

2 **ESHB 1206** - S COMM AMD
3 By Committee on Ways & Means

4 ADOPTED 4/7/95

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature recognizes that teachers,
8 principals, and district administrators need the ability to make
9 transitions to other public or private sector careers, and that the
10 retirement system should not be a barrier to exercise of employee
11 choice. The legislature also recognizes that teachers, principals, and
12 district administrators need a secure and viable retirement benefit,
13 not only for their own financial protection, but also that public funds
14 are spent prudently for their intended purpose.

15 It is the legislative intent to create a new public retirement
16 system that balances flexibility with stability, provides both
17 increased employee control of investments and responsible protection of
18 the public's investment in employee benefits, and encourages the
19 pursuit of public sector careers without preventing employees from
20 transitioning into other public or private sector employment.

21 Therefore, the purpose of chapter . . . , Laws of 1995 (this act) is
22 to continue to provide teachers, principals, and district
23 administrators with a guaranteed pension at retirement age based on
24 years of public service with an element of inflation protection. It is
25 further the purpose of chapter . . . , Laws of 1995 (this act) to create
26 a parallel retirement plan where employees have options regarding the
27 investment of their retirement contributions and have the opportunity,
28 along with the accompanying risk, to receive a full rate of return on
29 their investments and where employees who leave public employment prior
30 to retirement receive a fair and reasonable value from the retirement
31 system.

32 **PART I**
33 **DEFINED BENEFIT--TRS III**

1 **Sec. 101.** RCW 41.32.005 and 1992 c 72 s 4 are each amended to read
2 as follows:

3 RCW 41.32.010 through 41.32.067 shall apply to members of plan I
4 (~~and~~), plan II, and plan III.

5 **Sec. 102.** RCW 41.32.010 and 1994 c 298 s 3, 1994 c 247 s 2, and
6 1994 c 197 s 12 are each reenacted and amended to read as follows:

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

9 (1)(a) "Accumulated contributions" for plan I members, means the
10 sum of all regular annuity contributions and, except for the purpose of
11 withdrawal at the time of retirement, any amount paid under RCW
12 41.50.165(2) with regular interest thereon.

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

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

20 (3) "Annuity" means the moneys payable per year during life by
21 reason of accumulated contributions of a member.

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

24 (5)(a) "Beneficiary" for plan I members, means any person in
25 receipt of a retirement allowance or other benefit provided by this
26 chapter.

27 (b) "Beneficiary" for plan II and plan III members, means any
28 person in receipt of a retirement allowance or other benefit provided
29 by this chapter resulting from service rendered to an employer by
30 another person.

31 (6) "Contract" means any agreement for service and compensation
32 between a member and an employer.

33 (7) "Creditable service" means membership service plus prior
34 service for which credit is allowable. This subsection shall apply
35 only to plan I members.

36 (8) "Dependent" means receiving one-half or more of support from a
37 member.

1 (9) "Disability allowance" means monthly payments during
2 disability. This subsection shall apply only to plan I members.

3 (10)(a) "Earnable compensation" for plan I members, means:

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

9 (ii) "Earnable compensation" for plan I members also includes the
10 following actual or imputed payments, which are not paid for personal
11 services:

12 (A) Retroactive payments to an individual by an employer on
13 reinstatement of the employee in a position, or payments by an employer
14 to an individual in lieu of reinstatement in a position which are
15 awarded or granted as the equivalent of the salary or wages which the
16 individual would have earned during a payroll period shall be
17 considered earnable compensation and the individual shall receive the
18 equivalent service credit.

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

31 (iii) For members employed less than full time under written
32 contract with a school district, or community college district, in an
33 instructional position, for which the member receives service credit of
34 less than one year in all of the years used to determine the earnable
35 compensation used for computing benefits due under RCW 41.32.497,
36 41.32.498, and 41.32.520, the member may elect to have earnable
37 compensation defined as provided in RCW 41.32.345. For the purposes of
38 this subsection, the term "instructional position" means a position in
39 which more than seventy-five percent of the member's time is spent as

1 a classroom instructor (including office hours), a librarian, or a
2 counselor. Earnable compensation shall be so defined only for the
3 purpose of the calculation of retirement benefits and only as necessary
4 to insure that members who receive fractional service credit under RCW
5 41.32.270 receive benefits proportional to those received by members
6 who have received full-time service credit.

7 (iv) "Earnable compensation" does not include:

8 (A) Remuneration for unused sick leave authorized under RCW
9 41.04.340, 28A.400.210, or 28A.310.490;

10 (B) Remuneration for unused annual leave in excess of thirty days
11 as authorized by RCW 43.01.044 and 43.01.041.

12 (b) "Earnable compensation" for plan II and plan III members, means
13 salaries or wages earned by a member during a payroll period for
14 personal services, including overtime payments, and shall include wages
15 and salaries deferred under provisions established pursuant to sections
16 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
17 shall exclude lump sum payments for deferred annual sick leave, unused
18 accumulated vacation, unused accumulated annual leave, or any form of
19 severance pay.

20 "Earnable compensation" for plan II and plan III members also
21 includes the following actual or imputed payments which, except in the
22 case of (b)(ii)(B) of this subsection, are not paid for personal
23 services:

24 (i) Retroactive payments to an individual by an employer on
25 reinstatement of the employee in a position or payments by an employer
26 to an individual in lieu of reinstatement in a position which are
27 awarded or granted as the equivalent of the salary or wages which the
28 individual would have earned during a payroll period shall be
29 considered earnable compensation, to the extent provided above, and the
30 individual shall receive the equivalent service credit.

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

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

36 (B) Such member's actual earnable compensation received for
37 teaching and legislative service combined. Any additional
38 contributions to the retirement system required because compensation
39 earnable under (b)(ii)(A) of this subsection is greater than

1 compensation earnable under (b)(ii)(B) of this subsection shall be paid
2 by the member for both member and employer contributions.

3 (11) "Employer" means the state of Washington, the school district,
4 or any agency of the state of Washington by which the member is paid.

5 (12) "Fiscal year" means a year which begins July 1st and ends June
6 30th of the following year.

7 (13) "Former state fund" means the state retirement fund in
8 operation for teachers under chapter 187, Laws of 1923, as amended.

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

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

17 (16) "Membership service" means service rendered subsequent to the
18 first day of eligibility of a person to membership in the retirement
19 system: PROVIDED, That where a member is employed by two or more
20 employers the individual shall receive no more than one service credit
21 month during any calendar month in which multiple service is rendered.
22 The provisions of this subsection shall apply only to plan I members.

23 (17) "Pension" means the moneys payable per year during life from
24 the pension reserve.

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

29 (19) "Prior service" means service rendered prior to the first date
30 of eligibility to membership in the retirement system for which credit
31 is allowable. The provisions of this subsection shall apply only to
32 plan I members.

33 (20) "Prior service contributions" means contributions made by a
34 member to secure credit for prior service. The provisions of this
35 subsection shall apply only to plan I members.

36 (21) "Public school" means any institution or activity operated by
37 the state of Washington or any instrumentality or political subdivision
38 thereof employing teachers, except the University of Washington and
39 Washington State University.

1 (22) "Regular contributions" means the amounts required to be
2 deducted from the compensation of a member and credited to the member's
3 individual account in the member reserve. This subsection shall apply
4 only to plan I members.

5 (23) "Regular interest" means such rate as the director may
6 determine.

7 (24)(a) "Retirement allowance" for plan I members, means monthly
8 payments based on the sum of annuity and pension, or any optional
9 benefits payable in lieu thereof.

10 (b) "Retirement allowance" for plan II and plan III members, means
11 monthly payments to a retiree or beneficiary as provided in this
12 chapter.

13 (25) "Retirement system" means the Washington state teachers'
14 retirement system.

15 (26)(a) "Service" for plan I members means the time during which a
16 member has been employed by an employer for compensation.

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

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

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

27 (b) "Service" for plan II and plan III members, means periods of
28 employment by a member for one or more employers for which earnable
29 compensation is earned subject to the following conditions:

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

37 (ii) If a member is employed either in an eligible position or as
38 a substitute teacher for nine months of the twelve month period between
39 September through August of the following year but earns earnable

1 compensation for less than eight hundred ten hours but for at least six
2 hundred thirty hours, he or she will receive one-half of a service
3 credit month for each month of the twelve month period;

4 (iii) All other members in an eligible position or as a substitute
5 teacher shall receive service credit as follows:

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

8 (B) A half-service credit month is earned in those calendar months
9 where earnable compensation is earned for at least seventy hours but
10 less than ninety hours; and

11 (C) A quarter-service credit month is earned in those calendar
12 months where earnable compensation is earned for less than seventy
13 hours.

14 (iv) Any person who is a member of the teachers' retirement system
15 and who is elected or appointed to a state elective position may
16 continue to be a member of the retirement system and continue to
17 receive a service credit month for each of the months in a state
18 elective position by making the required member contributions.

19 (v) When an individual is employed by two or more employers the
20 individual shall only receive one month's service credit during any
21 calendar month in which multiple service for ninety or more hours is
22 rendered.

