

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2124

69th Legislature
2026 Regular Session

Passed by the House February 16, 2026
Yeas 96 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate March 5, 2026
Yeas 48 Nays 0

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 **HOUSE BILL 2124** 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**

HOUSE BILL 2124

Passed Legislature - 2026 Regular Session

State of Washington

69th Legislature

2026 Regular Session

By Representatives Couture, Fitzgibbon, Chase, Zahn, Wylie, Thomas, Gregerson, Ormsby, Griffey, Graham, and Bernbaum; by request of Department of Retirement Systems

Prefiled 12/10/25. Read first time 01/12/26. Referred to Committee on Appropriations.

1 AN ACT Relating to the threshold for payment of a lump sum
2 retirement allowance in lieu of a monthly benefit; and amending RCW
3 41.40.625, 41.32.762, 41.35.410, 41.37.200, and 41.26.425.

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

5 **Sec. 1.** RCW 41.40.625 and 1994 c 197 s 27 are each amended to
6 read as follows:

7 (1) On or after June 10, 1982, the director may pay a member
8 eligible to receive a retirement allowance or the member's
9 beneficiary, subject to the provisions of subsection (5) of this
10 section, a lump sum payment in lieu of a monthly benefit if the
11 initial monthly benefit computed in accordance with RCW 41.40.620
12 would be less than (~~fifty dollars~~) \$250. This \$250 threshold shall
13 be increased annually as determined by the director. The lump sum
14 payment shall be the greater of the actuarial equivalent of the
15 monthly benefits or an amount equal to the individual's accumulated
16 contributions plus accrued interest.

17 (2) A retiree or a beneficiary, subject to the provisions of
18 subsection (5) of this section, who is receiving a regular monthly
19 benefit of less than fifty dollars may request, in writing, to
20 convert from a monthly benefit to a lump sum payment. If the director
21 approves the conversion, the calculation of the actuarial equivalent

1 of the total estimated regular benefit will be computed based on the
2 beneficiary's age at the time the benefit initially accrued. The lump
3 sum payment will be reduced to reflect any payments received on or
4 after the initial benefit accrual date.

5 (3) Persons covered under the provisions of subsection (1) of
6 this section may upon returning to member status reinstate all
7 previous service by depositing the lump sum payment received, with
8 interest as computed by the director, within two years of returning
9 to service or prior to re-retiring, whichever comes first. In
10 computing the amount due, the director shall exclude the accumulated
11 value of the normal payments the member would have received while in
12 beneficiary status if the lump sum payment had not occurred.

13 (4) If a member fails to meet the time limitations under
14 subsection (3) of this section, reinstatement of all previous service
15 will occur if the member pays the amount required under RCW
16 41.50.165(2). The amount, however, shall exclude the accumulated
17 value of the normal payments the member would have received while in
18 beneficiary status if the lump sum payment had not occurred.

19 (5) Only persons entitled to or receiving a service retirement
20 allowance under RCW 41.40.620 or an earned disability allowance under
21 RCW 41.40.670 qualify for participation under this section.

22 (6) It is the intent of the legislature that any member who
23 receives a settlement under this section shall be deemed to be
24 retired from this system.

25 **Sec. 2.** RCW 41.32.762 and 1994 c 197 s 19 are each amended to
26 read as follows:

27 (1) On or after June 10, 1982, the director may pay a
28 beneficiary, subject to the provisions of subsection (5) of this
29 section, a lump sum payment in lieu of a monthly benefit if the
30 initial monthly benefit computed in accordance with RCW 41.32.760
31 would be less than (~~fifty dollars~~) \$250. This \$250 threshold shall
32 be increased annually as determined by the director. The lump sum
33 payment shall be the greater of the actuarial equivalent of such
34 monthly benefits or an amount equal to the individual's accumulated
35 contributions plus accrued interest.

