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HOUSE BILL 1264

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State of Washington

60th Legislature

2007 Regular Session

By Representatives Fromhold, Conway, B. Sullivan, Kenney, Ericks, Haigh, Ormsby, Simpson and Moeller; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board

Read first time 01/15/2007. Referred to Committee on Appropriations.

1 AN ACT Relating to the portability of public retirement benefits;  
2 amending RCW 41.54.010, 41.54.030, and 41.54.070; providing an  
3 effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 41.54.010 and 2004 c 242 s 58 are each amended to read  
6 as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Base salary" means salaries or wages earned by a member of a  
10 system during a payroll period for personal services and includes wages  
11 and salaries deferred under provisions of the United States internal  
12 revenue code, but shall exclude overtime payments, nonmoney maintenance  
13 compensation, and lump sum payments for deferred annual sick leave,  
14 unused accumulated vacation, unused accumulated annual leave, any form  
15 of severance pay, any bonus for voluntary retirement, any other form of  
16 leave, or any similar lump sum payment; except that forms of payment  
17 which are excluded under this subsection shall be included in base  
18 salary when reportable to the department in all of a dual member's

1 retirement systems, and when none of the dual member's retirement  
2 systems are the Washington state patrol retirement system.

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

4 (3) "Director" means the director of the department of retirement  
5 systems.

6 (4) "Dual member" means a person who (a) is or becomes a member of  
7 a system on or after July 1, 1988, (b) has been a member of one or more  
8 other systems, and (c) has never been retired for service from a  
9 retirement system and is not receiving a disability retirement or  
10 disability leave benefit from any retirement system listed in RCW  
11 41.50.030 or subsection (6) of this section.

12 (5) "Service" means the same as it may be defined in each  
13 respective system. For the purposes of RCW 41.54.030, military service  
14 granted under RCW 41.40.170(3) or 43.43.260 may only be based on  
15 service accrued under chapter 41.40 or 43.43 RCW, respectively.

16 (6) "System" means the retirement systems established under  
17 chapters 41.32, 41.40, 41.44, 41.35, 41.37, and 43.43 RCW; plan 2 of  
18 the system established under chapter 41.26 RCW; and the city employee  
19 retirement systems for Seattle, Tacoma, and Spokane.

20 **Sec. 2.** RCW 41.54.030 and 2003 c 294 s 13 are each amended to read  
21 as follows:

22 (1) A dual member may combine service in all systems for the  
23 purpose of:

24 (a) Determining the member's eligibility to receive a service  
25 retirement allowance; and

26 (b) Qualifying for a benefit under RCW 41.26.530(2), 41.32.840(2),  
27 41.35.620, or 41.40.790.

28 (2) A dual member who is eligible to retire under any system may  
29 elect to retire from all the member's systems and to receive service  
30 retirement allowances calculated as provided in this section. Each  
31 system shall calculate the allowance using its own criteria except that  
32 the member shall be allowed to substitute the member's base salary from  
33 any system as the compensation used in calculating the allowance.

34 (3) The service retirement allowances from a system which, but for  
35 this section, would not be allowed to be paid at this date based on the  
36 dual member's age may be received immediately or deferred to a later

1 date. The allowances shall be actuarially adjusted from the earliest  
2 age upon which the combined service would have made such dual member  
3 eligible in that system.

4 (4) The service retirement eligibility requirements of RCW  
5 41.40.180 shall apply to any dual member whose prior system is plan 1  
6 of the public employees' retirement system established under chapter  
7 41.40 RCW.

8 **Sec. 3.** RCW 41.54.070 and 1996 c 55 s 6 are each amended to read  
9 as follows:

10 (1) The benefit granted by this chapter shall not result in a total  
11 benefit less than would have been received absent such benefit.

12 (2) The total sum of the retirement allowances received under this  
13 chapter shall not exceed the largest amount the dual member would  
14 receive if all the service had been rendered in any one system. When  
15 calculating the maximum benefit a dual member would receive: ~~((+1))~~

16 (a) Military service granted under RCW 41.40.170(3) or 43.43.260 shall  
17 be based only on service accrued under chapter 41.40 or 43.43 RCW,  
18 respectively; and ~~((+2))~~ (b) the calculation shall be made assuming  
19 that the dual member did not defer any allowances pursuant to RCW  
20 41.54.030(3). When a dual member's combined retirement allowances  
21 would exceed the limitation imposed by this ~~((section))~~ subsection, the  
22 allowances shall be reduced by the systems on a proportional basis,  
23 according to service. The limitation imposed by this subsection shall  
24 not apply to a dual member with:

25 (i) Less than fifteen years of service credit in a plan with a  
26 retirement benefit cap as defined by the department; and

27 (ii) Service credit in a plan with no retirement benefit cap.

28 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
29 preservation of the public peace, health, or safety, or support of the  
30 state government and its existing public institutions, and takes effect  
31 July 1, 2007.

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