23 (vi) As authorized by RCW 28A.400.300, up to forty-five days of
24 sick leave may be creditable as service solely for the purpose of
25 determining eligibility to retire under RCW 41.32.470. For purposes of
26 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two
27 service credit months. Use of less than forty-five days of sick leave
28 is creditable as allowed under this subsection as follows:

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

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

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

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

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

37 (vii) As authorized in RCW 41.32.065, service earned in an out-of-
38 state retirement system that covers teachers in public schools may be

1 applied solely for the purpose of determining eligibility to retire
2 under RCW 41.32.470.

3 (viii) The department shall adopt rules implementing this
4 subsection.

5 (27) "Service credit year" means an accumulation of months of
6 service credit which is equal to one when divided by twelve.

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

9 (29) "Teacher" means any person qualified to teach who is engaged
10 by a public school in an instructional, administrative, or supervisory
11 capacity. The term includes state, educational service district, and
12 school district superintendents and their assistants and all employees
13 certificated by the superintendent of public instruction; and in
14 addition thereto any full time school doctor who is employed by a
15 public school and renders service of an instructional or educational
16 nature.

17 (30) "Average final compensation" for plan II and plan III members,
18 means the member's average earnable compensation of the highest
19 consecutive sixty service credit months prior to such member's
20 retirement, termination, or death. Periods constituting authorized
21 leaves of absence may not be used in the calculation of average final
22 compensation except under RCW 41.32.810(2).

23 (31) "Retiree" means any person in receipt of a retirement
24 allowance or other benefit provided by this chapter resulting from
25 service rendered to an employer while a member. A person is in receipt
26 of a retirement allowance as defined in subsection (24) of this section
27 or other benefit as provided by this chapter when the department mails,
28 causes to be mailed, or otherwise transmits the retirement allowance
29 warrant.

30 (32) "Department" means the department of retirement systems
31 created in chapter 41.50 RCW.

32 (33) "Director" means the director of the department.

33 (34) "State elective position" means any position held by any
34 person elected or appointed to state-wide office or elected or
35 appointed as a member of the legislature.

36 (35) "State actuary" or "actuary" means the person appointed
37 pursuant to RCW 44.44.010(2).

38 (36) "Substitute teacher" means:

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

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

7 (37)(a) "Eligible position" for plan II members from June 7, 1990,
8 through September 1, 1991, means a position which normally requires two
9 or more uninterrupted months of creditable service during September
10 through August of the following year.

11 (b) "Eligible position" for plan II and plan III on and after
12 September 1, 1991, means a position that, as defined by the employer,
13 normally requires five or more months of at least seventy hours of
14 earnable compensation during September through August of the following
15 year.

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

19 (d) The elected position of the superintendent of public
20 instruction is an eligible position.

21 (38) "Plan I" means the teachers' retirement system, plan I
22 providing the benefits and funding provisions covering persons who
23 first became members of the system prior to October 1, 1977.

24 (39) "Plan II" means the teachers' retirement system, plan II
25 providing the benefits and funding provisions covering persons who
26 first became members of the system on and after October 1, 1977, and
27 prior to the effective date of this act.

28 (40) "Plan III" means the teachers' retirement system, plan III
29 providing the benefits and funding provisions covering persons who
30 first become members of the system on and after the effective date of
31 this act or who transfer under section 303 of this act.

32 (41) "Education association" means an association organized to
33 carry out collective bargaining activities, the majority of whose
34 members are employees covered by chapter 41.59 RCW or academic
35 employees covered by chapter 28B.52 RCW.

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

1 (~~(41)~~) (43) "Index A" means the index for the year prior to the
2 determination of a postretirement adjustment.

3 (~~(42)~~) (44) "Index B" means the index for the year prior to index
4 A.

5 (~~(43)~~) (45) "Index year" means the earliest calendar year in
6 which the index is more than sixty percent of index A.

7 (~~(44)~~) (46) "Adjustment ratio" means the value of index A divided
8 by index B.

9 **Sec. 103.** RCW 41.32.032 and 1992 c 212 s 17 are each amended to
10 read as follows:

11 (1) Any teacher, as defined under RCW 41.32.010, who is first
12 employed by a public school on or after June 7, 1984, shall become a
13 member of the retirement system (~~as directed under RCW 41.32.780~~) if
14 otherwise eligible.

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

19 (a) To remain a member of the public employees' retirement system
20 notwithstanding the provisions of RCW 41.32.240 or 41.32.780; or

21 (b) To irrevocably elect to join the retirement system under this
22 chapter and to receive service credit for previous periods of
23 employment in any position included under RCW 41.32.010. This service
24 credit and corresponding employee contribution shall be computed as
25 though the person had then been a member of the retirement system under
26 this chapter. All employee contributions credited to a member under
27 chapter 41.40 RCW for service now to be credited to the retirement
28 system under this chapter shall be transferred to the system and the
29 member shall not receive any credit nor enjoy any rights under chapter
30 41.40 RCW for those periods of service. The member shall pay any
31 difference between the employee contributions made under chapter 41.40
32 RCW and transferred under this subsection and what would have been
33 required under this chapter, including interest as set by the director.
34 The member shall be given until July 1, 1989, to make the irrevocable
35 election permitted under this section. The election shall be made by
36 submitting written notification as required by the department
37 requesting credit under this section and by remitting any necessary
38 proof of service or payments within the time set by the department.

1 Any person, not employed as an educational staff associate on June
2 7, 1984, may, before June 30 of the fifth school year after that
3 person's return to employment as a teacher, request and establish
4 membership and credit under this subsection.

5 **PLAN III**

6 NEW SECTION. **Sec. 104.** (1) Sections 104 through 117 of this act
7 shall apply only to plan III members.

8 (2) Plan III shall consist of two separate elements: (a) A defined
9 benefit portion covered under this subchapter; and (b) a defined
10 contribution portion covered under chapter 41.-- RCW (sections 201
11 through 209 of this act). All contributions on behalf of the employer
12 paid by an employee shall be made to the defined benefit portion of
13 plan III and shall be nonrefundable when paid to the fund described in
14 RCW 41.50.075(3).

15 (3) Unless otherwise specified, all references to "plan III" in
16 this subchapter refer to the defined benefit portion of plan III.

17 NEW SECTION. **Sec. 105.** All teachers who first become employed by
18 an employer in an eligible position on or after the effective date of
19 this act shall be members of plan III.

20 NEW SECTION. **Sec. 106.** A member of the retirement system shall
21 receive a retirement allowance equal to one percent of such member's
22 average final compensation for each service credit year.

23 NEW SECTION. **Sec. 107.** Retirement allowances paid under the
24 defined benefit portion of plan III shall have a postretirement cost-
25 of-living allowance calculated and paid as provided in RCW 41.32.770.

26 NEW SECTION. **Sec. 108.** (1) Upon retirement for service as
27 prescribed in section 113 of this act or retirement for disability
28 under section 114 of this act, a member shall elect to have the
29 retirement allowance paid pursuant to one of the following options,
30 calculated so as to be actuarially equivalent to each other.

31 (a) Standard allowance. A member electing this option shall
32 receive a retirement allowance payable throughout such member's life.
33 Upon the death of the retired member, all benefits shall cease.

1 (b) The department shall adopt rules that allow a member to select
2 a retirement option that pays the member a reduced retirement allowance
3 and upon death, such portion of the member's reduced retirement
4 allowance as the department by rule designates shall be continued
5 throughout the life of and paid to such person or persons as the
6 retiree shall have nominated by written designation duly executed and
7 filed with the department at the time of retirement. The options
8 adopted by the department shall include, but are not limited to, a
9 joint and one hundred percent survivor option and joint and fifty
10 percent survivor option.

11 (2) A member, if married, must provide the written consent of his
12 or her spouse to the option selected under this section. If a member
13 is married and both the member and the member's spouse do not give
14 written consent to an option under this section, the department shall
15 pay a joint and fifty percent survivor benefit calculated to be
16 actuarially equivalent to the benefit options available under
17 subsection (1) of this section.

18 NEW SECTION. **Sec. 109.** Any member or beneficiary eligible to
19 receive a retirement allowance under the provisions of section 113,
20 114, or 117 of this act shall be eligible to commence receiving a
21 retirement allowance after having filed written application with the
22 department.

23 (1) Retirement allowances paid to members shall accrue from the
24 first day of the calendar month immediately following such member's
25 separation from employment.

26 (2) Retirement allowances paid to vested members no longer in
27 service, but qualifying for such an allowance pursuant to section 112
28 of this act shall accrue from the first day of the calendar month
29 immediately following such qualification.

30 (3) Disability allowances paid to disabled members shall accrue
31 from the first day of the calendar month immediately following such
32 member's separation from employment for disability.

33 (4) Retirement allowances paid as death benefits shall accrue from
34 the first day of the calendar month immediately following the member's
35 death.

