

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1056

68th Legislature
2023 Regular Session

Passed by the House February 6, 2023
Yeas 93 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate April 20, 2023
Yeas 47 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1056** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1056

Passed Legislature - 2023 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By House Appropriations (originally sponsored by Representatives Stokesbary, Fitzgibbon, Leavitt, Simmons, Lekanoff, Rule, Griffey, Macri, Bergquist, Wylie, and Ormsby; by request of Select Committee on Pension Policy)

READ FIRST TIME 01/27/23.

1 AN ACT Relating to repealing some postretirement employment
2 restrictions; amending RCW 41.32.765, 41.32.802, 41.32.862,
3 41.32.875, 41.35.060, 41.35.420, 41.35.680, 41.40.630, and 41.40.820;
4 creating a new section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 remove some of the restrictions on the types and amount of
8 postretirement employment that members that chose the enhanced early
9 retirement formula created in 2008 for the public employees', school
10 employees', and teachers' retirement systems plans 2 and 3 can
11 perform while in receipt of a retirement allowance. This change
12 simplifies administration of the retirement system and could assist
13 employers currently experiencing difficulties recruiting and
14 retaining employees. In addition, some employees were offered and
15 accepted a choice of lower early retirement benefits without the
16 work-related benefit restrictions that are now being removed from
17 those that chose higher benefits. The legislature intends those
18 employees not be penalized for that choice after the employment-
19 related benefit restrictions are removed. Therefore, pursuant to this
20 act, the legislature intends that the employees that chose the three
21 percent per year early retirement reduction and fewer benefit

1 restrictions, rather than the 2008 early retirement formula with
2 restrictions now being removed, shall have their benefit reduction
3 recalculated to the level of the 2008 reduction for benefits made on
4 or after the effective date of this section.

5 **Sec. 2.** RCW 41.32.765 and 2012 1st sp.s. c 7 s 1 are each
6 amended to read as follows:

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

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

19 (3) ALTERNATE EARLY RETIREMENT.

20 (a) Any member who has completed at least thirty service credit
21 years and has attained age fifty-five shall be eligible to retire and
22 to receive a retirement allowance computed according to the
23 provisions of RCW 41.32.760, except that a member retiring pursuant
24 to this subsection shall have the retirement allowance reduced by
25 three percent per year to reflect the difference in the number of
26 years between age at retirement and the attainment of age sixty-five.

27 (b) (i) On or after September 1, 2008, any member who has
28 completed at least thirty service credit years and has attained age
29 fifty-five shall be eligible to retire and to receive a retirement
30 allowance computed according to the provisions of RCW 41.32.760,
31 except that a member retiring pursuant to this subsection shall have
32 the retirement allowance reduced as follows:

33	Retirement	Percent
34	Age	Reduction
35	55	20%
36	56	17%
37	57	14%

1	58	11%
2	59	8%
3	60	5%
4	61	2%
5	62	0%
6	63	0%
7	64	0%

8 ~~((Any member who retires under the provisions of this subsection~~
9 ~~is ineligible for the postretirement employment provisions of RCW~~
10 ~~41.32.802(2) until the retired member has reached sixty-five years of~~
11 ~~age. For purposes of this subsection, employment with an employer~~
12 ~~also includes any personal service contract, service by an employer~~
13 ~~as a temporary or project employee, or any other similar compensated~~
14 ~~relationship with any employer included under the provisions of RCW~~
15 ~~41.32.800(1)).~~

