, the payments to such child or children shall be
4 made as provided in subsection (2) of this section when the surviving
5 spouse of a deceased worker remarries.

6 (7) For claims filed on or after July 1, 1986, every worker who
7 becomes eligible for permanent total disability benefits shall elect
8 an option as provided in RCW 51.32.067.

9 NEW SECTION. **Sec. 701.** The following acts or parts of acts are
10 each repealed:

11 (1) RCW 41.26.005 (Provisions applicable to "plan 1" and "plan
12 2.") and 1992 c 72 s 2, 1991 c 35 s 12, 1989 c 273 s 10, 1985 c 102 s
13 5, 1979 ex.s. c 249 s 1, & 1977 ex.s. c 294 s 18;

14 (2) RCW 41.26.040 (System created—Membership—Funds) and 2012 c
15 117 s 39, 1991 c 35 s 15, 1989 c 273 s 11, 1979 ex.s. c 45 s 1, 1974
16 ex.s. c 120 s 7, 1973 1st ex.s. c 195 s 44, 1970 ex.s. c 6 s 2, &
17 1969 ex.s. c 209 s 4;

18 (3) RCW 41.26.075 (Provisions applicable to plan 1) and 1992 c 72
19 s 3 & 1991 c 35 s 101;

20 (4) RCW 41.26.080 (Funding total liability of plan 1 system) and
21 2007 c 492 s 8, 2000 2nd sp.s. c 1 s 907, 1991 c 35 s 17, 1989 c 273
22 s 13, & 1969 ex.s. c 209 s 8;

23 (5) RCW 41.26.105 (Purchase of actuarially equivalent life
24 annuity benefit upon retirement—Purchase by past retirees) and 2016 c
25 222 s 2;

26 (6) RCW 41.26.270 (Declaration of policy respecting benefits for
27 injury or death—Civil actions abolished) and 1989 c 12 s 13, 1987 c
28 185 s 13, 1985 c 102 s 4, & 1971 ex.s. c 257 s 14; and

29 (7) RCW 41.26.3903 (Effective date—1969 ex.s. c 209) and 1969
30 ex.s. c 209 s 45.

31 NEW SECTION. **Sec. 702.** RCW 41.26.090, 41.26.100, 41.26.110,
32 41.26.115, 41.26.120, 41.26.125, 41.26.130, 41.26.140, 41.26.150,
33 41.26.160, 41.26.161, 41.26.162, 41.26.164, 41.26.170, 41.26.190,
34 41.26.192, 41.26.194, 41.26.197, 41.26.199, 41.26.200, 41.26.211,
35 41.26.221, 41.26.240, 41.26.250, 41.26.260, 41.26.281, 41.26.3901,
36 and 41.26.3902 are each recodified as sections in chapter 41.--- RCW
37 (the new chapter created in section 803 of this act).

1 NEW SECTION. **Sec. 703.** RCW 41.32.215 (Provisions applicable to
2 plan 1) and 1992 c 72 s 5 & 1991 c 35 s 103 are each repealed.

3 NEW SECTION. **Sec. 704.** RCW 41.32.240, 41.32.260, 41.32.263,
4 41.32.267, 41.32.270, 41.32.300, 41.32.310, 41.32.330, 41.32.340,
5 41.32.345, 41.32.350, 41.32.380, 41.32.390, 41.32.470, 41.32.480,
6 41.32.483, 41.32.485, 41.32.4851, 41.32.4872, 41.32.489, 41.32.4931,
7 41.32.4945, 41.32.497, 41.32.498, 41.32.4986, 41.32.500, 41.32.510,
8 41.32.520, 41.32.522, 41.32.523, 41.32.530, 41.32.540, 41.32.550,
9 41.32.555, 41.32.570, 41.32.581, 41.32.584, and 41.32.587 are each
10 recodified as sections in chapter 41.--- RCW (the new chapter created
11 in section 803 of this act).

12 NEW SECTION. **Sec. 705.** The following sections are decodified:

13 (1) RCW 41.20.061 (Increase in presently payable benefits for
14 service or disability authorized); and

15 (2) RCW 41.20.086 (Increase in certain presently payable death
16 benefits authorized).

17 NEW SECTION. **Sec. 801.** (1) The merger of the assets,
18 liabilities, and membership of the teachers' retirement system plan 1
19 and the law enforcement officers' and firefighters' retirement system
20 plan 1 as provided in section 203 of this act must be administered so
21 as to comply with the internal revenue code, Title 26 U.S.C., and
22 specifically with plan qualification requirements imposed on
23 governmental plans by section 401(a) of the internal revenue code.

24 Any section or provision of this act that is susceptible to more
25 than one construction must be interpreted so as to meet this
26 requirement.

27 (2) If the federal internal revenue service issues a
28 determination letter stating that any section of this act is in
29 conflict with the plan qualification requirements for governmental
30 plans in section 401(a) of the internal revenue code, and the
31 conflict cannot be resolved through administrative action or
32 statutory change, then sections 201 through 703 of this act are null
33 and void.

34 NEW SECTION. **Sec. 802.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 803.** Sections 201 through 241 of this act
4 constitute a new chapter in Title 41 RCW.

5 NEW SECTION. **Sec. 804.** Section 402 of this act expires July 1,
6 2023.

7 NEW SECTION. **Sec. 805.** Section 626 of this act expires July 1,
8 2024.

9 NEW SECTION. **Sec. 806.** Section 627 of this act takes effect
10 July 1, 2024.

11 NEW SECTION. **Sec. 807.** Except for section 627 of this act, this
12 act is necessary for the immediate preservation of the public peace,
13 health, or safety, or support of the state government and its
14 existing public institutions, and takes effect immediately.

--- END ---