36 NEW SECTION. **Sec. 110.** (1) No retiree shall be eligible to
37 receive such retiree's monthly retirement allowance if he or she is

1 employed in an eligible position as defined in RCW 41.40.010 or
2 41.32.010, or as a law enforcement officer or fire fighter as defined
3 in RCW 41.26.030, except that a plan III retiree may work in eligible
4 positions on a temporary basis for up to five months per calendar year.

5 (2) If a retiree's benefits have been suspended under this section,
6 his or her benefits shall be reinstated when the retiree terminates the
7 employment that caused the suspension of benefits. Upon reinstatement,
8 the retiree's benefits shall be actuarially recomputed pursuant to the
9 rules adopted by the department.

10 NEW SECTION. **Sec. 111.** (1) A member who is on a paid leave of
11 absence authorized by a member's employer shall continue to receive
12 service credit.

13 (2) A member who receives compensation from an employer while on an
14 authorized leave of absence to serve as an elected official of a labor
15 organization, and whose employer is reimbursed by the labor
16 organization for the compensation paid to the member during the period
17 of absence, may also be considered to be on a paid leave of absence.
18 This subsection shall only apply if the member's leave of absence is
19 authorized by a collective bargaining agreement that provides that the
20 member retains seniority rights with the employer during the period of
21 leave. The earnable compensation reported for a member who establishes
22 service credit under this subsection may not be greater than the salary
23 paid to the highest paid job class covered by the collective bargaining
24 agreement.

25 (3) Except as specified in subsection (4) of this section, a member
26 shall be eligible to receive a maximum of two years service credit
27 during a member's entire working career for those periods when a member
28 is on an unpaid leave of absence authorized by an employer. Such
29 credit may be obtained only if:

30 (a) The member makes the contribution on behalf of the employer,
31 plus interest, as determined by the department; and

32 (b) The member makes the employee contribution, plus interest, as
33 determined by the department, to the defined contribution portion.
34 The contributions required shall be based on the average of the
35 member's earnable compensation at both the time the authorized leave of
36 absence was granted and the time the member resumed employment.

37 (4) A member who leaves the employ of an employer to enter the
38 armed forces of the United States shall be entitled to retirement

1 system service credit for up to four years of military service if
2 within ninety days of the member's honorable discharge from the United
3 States armed forces, the member applies for reemployment with the
4 employer who employed the member immediately prior to the member
5 entering the United States armed forces.

6 The department shall bill the employer for its contribution
7 required under this act for the period of military service, plus
8 interest as determined by the department. Service credit under this
9 subsection may be obtained only if the member makes the employee
10 contribution plus interest to the defined contribution portion as
11 determined by the department.

12 The contributions required shall be based on the average of the
13 member's earnable compensation at both the time the member left the
14 employ of the employer to enter the armed forces and the time the
15 member resumed employment.

16 NEW SECTION. Sec. 112. (1) The director may pay a member eligible
17 to receive a retirement allowance or the member's beneficiary a lump
18 sum payment in lieu of a monthly benefit if the initial monthly benefit
19 would be less than one hundred dollars. The one hundred dollar limit
20 shall be increased by three percent compounded annually on January 1.
21 The lump sum payment shall be the actuarial equivalent of the monthly
22 benefit.

23 (2) Persons covered under the provisions of subsection (1) of this
24 section may upon returning to member status reinstate all previous
25 service by depositing the lump sum payment received, with interest as
26 computed by the director, within two years of returning to service or
27 prior to retiring again, whichever comes first. In computing the
28 amount due, the director shall exclude the accumulated value of the
29 normal payments the member would have received while in beneficiary
30 status if the lump sum payment had not occurred.

31 (3) Any member who receives a settlement under this section shall
32 be deemed to be retired from this system.

33 NEW SECTION. Sec. 113. (1) NORMAL RETIREMENT. Any member who has
34 vested and attained at least age sixty-five shall be eligible to retire
35 and to receive a retirement allowance computed according to the
36 provisions of section 106 of this act.

1 (2) EARLY RETIREMENT. Any member who has attained at least age
2 fifty-five and has completed at least ten years of service shall be
3 eligible to retire and to receive a retirement allowance computed
4 according to the provisions of section 106 of this act, except that a
5 member retiring pursuant to this subsection shall have the retirement
6 allowance actuarially reduced to reflect the difference in the number
7 of years between age at retirement and the attainment of age sixty-
8 five.

9 NEW SECTION. **Sec. 114.** (1) A member of the retirement system who
10 becomes totally incapacitated for continued employment by an employer
11 as determined by the department shall be eligible to receive an
12 allowance under the provisions of plan III. The member shall receive
13 a monthly disability allowance computed as provided for in section 106
14 of this act and shall have this allowance actuarially reduced to
15 reflect the difference in the number of years between age at disability
16 and the attainment of age sixty-five.

17 Any member who receives an allowance under the provisions of this
18 section shall be subject to comprehensive medical examinations as
19 required by the department. If these medical examinations reveal that
20 a member has recovered from the incapacitating disability and the
21 member is offered reemployment by an employer at a comparable
22 compensation, the member shall cease to be eligible for the allowance.

23 (2) If the recipient of a monthly retirement allowance under this
24 section dies, any further benefit payments shall be conditioned by the
25 payment option selected by the retiree as provided in section 108 of
26 this act.

27 NEW SECTION. **Sec. 115.** (1) An active member shall become vested
28 in the right to a benefit upon completing ten years of service or upon
29 completing five years of service and attaining age fifty-five.

30 (2) A vested member who separates or has separated may remain a
31 member during the period of such member's absence from service for the
32 exclusive purpose only of receiving a retirement allowance under the
33 provisions of section 113 of this act.

34 (3) The retirement allowance payable under section 113 of this act
35 to a member who separates after having completed at least twenty years
36 of service shall be increased by twenty-five one-hundredths of one

1 percent, compounded for each month from the date of separation to the
2 date that the retirement allowance commences.

3 NEW SECTION. **Sec. 116.** A nonvested member who leaves service and
4 then reenters membership must earn an additional twelve service credit
5 months to restore past service credit in the defined benefit portion of
6 plan III.

7 NEW SECTION. **Sec. 117.** If a member who is vested dies prior to
8 retirement, the surviving spouse or eligible child or children shall
9 receive a retirement allowance computed as provided in section 108 of
10 this act actuarially reduced to reflect a joint and one hundred percent
11 survivor option and if the member was not eligible for normal
12 retirement at the date of death a further reduction as described in
13 section 113(2) of this act.

14 If the surviving spouse who is receiving the retirement allowance
15 dies leaving a child or children under the age of majority, then such
16 child or children shall continue to receive an allowance in an amount
17 equal to that which was being received by the surviving spouse, share
18 and share alike, until such child or children reach the age of
19 majority.

20 If there is no surviving spouse eligible to receive an allowance at
21 the time of the member's death, such member's child or children under
22 the age of majority shall receive an allowance, share and share alike.
23 The allowance shall be calculated with the assumption that the age of
24 the spouse and member were equal at the time of the member's death.

25 NEW SECTION. **Sec. 118.** Sections 104 through 117 of this act are
26 designated as a subchapter within chapter 41.32 RCW with the subchapter
27 heading "Provisions Applicable to Plan III."

28 **PART II**

29 **DEFINED CONTRIBUTION PORTION OF PLAN III**

30 NEW SECTION. **Sec. 201.** The purpose of chapter . . . , Laws of 1995
31 (this act) is to:

32 (1) Provide a fair and reasonable value from the retirement system
33 for those who leave public employment before retirement;

- 1 (2) Increase flexibility for such employees to make transitions
 2 into other public or private sector employment;
 3 (3) Increase employee options for addressing retirement needs,
 4 personal financial planning, and career transitions; and
 5 (4) Continue the legislature's established policy of having
 6 employees contribute toward their retirement benefits.

7 NEW SECTION. **Sec. 202.** As used in this chapter, the following
 8 terms have the meanings indicated:

- 9 (1) "Actuary" means the state actuary or the office of the state
 10 actuary.
 11 (2) "Board" means the employee retirement benefits board authorized
 12 in chapter 41.50 RCW.
 13 (3) "Department" means the department of retirement systems.
 14 (4) "Compensation" for purposes of this chapter is the same as
 15 "earnable compensation" for plan III in chapter 41.32 RCW.
 16 (5) "Member" means any employee included in the membership of a
 17 retirement system as provided for plan III in chapter 41.32 RCW.
 18 (6) "Member account" means the sum of the contributions and
 19 earnings on behalf of the member.
 20 (7) "Retiree" means any member in receipt of an allowance or other
 21 benefit provided by this chapter resulting from service rendered to an
 22 employer by such member.

23 NEW SECTION. **Sec. 203.** (1) This chapter applies only to members
 24 of plan III retirement systems created under chapter 41.32 RCW.

25 (2) Plan III consists of two separate elements: (a) A defined
 26 benefit portion covered under sections 101 through 117, chapter . . . ,
 27 Laws of 1995 (sections 101 through 117 of this act); and (b) a defined
 28 contribution portion covered under this chapter. Unless specified
 29 otherwise, all references to "plan III" in this chapter refer to the
 30 defined contribution portion of plan III.