16 ~~The subsidized reductions for alternate early retirement in this~~
17 ~~subsection as set forth in section 2, chapter 491, Laws of 2007 were~~
18 ~~intended by the legislature as replacement benefits for gain-sharing.~~
19 ~~Until there is legal certainty with respect to the repeal of chapter~~
20 ~~41.31A RCW, the right to retire under this subsection is~~
21 ~~noncontractual, and the legislature reserves the right to amend or~~
22 ~~repeal this subsection. Legal certainty includes, but is not limited~~
23 ~~to, the expiration of any: Applicable limitations on actions; and~~
24 ~~periods of time for seeking appellate review, up to and including~~
25 ~~reconsideration by the Washington supreme court and the supreme court~~
26 ~~of the United States. Until that time, eligible members may still~~
27 ~~retire under this subsection, and upon receipt of the first~~
28 ~~installment of a retirement allowance computed under this subsection,~~
29 ~~the resulting benefit becomes contractual for the recipient. If the~~
30 ~~repeal of chapter 41.31A RCW is held to be invalid in a final~~
31 ~~determination of a court of law, and the court orders reinstatement~~
32 ~~of gain-sharing or other alternate benefits as a remedy, then~~
33 ~~retirement benefits for any member who has completed at least thirty~~
34 ~~service credit years and has attained age fifty-five but has not yet~~
35 ~~received the first installment of a retirement allowance under this~~
36 ~~subsection shall be computed using the reductions in (a) of this~~
37 ~~subsection.)) (ii) Any member who retired on or after September 1,~~

1 2008, and chose the three percent per year reduction provided under
2 (a) of this subsection shall have a retirement allowance recalculated
3 under the reductions of (b) (i) of this subsection for benefit
4 payments made on or after the effective date of this section.

5 (c) Members who first become employed by an employer in an
6 eligible position on or after May 1, 2013, are not eligible for the
7 alternate early retirement provisions of (a) or (b) of this
8 subsection. Any member who first becomes employed by an employer in
9 an eligible position on or after May 1, 2013, and has completed at
10 least thirty service credit years and has attained age fifty-five
11 shall be eligible to retire and to receive a retirement allowance
12 computed according to the provisions of RCW 41.32.760, except that a
13 member retiring pursuant to this subsection shall have the retirement
14 allowance reduced by five percent per year to reflect the difference
15 in the number of years between age at retirement and the attainment
16 of age sixty-five.

17 **Sec. 3.** RCW 41.32.802 and 2022 c 110 s 2 are each amended to
18 read as follows:

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

25 (b) The benefit reduction provided in (a) of this subsection will
26 accrue for a maximum of one hundred forty hours per month. Any
27 benefit reduction over one hundred percent will be applied to the
28 benefit the retiree is eligible to receive in subsequent months.

29 (2) (a) A retiree who has satisfied the break in employment
30 requirement of subsection (1) of this section, may work up to eight
31 hundred sixty-seven hours per calendar year in an eligible position,
32 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or
33 as a firefighter or law enforcement officer, as defined in RCW
34 41.26.030, or in a position covered by annuity and retirement income
35 plans offered by institutions of higher education pursuant to RCW
36 28B.10.400, without suspension of his or her benefit.

37 ~~(b) ((A retiree who has retired under the alternate early~~
38 ~~retirement provisions of RCW 41.32.765(3) (b) may be employed with an~~
39 ~~employer for up to 867 hours per calendar year without suspension of~~

1 ~~his or her benefit, provided that: (i) The retired teacher reenters~~
2 ~~employment more than one calendar month after his or her accrual date~~
3 ~~and after June 9, 2016; and (ii) the retired teacher is employed in a~~
4 ~~nonadministrative capacity.~~

5 ~~(e))~~ (i) Between March 23, 2022, and July 1, 2025, a retiree who
6 reenters employment more than one month after his or her accrual
7 date, and who enters service in a school district in a
8 nonadministrative position shall continue to receive pension payments
9 while engaged in such service, until the retiree has rendered service
10 for more than 1,040 hours in a calendar year.

11 (ii) Between March 23, 2022, and July 1, 2025, a retiree that
12 retired before January 1, 2022, and who enters service in a second-
13 class school district, as defined in RCW 28A.300.065, as either a
14 district superintendent or an in-school administrator shall continue
15 to receive pension payments while engaged in such service, until the
16 retiree has rendered service for more than 1,040 hours in a calendar
17 year.

18 (iii) The legislature reserves the right to amend or repeal this
19 subsection (2) ~~((e))~~ (b) in the future and no member or beneficiary
20 has a contractual right to be employed for more than 867 hours in a
21 calendar year without a reduction of his or her pension.

22 (3) If the retiree opts to reestablish membership under RCW
23 41.32.044, he or she terminates his or her retirement status and
24 immediately becomes a member. Retirement benefits shall not accrue
25 during the period of membership and the individual shall make
26 contributions and receive membership credit. Such a member shall have
27 the right to again retire if eligible.