36 (2) A beneficiary, subject to the provisions of subsection (5) of
37 this section, who is receiving a regular monthly benefit of less than
38 fifty dollars may request, in writing, to convert from a monthly
39 benefit to a lump sum payment. If the director approves the

1 conversion, the calculation of the actuarial equivalent of the total
2 estimated regular benefit will be computed based on the beneficiary's
3 age at the time the benefit initially accrued. The lump sum payment
4 will be reduced to reflect any payments received on or after the
5 initial benefit accrual date.

6 (3) Persons covered under the provisions of subsection (1) of
7 this section may upon returning to member status reinstate all
8 previous service by depositing the lump sum payment received, with
9 interest as computed by the director, within two years of returning
10 to service or prior to re-retiring, whichever comes first. In
11 computing the amount due, the director shall exclude the accumulated
12 value of the normal payments the member would have received while in
13 beneficiary status if the lump sum payment had not occurred.

14 (4) If a member fails to meet the time limitations under
15 subsection (3) of this section, reinstatement of all previous service
16 will occur if the member pays the amount required under RCW
17 41.50.165(2). The amount, however, shall exclude the accumulated
18 value of the normal payments the member would have received while in
19 beneficiary status if the lump sum payment had not occurred.

20 (5) Only persons entitled to or receiving a service retirement
21 allowance under RCW 41.32.760 or an earned disability allowance under
22 RCW 41.32.790 qualify for participation under this section.

23 (6) It is the intent of the legislature that any member who
24 receives a settlement under this section shall be deemed to be
25 retired from this system.

26 **Sec. 3.** RCW 41.35.410 and 1998 c 341 s 102 are each amended to
27 read as follows:

28 (1) The director may pay a member eligible to receive a
29 retirement allowance or the member's beneficiary, subject to the
30 provisions of subsection (5) of this section, a lump sum payment in
31 lieu of a monthly benefit if the initial monthly benefit computed in
32 accordance with RCW 41.35.400 would be less than (~~fifty dollars~~)
33 \$250. This \$250 threshold shall be increased annually as determined
34 by the director. The lump sum payment shall be the greater of the
35 actuarial equivalent of the monthly benefits or an amount equal to
36 the individual's accumulated contributions plus accrued interest.

37 (2) A retiree or a beneficiary, subject to the provisions of
38 subsection (5) of this section, who is receiving a regular monthly
39 benefit of less than fifty dollars may request, in writing, to

1 convert from a monthly benefit to a lump sum payment. If the director
2 approves the conversion, the calculation of the actuarial equivalent
3 of the total estimated regular benefit will be computed based on the
4 beneficiary's age at the time the benefit initially accrued. The lump
5 sum payment will be reduced to reflect any payments received on or
6 after the initial benefit accrual date.

7 (3) Persons covered under the provisions of RCW 41.40.625 or
8 subsection (1) of this section may upon returning to member status
9 reinstate all previous service by depositing the lump sum payment
10 received, with interest as computed by the director, within two years
11 of returning to service or prior to rereading, whichever comes
12 first. In computing the amount due, the director shall exclude the
13 accumulated value of the normal payments the member would have
14 received while in beneficiary status if the lump sum payment had not
15 occurred.

16 (4) If a member fails to meet the time limitations under
17 subsection (3) of this section, reinstatement of all previous service
18 will occur if the member pays the amount required under RCW
19 41.50.165(2). The amount, however, shall exclude the accumulated
20 value of the normal payments the member would have received while in
21 beneficiary status if the lump sum payment had not occurred.

22 (5) Only persons entitled to or receiving a service retirement
23 allowance under RCW 41.35.400 or an earned disability allowance under
24 RCW 41.35.440 qualify for participation under this section.

25 (6) It is the intent of the legislature that any member who
26 receives a settlement under this section shall be deemed to be
27 retired from this system.

28 **Sec. 4.** RCW 41.37.200 and 2004 c 242 s 26 are each amended to
29 read as follows:

30 (1) The director may pay a member eligible to receive a
31 retirement allowance or the member's beneficiary, subject to
32 subsection (5) of this section, a lump sum payment in lieu of a
33 monthly benefit if the initial monthly benefit computed in accordance
34 with RCW 41.37.190 would be less than (~~(fifty dollars)~~) \$250. This
35 \$250 threshold shall be increased annually as determined by the
36 director. The lump sum payment shall be the greater of the actuarial
37 equivalent of the monthly benefits or an amount equal to the
38 individual's accumulated contributions plus accrued interest.