31 NEW SECTION. **Sec. 204.** (1) A member shall contribute from his or
 32 her compensation according to one of the following rate structures:

<u>Option A</u>	<u>Contribution Rate</u>
All Ages	5.0% fixed
<u>Option B</u>	
Up to Age 35	5.0%

1	Age 35 to 44	6.0%
2	Age 45 and above	7.5%
3	<u>Option C</u>	
4	Up to Age 35	6.0%
5	Age 35 to 44	7.5%
6	Age 45 and above	8.5%

7 (2) The board shall have the right to offer contribution rate
8 options in addition to those listed in subsection (1) of this section,
9 provided that no significant additional administrative costs are
10 created. All options offered by the board shall conform to the
11 requirements stated in subsections (3) and (4) of this section.

12 (3) Within ninety days of the date that an employee becomes a
13 member of plan III, he or she has an irrevocable option to choose one
14 of the above contribution rate structures. If the member does not
15 select an option within this ninety-day period, he or she shall be
16 assigned option A. Such assignment shall be irrevocable.

17 (4) Contributions shall begin the first day of the month
18 immediately following the earlier of the selection of an option or the
19 end of the ninety-day period.

20 NEW SECTION. **Sec. 205.** The legislature may authorize
21 contributions to the members' accounts for a biennium through budget
22 appropriation.

23 NEW SECTION. **Sec. 206.** The member's account shall be invested by
24 the state investment board unless the member elects to self direct
25 investments as authorized by the board. Members who make this election
26 shall pay the expenses for self-directed investment.

27 NEW SECTION. **Sec. 207.** (1) If the member retires, becomes
28 disabled, or otherwise terminates employment, the balance in the
29 member's account may be distributed in accordance with an option
30 selected by the member either as a lump sum or pursuant to other
31 options authorized by the board.

32 (2) If the member dies while in service, the balance of the
33 member's account may be distributed in accordance with an option
34 selected by the member either as a lump sum or pursuant to other
35 options authorized by the board. The distribution shall be made to
36 such person or persons as the member shall have nominated by written

1 designation duly executed and filed with the department. If there be
2 no such designated person or persons still living at the time of the
3 member's death, the balance of the member's account in the retirement
4 system, less any amount identified as owing to an obligee upon
5 withdrawal of such account balance pursuant to a court order filed
6 under RCW 41.50.670, shall be paid to the member's surviving spouse as
7 if in fact such spouse had been nominated by written designation, or if
8 there is no surviving spouse, then to such person or persons, trust, or
9 organization as the member shall have nominated by written designation
10 duly executed and filed with the department.

11 (3) The distribution under subsections (1) or (2) of this section
12 shall be less any amount identified as owing to an obligee upon
13 withdrawal pursuant to a court order filed under RCW 41.50.670.

14 NEW SECTION. **Sec. 208.** (1) Subject to subsections (2) and (3) of
15 this section, the right of a person to a pension, an annuity, a
16 retirement allowance, any optional benefit, any other right accrued or
17 accruing to any person under the provisions of this chapter, and the
18 various funds created by chapter . . . , Laws of 1995 (this act) and all
19 moneys and investments and income thereof, is hereby exempt from any
20 state, county, municipal, or other local tax, and shall not be subject
21 to execution, garnishment, attachment, the operation of bankruptcy or
22 insolvency laws, or other process of law whatsoever, and shall be
23 unassignable.

24 (2) This section shall not be deemed to prohibit a beneficiary of
25 a retirement allowance from authorizing deductions therefrom for
26 payment of premiums due on any group insurance policy or plan issued
27 for the benefit of a group comprised of public employees of the state
28 of Washington or its political subdivisions and that has been approved
29 for deduction in accordance with rules that may be adopted by the state
30 health care authority and/or the department. This section shall not be
31 deemed to prohibit a beneficiary of a retirement allowance from
32 authorizing deductions therefrom for payment of dues and other
33 membership fees to any retirement association or organization the
34 membership of which is composed of retired public employees, if a total
35 of three hundred or more of such retired employees have authorized such
36 deduction for payment to the same retirement association or
37 organization.

1 (3) Subsection (1) of this section shall not prohibit the
2 department from complying with (a) a wage assignment order for child
3 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
4 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
5 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
6 benefits assignment order issued by the department, (e) a court order
7 directing the department to pay benefits directly to an obligee under
8 a dissolution order as defined in RCW 41.50.500(3) which fully complies
9 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
10 order expressly authorized by federal law.

11 NEW SECTION. **Sec. 209.** (1) The retirement plan created by this
12 chapter shall be administered so as to comply with the federal Internal
13 Revenue Code, Title 26 U.S.C., and specifically with plan qualification
14 requirements imposed on governmental plans by section 401(a) of the
15 Internal Revenue Code.

16 (2) Any section or provision of this chapter which may be
17 susceptible to more than one construction shall be interpreted in favor
18 of the construction most likely to satisfy requirements imposed by
19 section 401(a) of the Internal Revenue Code.

20 (3) If any section or provision of this chapter is found to be in
21 conflict with the plan qualification requirements for governmental
22 plans in section 401(a) of the Internal Revenue Code, the conflicting
23 part of this chapter is hereby inoperative solely to the extent of the
24 conflict, and such finding shall not affect the operation of the
25 remainder of this chapter.

26 NEW SECTION. **Sec. 210.** Sections 201 through 209 of this act shall
27 constitute a new chapter in Title 41 RCW.

28 **PART III**
29 **MISCELLANEOUS**

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

32 (1) The employee retirement benefits board is created within the
33 department of retirement systems.

34 (2) The board shall be composed of eight members appointed by the
35 governor and one ex officio member as follows:

1 (a) Three members representing the public employees' retirement
2 system: One retired, two active. The members shall be appointed from
3 a list of nominations submitted by organizations representing each
4 category. The initial term of appointment shall be two years for the
5 retired member, one year for one active member, and three years for the
6 remaining active member.

7 (b) Three members representing the teachers' retirement system:
8 One retired, two active. The members shall be appointed from a list of
9 nominations submitted by organizations representing each category. The
10 initial term of appointment shall be one year for the retired member,
11 two years for one active member, and three years for the remaining
12 active member.

13 (c) Two members with experience in defined contribution plan
14 administration. The initial term for these members shall be two years
15 for one member and three years for the remaining member.

16 (d) The director of the department shall serve ex officio and shall
17 be the chair of the board.

18 (3) After the initial appointments, members shall be appointed to
19 three-year terms.

20 (4) The board shall meet at least quarterly during the calendar
21 year, at the call of the chair.

22 (5) Members of the board shall serve without compensation but shall
23 receive travel expenses as provided for in RCW 43.03.050 and 43.03.060.
24 Such travel expenses shall be reimbursed by the department from the
25 retirement system expense fund.

26 (6) The board shall adopt rules governing its procedures and
27 conduct of business.

28 (7) The actuary shall perform all actuarial services for the board
29 and provide advice and support.

30 (8) The state investment board shall provide advice and support to
31 the board.

32 NEW SECTION. **Sec. 302.** A new section is added to chapter 41.50
33 RCW to read as follows:

34 The board shall adopt rules as necessary and exercise all the
35 powers and perform all duties prescribed by law with respect to:

36 (1) The preselection of options for members to choose from for
37 self-directed investment deemed by the board to be in the best interest

1 of the member. At the board's request, the state investment board may
2 provide investment options for purposes of this subsection;

3 (2) The selection of optional benefit payment schedules available
4 to members and survivors of members upon the death, disability,
5 retirement, or termination of the member. The optional benefit
6 payments may include but not be limited to: Fixed and participating
7 annuities, joint and survivor annuities, and payments that bridge to
8 social security or defined benefit plan payments;

9 (3) Approval of actuarially equivalent annuities that may be
10 purchased from the combined plan II and plan III funds under RCW
11 41.50.075 (2) or (3);

12 (4) Determination of the basis for administrative charges to the
13 self-directed investment fund to offset self-directed account expenses;
14 and

15 (5) Selection of investment options for the deferred compensation
16 program.

17 NEW SECTION. **Sec. 303.** A new section is added to chapter 41.32
18 RCW under the subchapter heading "Plan II" to read as follows:

19 (1) Every plan II member employed by an employer in an eligible
20 position may make an irrevocable option to transfer to plan III. For
21 those who elect to transfer:

22 (a) All service credit in plan II shall be transferred to the
23 defined benefit portion of plan III.

24 (b) The accumulated contributions in plan II shall be transferred
25 to the member's account in the defined contribution portion established
26 in sections 201 through 209 of this act, pursuant to procedures
27 developed by the department and subject to section 209 of this act.

28 (c) A member vested on the effective date of this act under plan II
29 shall be automatically vested in plan III upon transfer.

30 (d) Members employed by an employer in an eligible position on
31 January 1, 1998, who request to transfer to plan III by January 1,
32 1998, shall have their account in the defined contribution portion of
33 plan III, other than those accumulated contributions attributable to
34 restorations made under RCW 41.50.165(2), increased by twenty percent
35 of their plan II accumulated contributions as of January 1, 1996. If
36 the member who requests to transfer dies before January 1, 1998, the
37 additional payment provided by this subsection shall be paid to the
38 member's estate, or such person or persons, trust, or organization as

1 the member shall have nominated by written designation duly executed
2 and filed with the department.