28 **Sec. 4.** RCW 41.32.862 and 2022 c 110 s 3 are each amended to
29 read as follows:

30 (1)(a) If a retiree enters employment with an employer sooner
31 than one calendar month after his or her accrual date, the retiree's
32 monthly retirement allowance will be reduced by five and one-half
33 percent for every seven hours worked during that month. This
34 reduction will be applied each month until the retiree remains absent
35 from employment with an employer for one full calendar month.

36 (b) The benefit reduction provided in (a) of this subsection will
37 accrue for a maximum of one hundred forty hours per month. Any
38 benefit reduction over one hundred percent will be applied to the
39 benefit the retiree is eligible to receive in subsequent months.

1 (2) (a) A retiree who has satisfied the break in employment
2 requirement of subsection (1) of this section, may work up to eight
3 hundred sixty-seven hours per calendar year in an eligible position,
4 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or
5 as a firefighter or law enforcement officer, as defined in RCW
6 41.26.030, or in a position covered by annuity and retirement income
7 plans offered by institutions of higher education pursuant to RCW
8 28B.10.400, without suspension of his or her benefit.

9 ~~(b) ((A retiree who has retired under the alternate early
10 retirement provisions of RCW 41.32.875(3) (b) may be employed with an
11 employer for up to 867 hours per calendar year without suspension of
12 his or her benefit, provided that: (i) The retired teacher reenters
13 employment more than one calendar month after his or her accrual date
14 and after June 9, 2016; and (ii) the retired teacher is employed in a
15 nonadministrative capacity.~~

16 ~~(e))~~ (i) Between March 23, 2022, and July 1, 2025, a retired
17 teacher or retired administrator who reenters employment more than
18 one month after his or her accrual date, and who enters service in a
19 school district in a nonadministrative position shall continue to
20 receive pension payments while engaged in such service, until the
21 retiree has rendered service for more than 1,040 hours in a calendar
22 year.

23 (ii) Between March 23, 2022, and July 1, 2025, a retiree that
24 retired before January 1, 2022, and who enters service in a second-
25 class school district, as defined in RCW 28A.300.065, as either a
26 district superintendent or an in-school administrator shall continue
27 to receive pension payments while engaged in such service, until the
28 retiree has rendered service for more than 1,040 hours in a calendar
29 year.

30 (iii) The legislature reserves the right to amend or repeal this
31 subsection (2) ~~((e))~~ (b) in the future and no member or beneficiary
32 has a contractual right to be employed for more than 867 hours in a
33 calendar year without a reduction of his or her pension.

34 (3) If the retiree opts to reestablish membership under RCW
35 41.32.044, he or she terminates his or her retirement status and
36 immediately becomes a member. Retirement benefits shall not accrue
37 during the period of membership and the individual shall make
38 contributions and receive membership credit. Such a member shall have
39 the right to again retire if eligible.

1 **Sec. 5.** RCW 41.32.875 and 2012 1st sp.s. c 7 s 2 are each
2 amended to read as follows:

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

5 (a) Completed ten service credit years; or

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

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

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

12 (2) EARLY RETIREMENT. Any member who has attained at least age
13 fifty-five and has completed at least ten years of service shall be
14 eligible to retire and to receive a retirement allowance computed
15 according to the provisions of RCW 41.32.840, except that a member
16 retiring pursuant to this subsection shall have the retirement
17 allowance actuarially reduced to reflect the difference in the number
18 of years between age at retirement and the attainment of age sixty-
19 five.

20 (3) ALTERNATE EARLY RETIREMENT.