1 (2) A retiree or a beneficiary, subject to subsection (5) of this
2 section, who is receiving a regular monthly benefit of less than
3 fifty dollars may request, in writing, to convert from a monthly
4 benefit to a lump sum payment. If the director approves the
5 conversion, the calculation of the actuarial equivalent of the total
6 estimated regular benefit will be computed based on the beneficiary's
7 age at the time the benefit initially accrued. The lump sum payment
8 will be reduced to reflect any payments received on or after the
9 initial benefit accrual date.

10 (3) Persons covered under subsection (1) of this section may upon
11 returning to member status reinstate all previous service by
12 depositing the lump sum payment received, with interest as computed
13 by the director, within two years of returning to service or prior to
14 rereading, whichever comes first. In computing the amount due, the
15 director shall exclude the accumulated value of the normal payments
16 the member would have received while in beneficiary status if the
17 lump sum payment had not occurred.

18 (4) If a member fails to meet the time limitations under
19 subsection (3) of this section, reinstatement of all previous service
20 will occur if the member pays the amount required under RCW
21 41.50.165(2). The amount, however, shall exclude the accumulated
22 value of the normal payments the member would have received while in
23 beneficiary status if the lump sum payment had not occurred.

24 (5) Only persons entitled to or receiving a service retirement
25 allowance under RCW 41.37.210 or an earned disability allowance under
26 RCW 41.37.230 qualify for participation under this section.

27 (6) It is the intent of the legislature that any member who
28 receives a settlement under this section shall be deemed to be
29 retired from this system.

30 **Sec. 5.** RCW 41.26.425 and 1994 c 197 s 9 are each amended to
31 read as follows:

32 (1) On or after June 10, 1982, the director may pay a
33 beneficiary, subject to the provisions of subsection (5) of this
34 section, a lump sum payment in lieu of a monthly benefit if the
35 initial monthly benefit computed in accordance with RCW 41.26.420
36 would be less than (~~fifty dollars~~) \$250. This \$250 threshold shall
37 be increased annually as determined by the director. The lump sum
38 payment shall be the greater of the actuarial equivalent of such

1 monthly benefits or an amount equal to the individual's accumulated
2 contributions plus accrued interest.

3 (2) A beneficiary, subject to the provisions of subsection (5) of
4 this section, who is receiving a regular monthly benefit of less than
5 fifty dollars may request, in writing, to convert from a monthly
6 benefit to a lump sum payment. If the director approves the
7 conversion, the calculation of the actuarial equivalent of the total
8 estimated regular benefit will be computed based on the beneficiary's
9 age at the time the benefit initially accrued. The lump sum payment
10 will be reduced to reflect any payments received on or after the
11 initial benefit accrual date.

12 (3) Persons covered under the provisions of subsection (1) of
13 this section may upon returning to member status reinstate all
14 previous service by depositing the lump sum payment received, with
15 interest as computed by the director, within two years of returning
16 to service or prior to re-retiring, whichever comes first. In
17 computing the amount due, the director shall exclude the accumulated
18 value of the normal payments the member would have received while in
19 beneficiary status if the lump sum payment had not occurred.

20 (4) If a member fails to meet the time limitations set forth
21 under subsection (3) of this section, the member may reinstate all
22 previous service under RCW 41.50.165(2) prior to retirement. The sum
23 deposited shall exclude the accumulated value of the normal payments
24 the member would have received while in beneficiary status if the
25 lump sum payment had not occurred.

26 (5) Only persons entitled to or receiving a service retirement
27 allowance under RCW 41.26.420 or an earned disability allowance under
28 RCW 41.26.470 qualify for participation under this section.

29 (6) It is the intent of the legislature that any member who
30 receives a settlement under this section shall be deemed to be
31 retired from this system.

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