3 (e) The legislature reserves the right to discontinue the right to
4 transfer under this section.

5 (2) This subsection shall also apply to dual members as provided in
6 section 320 of this act.

7 (3) Any member who elects to transfer to plan III and has eligible
8 unrestored withdrawn contributions in plan II, may subsequently restore
9 such contributions under the provisions of RCW 41.32.825. The restored
10 plan II service credit will be automatically transferred to plan III.
11 Contributions restored will be transferred to the member's account in
12 plan III.

13 (4) Anyone previously retired from plan II is prohibited from
14 transferring to plan III.

15 NEW SECTION. **Sec. 304.** A new section is added to chapter 41.32
16 RCW under the subchapter heading "Plan II" to read as follows:

17 Any person who elected pursuant to RCW 41.32.032(2)(a) to remain a
18 member of the public employees' retirement system under chapter 41.40
19 RCW may make an irrevocable option to transfer to plan III pursuant to
20 section 303 of this act, PROVIDED THAT:

21 (1) Only service credit for previous periods of employment in a
22 position covered by RCW 41.32.010 is transferred to plan III;

23 (2) Equivalent accumulated employee and employer contributions
24 attributable to service covered by subsection (1) of this section are
25 transferred to plan III;

26 (3) Employer contributions transferred under this section shall be
27 paid into the teachers' retirement system combined plan II and III
28 fund.

29 Any person, not employed as an educational staff associate on the
30 effective date of this act may choose, within one year of the person's
31 return to employment as a teacher, to transfer to plan III under this
32 section.

33 **Sec. 305.** RCW 41.45.010 and 1989 c 273 s 1 are each amended to
34 read as follows:

35 It is the intent of the legislature to provide a dependable and
36 systematic process for funding the benefits provided to members and
37 retirees of the public employees' retirement system, chapter 41.40 RCW;

1 the teachers' retirement system, chapter 41.32 RCW; the law enforcement
2 officers' and fire fighters' retirement system, chapter 41.26 RCW; and
3 the Washington state patrol retirement system, chapter 43.43 RCW.

4 The funding process established by this chapter is intended to
5 achieve the following goals:

6 (1) To continue to fully fund the public employees' retirement
7 system plan II, the teachers' retirement system plans II and III, and
8 the law enforcement officers' and fire fighters' retirement system plan
9 II as provided by law;

10 (2) To fully amortize the total costs of the public employees'
11 retirement system plan I, the teachers' retirement system plan I, and
12 the law enforcement officers' and fire fighters' retirement system plan
13 I not later than June 30, 2024;

14 (3) To establish predictable long-term employer contribution rates
15 which will remain a relatively constant proportion of the future state
16 budgets; and

17 (4) To fund, to the extent feasible, benefit increases for plan I
18 members and all benefits for plan II and III members over the working
19 lives of those members so that the cost of those benefits are paid by
20 the taxpayers who receive the benefit of those members' service.

21 **Sec. 306.** RCW 41.45.020 and 1989 c 273 s 2 are each amended to
22 read as follows:

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

25 (1) "Council" means the economic and revenue forecast council
26 created in RCW (~~((82.01.130))~~) 82.33.010.

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

28 (3) "Law enforcement officers' and fire fighters' retirement system
29 plan I," and "law enforcement officers' and fire fighters' retirement
30 system plan II" mean(~~((s))~~) the benefits and funding provisions
31 (~~((covering persons who first became members of the law enforcement~~
32 ~~officers' and fire fighters' retirement system prior to October 1,~~
33 ~~1977.~~

34 (~~(4) "Law enforcement officers' and fire fighters' retirement system~~
35 ~~plan II"~~ means the benefits and funding provisions covering persons who
36 first became members of the law enforcement officers' and fire
37 fighters' retirement system on or after October 1, 1977)) under chapter
38 41.26 RCW.

1 ~~((5))~~ (4) "Public employees' retirement system plan I" ~~((means~~
2 ~~the benefits and funding provisions covering persons who first became~~
3 ~~members of the public employees' retirement system prior to October 1,~~
4 ~~1977.~~

5 ~~(6)~~ "Public employees' retirement system plan II" means the
6 ~~benefits and funding provisions covering persons who first became~~
7 ~~members of the public employees' retirement system on or after October~~
8 ~~1, 1977)) and "public employees' retirement system plan II" mean the~~
9 benefits and funding provisions under chapter 41.40 RCW.

10 ~~((7))~~ (5) "Teachers' retirement system plan I," "teachers'
11 retirement system plan II," and "teachers' retirement system plan III"
12 ~~mean((s)) the benefits and funding provisions ((covering persons who~~
13 ~~first became members of the teachers' retirement system prior to~~
14 ~~October 1, 1977.~~

15 ~~(8)~~ "Teachers' retirement system plan II" means the benefits and
16 ~~funding provisions covering persons who first became members of the~~
17 ~~teachers' retirement system on or after October 1, 1977)) under chapter~~
18 41.32 RCW.

19 ~~((9))~~ (6) "Washington state patrol retirement system" means the
20 retirement benefits provided under chapter 43.43 RCW.

21 (7) "Unfunded liability" means the unfunded actuarial accrued
22 liability of a retirement system.

23 ~~((10))~~ (8) "Actuary" or "state actuary" means the state actuary
24 employed under chapter 44.44 RCW.

25 ~~((11))~~ (9) "State retirement systems" means the retirement
26 systems listed in RCW 41.50.030.

27 **Sec. 307.** RCW 41.45.030 and 1993 c 519 s 17 are each amended to
28 read as follows:

29 (1) Beginning September 1, ~~((1989))~~ 1995, and every ~~((six))~~ two
30 years thereafter, the state actuary shall submit to the council
31 information regarding the experience and financial condition of each
32 state retirement system. The council shall review this and such other
33 information as it may require.

34 (2) ~~((The council shall review the information submitted by the~~
35 ~~state actuary and)) By December 31, 1995, and every two years~~
36 thereafter, the council, by affirmative vote of five councilmembers,
37 shall adopt the following long-term economic assumptions:

38 (a) Growth in system membership;

1 (b) Growth in salaries, exclusive of merit or longevity increases;

2 (c) Growth in inflation; and

3 (d) Investment rate of return.

4 (3) The council shall work with the department of retirement
5 systems, the state actuary, and the executive director of the state
6 investment board, and shall consider long-term historical averages, in
7 developing the economic assumptions. The assumptions adopted by the
8 council shall be used by the state actuary in conducting valuation
9 studies of the state retirement systems.

10 ~~((3) The council may utilize information provided by the state~~
11 ~~actuary and such other information as it may request.))~~

12 **Sec. 308.** RCW 41.45.050 and 1989 c 273 s 5 are each amended to
13 read as follows:

14 (1) ~~((Beginning September 1, 1990,))~~ Employers of members of the
15 public employees' retirement system, the teachers' retirement system,
16 and the Washington state patrol retirement system shall make
17 contributions to those systems based on the rates established in RCW
18 41.45.060 and 41.45.070.

19 (2) ~~((Beginning September 1, 1990,))~~ The state shall make
20 contributions to the law enforcement officers' and fire fighters'
21 retirement system based on the rates established in RCW 41.45.060 and
22 41.45.070. The state treasurer shall transfer the required
23 contributions each month on the basis of salary data provided by the
24 department.

25 (3) ~~((Beginning September 1, 1990,))~~ The department shall bill
26 employers, and the state shall make contributions to the law
27 enforcement officers' and fire fighters' retirement system, using the
28 combined rates established in RCW 41.45.060 and 41.45.070 regardless of
29 the level of pension funding provided in the biennial budget. Any
30 member of an affected retirement system may, by mandamus or other
31 appropriate proceeding, require the transfer and payment of funds as
32 directed in this section.

33 (4) The contributions received for the public employees' retirement
34 system shall be allocated between the public employees' retirement
35 system plan I fund and public employees' retirement system plan II fund
36 as follows: The contributions necessary to fully fund the public
37 employees' retirement system plan II employer contribution required by
38 RCW 41.40.650 shall first be deposited in the public employees'

1 retirement system plan II fund. All remaining public employees'
2 retirement system employer contributions shall be deposited in the
3 public employees' retirement system plan I fund.

4 ~~((The employer contributions for the teachers' retirement system,~~
5 ~~and the state contributions for the law enforcement officers' and fire~~
6 ~~fighters' retirement system shall be allocated in the same manner as~~
7 ~~the public employees' retirement system and in accordance with the law~~
8 ~~enforcement officers' and fire fighters' retirement system plan II and~~
9 ~~the teachers' retirement system plan II contribution rates required by~~
10 ~~RCW 41.26.450 and 41.32.775 respectively))~~ (5) The contributions
11 received for the teachers' retirement system shall be allocated between
12 the plan I fund and the combined plan II and plan III fund as follows:
13 The contributions necessary to fully fund the combined plan II and plan
14 III employer contribution shall first be deposited in the combined plan
15 II and plan III fund. All remaining teachers' retirement system
16 employer contributions shall be deposited in the plan I fund.