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

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

Retirement Age	Percent Reduction
55	20%
56	17%
57	14%

1	58	11%
2	59	8%
3	60	5%
4	61	2%
5	62	0%
6	63	0%
7	64	0%

8 ~~((Any member who retires under the provisions of this subsection~~
9 ~~is ineligible for the postretirement employment provisions of RCW~~
10 ~~41.32.862(2) until the retired member has reached sixty-five years of~~
11 ~~age. For purposes of this subsection, employment with an employer~~
12 ~~also includes any personal service contract, service by an employer~~
13 ~~as a temporary or project employee, or any other similar compensated~~
14 ~~relationship with any employer included under the provisions of RCW~~
15 ~~41.32.860(1)).~~

16 ~~The subsidized reductions for alternate early retirement in this~~
17 ~~subsection as set forth in section 4, chapter 491, Laws of 2007 were~~
18 ~~intended by the legislature as replacement benefits for gain-sharing.~~
19 ~~Until there is legal certainty with respect to the repeal of chapter~~
20 ~~41.31A RCW, the right to retire under this subsection is~~
21 ~~noncontractual, and the legislature reserves the right to amend or~~
22 ~~repeal this subsection. Legal certainty includes, but is not limited~~
23 ~~to, the expiration of any: Applicable limitations on actions; and~~
24 ~~periods of time for seeking appellate review, up to and including~~
25 ~~reconsideration by the Washington supreme court and the supreme court~~
26 ~~of the United States. Until that time, eligible members may still~~
27 ~~retire under this subsection, and upon receipt of the first~~
28 ~~installment of a retirement allowance computed under this subsection,~~
29 ~~the resulting benefit becomes contractual for the recipient. If the~~
30 ~~repeal of chapter 41.31A RCW is held to be invalid in a final~~
31 ~~determination of a court of law, and the court orders reinstatement~~
32 ~~of gain-sharing or other alternate benefits as a remedy, then~~
33 ~~retirement benefits for any member who has completed at least thirty~~
34 ~~service credit years and has attained age fifty-five but has not yet~~
35 ~~received the first installment of a retirement allowance under this~~
36 ~~subsection shall be computed using the reductions in (a) of this~~
37 ~~subsection.)) (ii) Any member who retired on or after September 1,~~

1 2008, and chose the three percent per year reduction provided under
2 (a) of this subsection shall have a retirement allowance recalculated
3 under the reductions of (b) (i) of this subsection for benefit
4 payments made on or after the effective date of this section.

5 (c) Members who first become employed by an employer in an
6 eligible position on or after May 1, 2013, are not eligible for the
7 alternate early retirement provisions of (a) or (b) of this
8 subsection. Any member who first becomes employed by an employer in
9 an eligible position on or after May 1, 2013, and has completed at
10 least thirty service credit years and has attained age fifty-five
11 shall be eligible to retire and to receive a retirement allowance
12 computed according to the provisions of RCW 41.32.840, except that a
13 member retiring pursuant to this subsection shall have the retirement
14 allowance reduced by five percent per year to reflect the difference
15 in the number of years between age at retirement and the attainment
16 of age sixty-five.

17 **Sec. 6.** RCW 41.35.060 and 2022 c 110 s 4 are each amended to
18 read as follows:

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

25 (b) The benefit reduction provided in (a) of this subsection will
26 accrue for a maximum of one hundred sixty hours per month. Any
27 benefit reduction over one hundred percent will be applied to the
28 benefit the retiree is eligible to receive in subsequent months.

29 (2) (a) A retiree who has satisfied the break in employment
30 requirement of subsection (1) of this section may work up to eight
31 hundred sixty-seven hours per calendar year in an eligible position,
32 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or
33 as a firefighter or law enforcement officer, as defined in RCW
34 41.26.030, or in a position covered by annuity and retirement income
35 plans offered by institutions of higher education pursuant to RCW
36 28B.10.400, without suspension of his or her benefit.

37 ~~(b) ((A retiree in the school employees' retirement system plan 2~~
38 ~~or plan 3 who has retired under the alternate early retirement~~
39 ~~provisions of RCW 41.35.420(3) (b) may be employed with an employer~~

1 ~~for up to 867 hours per calendar year without suspension of his or~~
2 ~~her benefit, provided that: (i) The retiree reenters employment more~~
3 ~~than one calendar month after his or her accrual date; and (ii) the~~
4 ~~retiree is employed in a nonadministrative position.~~

5 ~~(e))~~ Between March 23, 2022, and July 1, 2025, a retiree,
6 including a retiree who has retired under the alternate early
7 retirement provisions of RCW 41.35.420(3)(b) or 41.35.680(3)(b), who
8 reenters employment more than one month after his or her accrual
9 date, and who enters service in a school district in a
10 nonadministrative position shall continue to receive pension payments
11 while engaged in such service, until the retiree has rendered service
12 for more than 1,040 hours in a calendar year. The legislature
13 reserves the right to amend or repeal this subsection (2)~~((e))~~ (b)
14 in the future and no member or beneficiary has a contractual right to
15 be employed for more than 867 hours in a calendar year without a
16 reduction of his or her pension.

17 (3) If the retiree opts to reestablish membership under RCW
18 41.35.030, he or she terminates his or her retirement status and
19 becomes a member. Retirement benefits shall not accrue during the
20 period of membership and the individual shall make contributions and
21 receive membership credit. Such a member shall have the right to
22 again retire if eligible in accordance with RCW 41.35.420 or
23 41.35.680. However, if the right to retire is exercised to become
24 effective before the member has rendered two uninterrupted years of
25 service, the retirement formula and survivor options the member had
26 at the time of the member's previous retirement shall be reinstated.

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

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

33 (2) EARLY RETIREMENT. Any member who has completed at least
34 twenty service credit years and has attained age fifty-five shall be
35 eligible to retire and to receive a retirement allowance computed
36 according to the provisions of RCW 41.35.400, except that a member
37 retiring pursuant to this subsection shall have the retirement
38 allowance actuarially reduced to reflect the difference in the number

1 of years between age at retirement and the attainment of age sixty-
2 five.

3 (3) ALTERNATE EARLY RETIREMENT.

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

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

17	Retirement	Percent
18	Age	Reduction
19	55	20%
20	56	17%
21	57	14%
22	58	11%
23	59	8%
24	60	5%
25	61	2%
26	62	0%
27	63	0%
28	64	0%

29 ~~((Any member who retires under the provisions of this subsection~~
30 ~~is ineligible for the postretirement employment provisions of RCW~~
31 ~~41.35.060(2) until the retired member has reached sixty-five years of~~
32 ~~age. For purposes of this subsection, employment with an employer~~
33 ~~also includes any personal service contract, service by an employer~~
34 ~~as a temporary or project employee, or any other similar compensated~~
35 ~~relationship with any employer included under the provisions of RCW~~
36 ~~41.35.230(1)).~~

1 ~~The subsidized reductions for alternate early retirement in this~~
2 ~~subsection as set forth in section 6, chapter 491, Laws of 2007 were~~
3 ~~intended by the legislature as replacement benefits for gain-sharing.~~
4 ~~Until there is legal certainty with respect to the repeal of chapter~~
5 ~~41.31A RCW, the right to retire under this subsection is~~
6 ~~noncontractual, and the legislature reserves the right to amend or~~
7 ~~repeal this subsection. Legal certainty includes, but is not limited~~
8 ~~to, the expiration of any: Applicable limitations on actions; and~~
9 ~~periods of time for seeking appellate review, up to and including~~
10 ~~reconsideration by the Washington supreme court and the supreme court~~
11 ~~of the United States. Until that time, eligible members may still~~
12 ~~retire under this subsection, and upon receipt of the first~~
13 ~~installment of a retirement allowance computed under this subsection,~~
14 ~~the resulting benefit becomes contractual for the recipient. If the~~
15 ~~repeal of chapter 41.31A RCW is held to be invalid in a final~~
16 ~~determination of a court of law, and the court orders reinstatement~~
17 ~~of gain-sharing or other alternate benefits as a remedy, then~~
18 ~~retirement benefits for any member who has completed at least thirty~~
19 ~~service credit years and has attained age fifty-five but has not yet~~
20 ~~received the first installment of a retirement allowance under this~~
21 ~~subsection shall be computed using the reductions in (a) of this~~
22 ~~subsection-.)~~ (ii) Any member who retired on or after September 1,
23 2008, and chose the three percent per year reduction provided under
24 (a) of this subsection shall have a retirement allowance recalculated
25 under the reductions of (b) (i) of this subsection for benefit
26 payments made on or after the effective date of this section.