17 (6) The contributions received under RCW 41.26.450 for the law
18 enforcement officers' and fire fighters' retirement system shall be
19 allocated between the law enforcement officers' and fire fighters'
20 retirement system plan I and the law enforcement officers' and fire
21 fighters' retirement system plan II fund as follows: The contributions
22 necessary to fully fund the law enforcement officers' and fire
23 fighters' retirement system plan II employer contributions shall be
24 first deposited in the law enforcement officers' and fire fighters'
25 retirement system plan II fund. All remaining law enforcement
26 officers' and fire fighters' retirement system employer contributions
27 shall be deposited in the law enforcement officers' and fire fighters'
28 retirement system plan I fund.

29 **Sec. 309.** RCW 41.45.060 and 1993 c 519 s 19 are each amended to
30 read as follows:

31 (1) ~~((For the period of September 1, 1993, through August 31, 1995,~~
32 ~~the basic state contribution rate for the law enforcement officers' and~~
33 ~~fire fighters' retirement system, and the basic employer contribution~~
34 ~~rates for the public employees' retirement system, the teachers'~~
35 ~~retirement system, and the Washington state patrol retirement system~~
36 ~~shall be as determined in the 1991 valuations prepared by the office of~~
37 ~~the state actuary.))~~ The state actuary shall provide actuarial
38 valuation results based on the assumptions adopted under RCW 41.45.030.

1 (2) Not later than September 30, (~~(1994)~~) 1996, and every two years
2 thereafter(~~(:~~

3 ~~(a))~~, consistent with the assumptions adopted under RCW 41.45.030,
4 the council shall adopt ((the contributions to be used in the ensuing
5 biennial period for the systems specified in subsection (1) of this
6 section.

7 ~~(b))~~ both: (a) A basic state contribution rate for the law
8 enforcement officers' and fire fighters' retirement system; and (b)
9 basic employer contribution rates for the public employees' retirement
10 system plan I, the teachers' retirement system plan I, and the
11 Washington state patrol retirement system to be used in the ensuing
12 biennial period.

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

15 (a) To fully amortize the total costs of the public employees'
16 retirement system plan I, the teachers' retirement system plan I, the
17 law enforcement officers' and fire fighters' retirement system plan I,
18 and the unfunded liability of the Washington state patrol retirement
19 system not later than June 30, 2024; and

20 (b) To also continue to fully fund the public employees' retirement
21 system plan II, the teachers' retirement system plans II and III, and
22 the law enforcement officers' and fire fighters' retirement system plan
23 II in accordance with RCW 41.40.650, 41.26.450, and this section.

24 (4) The aggregate actuarial cost method shall be used to calculate
25 a combined plan II and III employer contribution rate.

26 (5) The council shall immediately notify the directors of the
27 office of financial management and department of retirement systems of
28 the state and employer contribution rates adopted ((under (a) of this
29 subsection)).

30 (~~(e))~~ (6) The director of the department of retirement systems
31 shall collect those rates adopted by the council ((under this
32 chapter)).

33 **Sec. 310.** RCW 41.45.070 and 1990 c 18 s 2 are each amended to read
34 as follows:

35 (1) (~~(Beginning September 1, 1991,)~~) In addition to the basic
36 employer contribution rate established in RCW 41.45.060, the department
37 shall also charge employers of public employees' retirement system,
38 teachers' retirement system, or Washington state patrol retirement

1 system members an additional supplemental rate to pay for the cost of
2 additional benefits, if any, granted to members of those systems
3 (~~after January 1, 1990~~). The supplemental contribution rates
4 required by this section shall be calculated by the state actuary and
5 shall be charged regardless of language to the contrary contained in
6 the statute which authorizes additional benefits.

7 (2) (~~Beginning September 1, 1991,~~) In addition to the basic state
8 contribution rate established in RCW 41.45.060 for the law enforcement
9 officers' and fire fighters' retirement system the department shall
10 also establish a supplemental rate to pay for the cost of additional
11 benefits, if any, granted to members of the law enforcement officers'
12 and fire fighters' retirement system (~~after January 1, 1990~~). This
13 supplemental rate shall be calculated by the state actuary and the
14 state treasurer shall transfer the additional required contributions
15 regardless of language to the contrary contained in the statute which
16 authorizes the additional benefits.

17 (3) The supplemental rate charged under this section to fund
18 benefit increases provided to active members of the public employees'
19 retirement system plan I, the teachers' retirement system plan I, the
20 law enforcement officers' and fire fighters' retirement system plan I,
21 and Washington state patrol retirement system, shall be calculated as
22 the level percentage of all members' pay needed to fund the cost of the
23 benefit not later than June 30, 2024.

24 (4) The supplemental rate charged under this section to fund
25 benefit increases provided to active and retired members of the public
26 employees' retirement system plan II, the teachers' retirement system
27 plan II and plan III, or the law enforcement officers' and fire
28 fighters' retirement system plan II, shall be calculated as the level
29 percentage of all members' pay needed to fund the cost of the benefit,
30 as calculated under RCW 41.40.650, 41.32.775, or 41.26.450,
31 respectively.

32 (5) The supplemental rate charged under this section to fund
33 postretirement adjustments which are provided on a nonautomatic basis
34 to current retirees shall be calculated as the percentage of pay needed
35 to fund the adjustments as they are paid to the retirees. The
36 supplemental rate charged under this section to fund automatic
37 postretirement adjustments for active or retired members of the public
38 employees' retirement system plan I and the teachers' retirement system
39 plan I shall be calculated as the level percentage of pay needed to

1 fund the cost of the automatic adjustments not later than June 30,
2 2024.

3 NEW SECTION. **Sec. 311.** A new section is added to chapter 41.45
4 RCW to read as follows:

5 (1) The required contribution rate for members of the plan II
6 teachers' retirement system shall be fixed at the rates in effect on
7 the effective date of this act, subject to the following:

8 (a) Beginning September 1, 1998, except as provided in (b) of this
9 subsection, the employee contribution rate shall not exceed the
10 employer plan II and III rates adopted under RCW 41.45.060 and
11 41.45.070 for the teachers' retirement system;

12 (b) In addition, the employee contribution rate for plan II shall
13 be increased by fifty percent of the contribution rate increase caused
14 by any plan II benefit increase passed after the effective date of this
15 act.

16 (2) The required plan II and III contribution rates for employers
17 shall be adopted in the manner described in RCW 41.45.060.

18 **Sec. 312.** RCW 41.50.075 and 1991 c 35 s 108 are each amended to
19 read as follows:

20 (1) Two funds are hereby created and established in the state
21 treasury to be known as the Washington law enforcement officers' and
22 fire fighters' system plan I retirement fund, and the Washington law
23 enforcement officers' and fire fighters' system plan II retirement fund
24 which shall consist of all moneys paid into them in accordance with the
25 provisions of this chapter and chapter 41.26 RCW, whether such moneys
26 take the form of cash, securities, or other assets. The plan I fund
27 shall consist of all moneys paid to finance the benefits provided to
28 members of the law enforcement officers' and fire fighters' retirement
29 system plan I, and the plan II fund shall consist of all moneys paid to
30 finance the benefits provided to members of the law enforcement
31 officers' and fire fighters' retirement system plan II.

32 (2) All of the assets of the Washington state teachers' retirement
33 system shall be credited according to the purposes for which they are
34 held, to two funds to be maintained in the state treasury, namely, the
35 teachers' retirement system plan I fund and the teachers' retirement
36 system combined plan II and III fund. The plan I fund shall consist of
37 all moneys paid to finance the benefits provided to members of the

1 Washington state teachers' retirement system plan I, and the combined
2 plan II and III fund shall consist of all moneys paid to finance the
3 benefits provided to members of the Washington state teachers'
4 retirement system plan II and III.

5 (3) There is hereby established in the state treasury two separate
6 funds, namely the public employees' retirement system plan I fund and
7 the public employees' (~~{retirement system}~~) retirement system plan II
8 fund. The plan I fund shall consist of all moneys paid to finance the
9 benefits provided to members of the public employees' retirement system
10 plan I, and the plan II fund shall consist of all moneys paid to
11 finance the benefits provided to members of the public employees'
12 retirement system plan II.

13 (4) There is hereby established in the state treasury the plan III
14 defined contribution fund which shall consist of all contributions and
15 earnings paid on behalf of members, except as otherwise provided.

16 **Sec. 313.** RCW 41.50.110 and 1990 c 8 s 3 are each amended to read
17 as follows:

18 (1) Notwithstanding any provision of law to the contrary, the
19 retirement system expense fund is hereby redesignated as the department
20 of retirement systems expense fund from which shall be paid the
21 expenses of the administration of the department and the expenses of
22 administration of the retirement systems created in chapters 2.10,
23 2.12, 41.26, 41.32, 41.40, 41.-- (sections 201 through 209 of this
24 act), and 43.43 RCW.