27 (c) Members who first become employed by an employer in an
28 eligible position on or after May 1, 2013, are not eligible for the
29 alternate early retirement provisions of (a) or (b) of this
30 subsection. Any member who first becomes employed by an employer in
31 an eligible position on or after May 1, 2013, and has completed at
32 least thirty service credit years and has attained age fifty-five
33 shall be eligible to retire and to receive a retirement allowance
34 computed according to the provisions of RCW 41.35.400, except that a
35 member retiring pursuant to this subsection shall have the retirement
36 allowance reduced by five percent per year to reflect the difference
37 in the number of years between age at retirement and the attainment
38 of age sixty-five.

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

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

5 (a) Completed ten service credit years; or

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

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

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

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

21 (3) ALTERNATE EARLY RETIREMENT.

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

29 (b) (i) On or after September 1, 2008, any member who has
30 completed at least thirty service credit years and has attained age
31 fifty-five shall be eligible to retire and to receive a retirement
32 allowance computed according to the provisions of RCW 41.35.620,
33 except that a member retiring pursuant to this subsection shall have
34 the retirement allowance reduced as follows:

Retirement Age	Percent Reduction
55	20%
56	17%

1	57	14%
2	58	11%
3	59	8%
4	60	5%
5	61	2%
6	62	0%
7	63	0%
8	64	0%

9 ~~(Any member who retires under the provisions of this subsection~~
10 ~~is ineligible for the postretirement employment provisions of RCW~~
11 ~~41.35.060(2) until the retired member has reached sixty-five years of~~
12 ~~age. For purposes of this subsection, employment with an employer~~
13 ~~also includes any personal service contract, service by an employer~~
14 ~~as a temporary or project employee, or any other similar compensated~~
15 ~~relationship with any employer included under the provisions of RCW~~
16 ~~41.35.230(1)).~~

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

1 ~~subsection.)~~) (ii) Any member who retired on or after September 1,
2 2008, and chose the three percent per year reduction provided under
3 (a) of this subsection shall have a retirement allowance recalculated
4 under the reductions of (b)(i) of this subsection for benefit
5 payments made on or after the effective date of this section.

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

18 **Sec. 9.** RCW 41.40.630 and 2012 1st sp.s. c 7 s 5 are each
19 amended to read as follows:

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

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

32 (3) ALTERNATE EARLY RETIREMENT.

33 (a) Any member who has completed at least thirty service credit
34 years and has attained age fifty-five shall be eligible to retire and
35 to receive a retirement allowance computed according to the
36 provisions of RCW 41.40.620, except that a member retiring pursuant
37 to this subsection shall have the retirement allowance reduced by
38 three percent per year to reflect the difference in the number of
39 years between age at retirement and the attainment of age sixty-five.

1 (b) (i) On or after July 1, 2008, any member who has completed at
2 least thirty service credit years and has attained age fifty-five
3 shall be eligible to retire and to receive a retirement allowance
4 computed according to the provisions of RCW 41.40.620, except that a
5 member retiring pursuant to this subsection shall have the retirement
6 allowance reduced as follows:

7	Retirement	Percent
8	Age	Reduction
9	55	20%
10	56	17%
11	57	14%
12	58	11%
13	59	8%
14	60	5%
15	61	2%
16	62	0%
17	63	0%
18	64	0%

19 ~~((Any member who retires under the provisions of this subsection~~
20 ~~is ineligible for the postretirement employment provisions of RCW~~
21 ~~41.40.037(2)(d) until the retired member has reached sixty-five years~~
22 ~~of age. For purposes of this subsection, employment with an employer~~
23 ~~also includes any personal service contract, service by an employer~~
24 ~~as a temporary or project employee, or any other similar compensated~~
25 ~~relationship with any employer included under the provisions of RCW~~
26 ~~41.40.690(1)).~~

27 ~~The subsidized reductions for alternate early retirement in this~~
28 ~~subsection as set forth in section 9, chapter 491, Laws of 2007 were~~
29 ~~intended by the legislature as replacement benefits for gain-sharing.~~
30 ~~Until there is legal certainty with respect to the repeal of chapter~~
31 ~~41.31A RCW, the right to retire under this subsection is~~
32 ~~noncontractual, and the legislature reserves the right to amend or~~
33 ~~repeal this subsection. Legal certainty includes, but is not limited~~
34 ~~to, the expiration of any: Applicable limitations on actions; and~~
35 ~~periods of time for seeking appellate review, up to and including~~
36 ~~reconsideration by the Washington supreme court and the supreme court~~

1 ~~of the United States. Until that time, eligible members may still~~
2 ~~retire under this subsection, and upon receipt of the first~~
3 ~~installment of a retirement allowance computed under this subsection,~~
4 ~~the resulting benefit becomes contractual for the recipient. If the~~
5 ~~repeal of chapter 41.31A RCW is held to be invalid in a final~~
6 ~~determination of a court of law, and the court orders reinstatement~~
7 ~~of gain-sharing or other alternate benefits as a remedy, then~~
8 ~~retirement benefits for any member who has completed at least thirty~~
9 ~~service credit years and has attained age fifty-five but has not yet~~
10 ~~received the first installment of a retirement allowance under this~~
11 ~~subsection shall be computed using the reductions in (a) of this~~
12 ~~subsection.)~~ (ii) Any member who retired on or after September 1,
13 2008, and chose the three percent per year reduction provided under
14 (a) of this subsection shall have a retirement allowance recalculated
15 under the reductions of (b) (i) of this subsection for benefit
16 payments made on or after the effective date of this section.

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

29 **Sec. 10.** RCW 41.40.820 and 2012 1st sp.s. c 7 s 6 are each
30 amended to read as follows:

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

33 (a) Completed ten service credit years; or

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

36 (c) Completed five service credit years by the transfer payment
37 date specified in RCW 41.40.795, under the public employees'
38 retirement system plan 2 and who transferred to plan 3 under RCW
39 41.40.795;

1 shall be eligible to retire and to receive a retirement allowance
2 computed according to the provisions of RCW 41.40.790.

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

11 (3) ALTERNATE EARLY RETIREMENT.

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

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

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%
64	0%

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

9 ~~The subsidized reductions for alternate early retirement in this~~
10 ~~subsection as set forth in section 10, chapter 491, Laws of 2007 were~~
11 ~~intended by the legislature as replacement benefits for gain-sharing.~~
12 ~~Until there is legal certainty with respect to the repeal of chapter~~
13 ~~41.31A RCW, the right to retire under this subsection is~~
14 ~~noncontractual, and the legislature reserves the right to amend or~~
15 ~~repeal this subsection. Legal certainty includes, but is not limited~~
16 ~~to, the expiration of any: Applicable limitations on actions; and~~
17 ~~periods of time for seeking appellate review, up to and including~~
18 ~~reconsideration by the Washington supreme court and the supreme court~~
19 ~~of the United States. Until that time, eligible members may still~~
20 ~~retire under this subsection, and upon receipt of the first~~
21 ~~installment of a retirement allowance computed under this subsection,~~
22 ~~the resulting benefit becomes contractual for the recipient. If the~~
23 ~~repeal of chapter 41.31A RCW is held to be invalid in a final~~
24 ~~determination of a court of law, and the court orders reinstatement~~
25 ~~of gain-sharing or other alternate benefits as a remedy, then~~
26 ~~retirement benefits for any member who has completed at least thirty~~
27 ~~service credit years and has attained age fifty-five but has not yet~~
28 ~~received the first installment of a retirement allowance under this~~
29 ~~subsection shall be computed using the reductions in (a) of this~~
30 ~~subsection-)) (ii) Any member who retired on or after September 1,~~
31 ~~2008, and chose the three percent per year reduction provided under~~
32 ~~(a) of this subsection shall have a retirement allowance recalculated~~
33 ~~under the reductions of (b)(i) of this subsection for benefit~~
34 ~~payments made on or after the effective date of this section.~~

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

1 least thirty service credit years and has attained age fifty-five
2 shall be eligible to retire and to receive a retirement allowance
3 computed according to the provisions of RCW 41.40.790, except that a
4 member retiring pursuant to this subsection shall have the retirement
5 allowance reduced by five percent per year to reflect the difference
6 in the number of years between age at retirement and the attainment
7 of age sixty-five.

8 NEW SECTION. **Sec. 11.** This act takes effect January 1, 2024.

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