25 (2) In order to reimburse the department of retirement systems
26 expense fund on an equitable basis the department shall ascertain and
27 report to each employer, as defined in RCW 41.26.030, 41.32.010, or
28 41.40.010, the sum necessary to defray its proportional share of the
29 entire expense of the administration of the retirement system that the
30 employer participates in during the ensuing biennium or fiscal year
31 whichever may be required. Such sum is to be computed in an amount
32 directly proportional to the estimated entire expense of the
33 administration as the ratio of monthly salaries of the employer's
34 members bears to the total salaries of all members in the entire
35 system. It shall then be the duty of all such employers to include in
36 their budgets or otherwise provide the amounts so required.

37 (3) The department shall compute and bill each employer, as defined
38 in RCW 41.26.030, 41.32.010, or 41.40.010, at the end of each month for

1 the amount due for that month to the department of retirement systems
2 expense fund and the same shall be paid as are its other obligations.
3 Such computation as to each employer shall be made on a percentage rate
4 of salary established by the department. However, the department may
5 at its discretion establish a system of billing based upon calendar
6 year quarters in which event the said billing shall be at the end of
7 each such quarter.

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

11 (~~((3) All employers shall pay a standard fee to the department to~~
12 ~~cover the cost of administering the system.)) (5) An employer who fails~~
13 to submit timely and accurate reports to the department may be assessed
14 an additional fee related to the increased costs incurred by the
15 department in processing the deficient reports. Fees paid under this
16 subsection shall be deposited in the retirement system expense fund.

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

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

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

25 (6) Expenses incurred pursuant to section 206 of this act shall be
26 deducted from the defined contribution fund in accordance with rules
27 established by the board under section 302 of this act.

28 NEW SECTION. Sec. 314. A new section is added to chapter 41.50
29 RCW to read as follows:

30 (1) "Employee" as used in this section and section 315 of this act
31 includes all full-time, part-time, and career seasonal employees of the
32 state, a county, a municipality, or other political subdivision of the
33 state, whether or not covered by civil service; elected and appointed
34 officials of the executive branch of the government, including full-
35 time members of boards, commissions, or committees; justices of the
36 supreme court and judges of the court of appeals and of the superior
37 and district courts; and members of the state legislature or of the
38 legislative authority of any county, city, or town.

1 (2) The state, through the department, and any county,
2 municipality, or other political subdivision of the state acting
3 through its principal supervising official or governing body is
4 authorized to contract with an employee to defer a portion of that
5 employee's income, which deferred portion shall in no event exceed the
6 amount allowable under 26 U.S.C. Sec. 457, and deposit or invest such
7 deferred portion in a credit union, savings and loan association, bank,
8 or mutual savings bank or purchase life insurance, shares of an
9 investment company, or fixed and/or variable annuity contracts from any
10 insurance company or any investment company licensed to contract
11 business in this state.

12 (3) The department can provide such plans as the employee
13 retirement benefits board, established under section 301 of this act,
14 deems are in the interests of state employees. In addition to the
15 types of investments described in this section, the department may
16 invest the deferred portion of an employee's income, without limitation
17 as to amount, in any of the class of investments described in RCW
18 43.84.150 as in effect on January 1, 1981. Any income deferred under
19 such a plan shall continue to be included as regular compensation, for
20 the purpose of computing the state or local retirement and pension
21 benefits earned by any employee.

22 (4) Coverage of an employee under a deferred compensation plan
23 under this section shall not render such employee ineligible for
24 simultaneous membership and participation in any pension system for
25 public employees.

26 NEW SECTION. **Sec. 315.** A new section is added to chapter 41.50
27 RCW to read as follows:

28 (1) The deferred compensation principal account is hereby created
29 in the state treasury. Any deficiency in the deferred compensation
30 administrative account caused by an excess of administrative expenses
31 disbursed from that account over earnings of investments of balances
32 credited to that account shall be eliminated by transferring moneys to
33 that account from the deferred compensation principal account.

34 (2) The amount of compensation deferred by employees under
35 agreements entered into under the authority contained in section 314 of
36 this act shall be paid into the deferred compensation principal account
37 and shall be sufficient to cover costs of administration and staffing
38 in addition to such other amounts as determined by the department. The

1 deferred compensation principal account shall be used to carry out the
2 purposes of section 314 of this act. All eligible state employees
3 shall be given the opportunity to participate in agreements entered
4 into by the department under section 314 of this act. State agencies
5 shall cooperate with the department in providing employees with the
6 opportunity to participate.

7 (3) Any county, municipality, or other subdivision of the state may
8 elect to participate in any agreements entered into by the department
9 under section 314 of this act, including the making of payments
10 therefrom to the employees participating in a deferred compensation
11 plan upon their separation from state or other qualifying service.
12 Accordingly, the deferred compensation principal account shall be
13 considered to be a public pension or retirement fund within the meaning
14 of Article XXIX, section 1 of the state Constitution, for the purpose
15 of determining eligible investments and deposits of the moneys therein.

16 (4) All moneys in the deferred compensation principal account, all
17 property and rights purchased therewith, and all income attributable
18 thereto, shall remain (until made available to the participating
19 employee or other beneficiary) solely the money, property, and rights
20 of the state and participating counties, municipalities, and
21 subdivisions (without being restricted to the provision of benefits
22 under the plan) subject only to the claims of the state's and
23 participating jurisdictions' general creditors. Participating
24 jurisdictions shall each retain property rights separately.

25 (5) The state investment board, at the request of the employee
26 retirement benefits board as established under section 301 of this act,
27 is authorized to invest moneys in the deferred compensation principal
28 account in accordance with RCW 43.84.150. Except as provided in RCW
29 43.33A.160, one hundred percent of all earnings from these investments
30 shall accrue directly to the deferred compensation principal account.

31 (6) The deferred compensation administrative account is hereby
32 created in the state treasury. All expenses of the department
33 pertaining to the deferred compensation plan including staffing and
34 administrative expenses shall be paid out of the deferred compensation
35 administrative account. Any excess of earnings of investments of
36 balances credited to this account over administrative expenses
37 disbursed from this account shall be transferred to the deferred
38 compensation principal account. Any deficiency in the deferred
39 compensation administrative account caused by an excess of

1 administrative expenses disbursed from this account over earnings of
2 investments of balances credited to this account shall be transferred
3 to this account from the deferred compensation principal account.

4 (7) In addition to the duties specified in this section and section
5 314 of this act, the department shall administer the salary reduction
6 plan established in RCW 41.04.600 through 41.04.645.

7 (8) The department shall keep or cause to be kept full and adequate
8 accounts and records of the assets, obligations, transactions, and
9 affairs of any deferred compensation plans created under section 314 of
10 this act and this section.

11 (9) The department shall file an annual report of the financial
12 condition, transactions, and affairs of the deferred compensation plans
13 under its jurisdiction. A copy of the annual report shall be filed
14 with the speaker of the house of representatives, the president of the
15 senate, the governor, and the state auditor.

16 (10) Members of the employee retirement benefits board established
17 under section 301 of this act shall be deemed to stand in a fiduciary
18 relationship to the employees participating in the deferred
19 compensation plans created under section 314 of this act and this
20 section and shall discharge the duties of their respective positions in
21 good faith and with that diligence, care, and skill which ordinary
22 prudent persons would exercise under similar circumstances in like
23 positions.

24 (11) The department may adopt rules necessary to carry out the
25 purposes of section 314 of this act and this section.

26 **Sec. 316.** RCW 41.50.030 and 1975-'76 2nd ex.s. c 105 s 5 are each
27 amended to read as follows:

28 (1) As soon as possible but not more than one hundred and eighty
29 days after March 19, 1976, there is transferred to the department of
30 retirement systems, except as otherwise provided in this chapter, all
31 powers, duties, and functions of:

32 ~~((1))~~ (a) The Washington public employees' retirement system
33 ~~((and the retirement board thereof));~~

34 ~~((2))~~ (b) The Washington state teachers' retirement system ~~((and~~
35 ~~the board of trustees thereof));~~

36 ~~((3))~~ (c) The Washington law enforcement officers' and fire
37 fighters' retirement system ~~((and the retirement board thereof));~~

1 (~~(4)~~) (d) The Washington state patrol retirement system (~~(and the~~
2 ~~retirement board thereof)~~);

3 (~~(5)~~) (e) The Washington judicial retirement system (~~(and the~~
4 ~~retirement board thereof)~~); and

5 (~~(6)~~) (f) The state treasurer with respect to the administration
6 of the judges' retirement fund imposed pursuant to chapter 2.12 RCW.

7 (2) On the effective date of this act there is transferred to the
8 department all powers, duties, and functions of the deferred
9 compensation committee.

10 (3) The department shall administer sections 201 through 209 of
11 this act.

12 **Sec. 317.** RCW 41.50.050 and 1993 c 61 s 1 are each amended to read
13 as follows:

14 The director shall:

15 (1) Have the authority to organize the department into not more
16 than (~~three~~) four divisions, each headed by an assistant director;

17 (2) Have free access to all files and records of various funds
18 assigned to the department and inspect and audit the files and records
19 as deemed necessary;

20 (3) Employ personnel to carry out the general administration of the
21 department;

22 (4) Submit an annual written report of the activities of the
23 department to the governor and the chairs of the appropriate
24 legislative committees with one copy to the staff of each of the
25 committees, including recommendations for statutory changes the
26 director believes to be desirable;

27 (5) Adopt such rules and regulations as are necessary to carry out
28 the powers, duties, and functions of the department pursuant to the
29 provisions of chapter 34.05 RCW.

30 **Sec. 318.** RCW 41.50.060 and 1975-'76 2nd ex.s. c 105 s 8 are each
31 amended to read as follows:

32 The director may delegate the performance of such powers, duties,
33 and functions, other than those relating to rule making, to employees
34 of the department, but the director shall remain and be responsible for
35 the official acts of the employees of the department.

36 The director shall be responsible for the public employees'
37 retirement system, the teachers' retirement system, the judicial

1 retirement system, the law enforcement officers' and fire fighters'
2 retirement system, and the Washington state patrol retirement system.
3 The director shall also be responsible for the deferred compensation
4 program.

5 **Sec. 319.** RCW 41.54.030 and 1990 c 192 s 2 are each amended to
6 read as follows:

7 (1) A dual member(~~((s))~~) may combine service in all systems (~~((may be~~
8 ~~combined))~~) for the (~~((sole))~~) purpose of:

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

11 (b) Qualifying for a benefit under section 115(3) of this act.

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

18 (3) The service retirement allowances from a system which, but for
19 this section, would not be allowed to be paid at this date based on the
20 dual member's age shall be either actuarially adjusted from the
21 earliest age upon which the combined service would have made such dual
22 member eligible in that system, or the dual member may choose to defer
23 the benefit until fully eligible.

24 NEW SECTION. **Sec. 320.** A new section is added to chapter 41.54
25 RCW to read as follows:

26 Any dual member who elects to transfer under section 303 of this
27 act may subject to the provisions of this chapter:

28 (1) Similarly transfer any other prior plan II service credit to
29 plan III of the same retirement system; or

30 (2) Combine service credit in all systems for purposes of vesting
31 pursuant to section 303(1)(c) of this act.

32 NEW SECTION. **Sec. 321.** A new section is added to chapter 43.33A
33 RCW to read as follows:

34 Pursuant to section 302 of this act, the state investment board, at
35 the request of the employee retirement benefits board, is authorized to
36 offer investment options for self-directed investment under plan III.

1 **Sec. 322.** RCW 41.04.440 and 1984 c 227 s 1 are each amended to
2 read as follows:

3 (1) The sole purpose of RCW 41.04.445 and 41.04.450 is to allow the
4 members of the retirement systems created in chapters 2.10, 2.12,
5 41.26, 41.32, 41.40, 41.-- (sections 201 through 209 of this act), and
6 43.43 RCW to enjoy the tax deferral benefits allowed under 26 USC
7 414(h). This act does not alter in any manner the provisions of RCW
8 41.26.450(~~(, 41.32.775)~~) and 41.40.650 which require that the member
9 contribution rates shall be set so as to provide fifty percent of the
10 cost(~~(s)~~) of the respective retirement plans.

11 (2) Should the legislature revoke any benefit allowed under (~~this~~
12 ~~act~~) 26 U.S.C. 414(h), no affected employee shall be entitled
13 thereafter to receive such benefit as a matter of contractual right.

14 **Sec. 323.** RCW 41.04.445 and 1992 c 212 s 15 are each amended to
15 read as follows:

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

17 (a) Judges under the retirement system established under chapter
18 2.10, 2.12, or 2.14 RCW;

19 (b) Employees of the state under the retirement system established
20 by chapter 41.32, 41.40, or 43.43 RCW;

21 (c) Employees of school districts under the retirement system
22 established by chapter 41.32 or 41.40 RCW, except for substitute
23 teachers as defined by RCW 41.32.010;

24 (d) Employees of educational service districts under the retirement
25 system established by chapter 41.32 or 41.40 RCW; or

26 (e) Employees of community college districts under the retirement
27 system established by chapter 41.32 or 41.40 RCW.

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

33 (a) RCW 2.10.090(1);

34 (b) RCW 2.12.060;

35 (c) RCW 2.14.090;

36 (d) RCW 41.32.263;

37 (e) RCW 41.32.350;

38 (f) (~~RCW 41.32.775~~;

1 ~~(g))~~ RCW 41.40.330 (1) and (3);
2 ~~((h))~~ (g) RCW 41.40.650; ~~((and~~
3 ~~(i))~~ (h) Section 207 of this act;
4 (i) RCW 43.43.300; and
5 (j) Section 204 of this act.

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

9 (4) All member contributions to the respective retirement system
10 picked up by the employer as provided by this section, plus the accrued
11 interest earned thereon, shall be paid to the member upon the
12 withdrawal of funds or lump-sum payment of accumulated contributions as
13 provided under the provisions of the retirement systems.

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

16 (a) A complete explanation of the effects of this section to all
17 members; and

18 (b) Notification of such implementation to the director of the
19 department of retirement systems.

20 **Sec. 324.** RCW 41.04.450 and 1985 c 13 s 3 are each amended to read
21 as follows:

22 (1) Employers of those members under chapters 41.26 ~~((and))~~, 41.40,
23 and 41.-- (sections 201 through 209 of this act) RCW who are not
24 specified in RCW 41.04.445 may choose to implement the employer pick up
25 of all member contributions without exception under RCW 41.26.080(1),
26 41.26.450, 41.40.330(1), ~~((and))~~ 41.40.650, and chapter 41.-- RCW
27 (sections 201 through 209 of this act). If the employer does so
28 choose, the employer and members shall be subject to the conditions and
29 limitations of RCW 41.04.445 (3), (4), and (5) and RCW 41.04.455.

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

35 NEW SECTION. **Sec. 325.** The benefits provided pursuant to this act
36 are not provided to employees as a matter of contractual right prior to
37 the effective date of this act. The legislature retains the right to

1 alter or abolish these benefits at any time prior to the date this act
2 becomes effective.

3 NEW SECTION. **Sec. 326.** The following acts or parts of acts are
4 each repealed:

5 (1) RCW 41.04.250 and 1981 c 256 s 2, 1975 1st ex.s. c 274 s 2,
6 1973 1st ex.s. c 99 s 1, 1972 ex.s. c 19 s 1, & 1971 ex.s. c 264 s 1;

7 (2) RCW 41.04.255 and 1991 c 249 s 2 & 1982 c 107 s 2;

8 (3) RCW 41.04.260 and 1993 c 34 s 2 & 1991 sp.s. c 13 s 101;

9 (4) RCW 41.32.775 and 1990 c 274 s 9, 1989 c 273 s 19, 1986 c 268
10 s 2, 1984 c 184 s 11, & 1977 ex.s. c 293 s 6;

11 (5) RCW 41.45.040 and 1993 c 519 s 18 & 1989 c 273 s 4;

12 (6) RCW 41.45.0601 and 1993 c 519 s 20 & 1992 c 239 s 1;

13 (7) RCW 41.45.901 and 1989 c 273 s 33;

14 (8) RCW 41.50.032 and 1984 c 184 s 15 & 1982 c 163 s 9; and

15 (9) RCW 41.50.250 and 1991 c 35 s 72, 1989 c 273 s 21, 1981 c 3 s
16 32, 1969 c 128 s 4, 1963 c 174 s 6, 1955 c 220 s 2, 1953 c 200 s 3,
17 1949 c 240 s 5, & 1947 c 274 s 9.

18 NEW SECTION. **Sec. 327.** This act shall take effect July 1, 1996.

19 NEW SECTION. **Sec. 328.** Part headings and subchapter headings as
20 used in this act constitute no part of the law."

21 **ESHB 1206** - S COMM AMD
22 By Committee on Ways & Means

23 ADOPTED 4/7/95

24 On page 1, line 1 of the title, after "systems;" strike the
25 remainder of the title and insert "amending RCW 41.32.005, 41.32.032,
26 41.45.010, 41.45.020, 41.45.030, 41.45.050, 41.45.060, 41.45.070,
27 41.50.075, 41.50.110, 41.50.030, 41.50.050, 41.50.060, 41.54.030,
28 41.04.440, 41.04.445, and 41.04.450; reenacting and amending RCW
29 41.32.010; adding new sections to chapter 41.32 RCW; adding new
30 sections to chapter 41.50 RCW; adding a new section to chapter 41.45
31 RCW; adding a new section to chapter 41.54 RCW; adding a new section to
32 chapter 43.33A RCW; adding a new chapter to Title 41 RCW; creating new
33 sections; repealing RCW 41.04.250, 41.04.255, 41.04.260, 41.32.775,

1 41.45.040, 41.45.0601, 41.45.901, 41.50.032, and 41.50.250; and
2 providing an effective date."

--- END ---