

2 **SSB 6306** - H AMD TO APP COMM AMD (H-5285.5/98) **1073**  
3 By Representative Conway

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5 Beginning on page 1, after line 6 of the amendment, strike  
6 everything and insert the following:

7 "**Sec. 1.** RCW 41.32.8401 and 1997 c 10 s 1 are each amended to read  
8 as follows:

9 (1) Anyone who requests to transfer under RCW 41.32.817 before  
10 January 1, 1998, and establishes service credit for January 1998, shall  
11 have their member account increased by forty percent of:

12 (a) Plan II accumulated contributions as of January 1, 1996, less  
13 fifty percent of any payments made pursuant to RCW 41.50.165(2); or

14 (b) All amounts withdrawn after January 1, 1996, which are  
15 completely restored before January 1, 1998.

16 (2) A further additional payment of twenty-five percent, for a  
17 total of sixty-five percent, shall be paid subject to the conditions  
18 contained in subsection (1) of this section on July 1, 1998.

19 (3) Substitute teachers shall receive the additional payment  
20 provided in subsection (1) of this section if they:

21 (a) Establish service credit for January 1998; and

22 (b) Establish any service credit from July 1996 through December  
23 1997; and

24 (c) Elect to transfer on or before March 1, 1999.

25 (~~(3)~~) (4) If a member who requests to transfer dies before  
26 January 1, 1998, the additional payment provided by this section shall  
27 be paid to the member's estate, or the person or persons, trust, or  
28 organization the member nominated by written designation duly executed  
29 and filed with the department.

30 (~~(4)~~) (5) The legislature reserves the right to modify or  
31 discontinue the right to an incentive payment under this section for  
32 any plan II members who have not previously transferred to plan III.

33 NEW SECTION. **Sec. 2.** The joint committee on pension policy shall  
34 study the policy and the costs of merging the teachers' retirement

1 system and the Washington school employees' retirement system and shall  
2 report their findings to the legislature by January 15, 1999.

3 NEW SECTION. **Sec. 3.** The department of retirement systems shall  
4 study the ongoing costs of administering the plan III systems, ways to  
5 decrease those costs, and methods of charging members for higher-cost  
6 investment options. The department shall report to the joint committee  
7 on pension policy by September 1998.

8 NEW SECTION. **Sec. 4.** The joint committee on pension policy is  
9 directed to study the issue of creating a separate retirement system  
10 for classified school employees and report their findings to the  
11 legislature in 1999.

12 NEW SECTION. **Sec. 5.** The joint committee on pension policy is  
13 directed to study the issue of allowing membership in the Washington  
14 school employees' retirement system to be determined by bargaining  
15 units and report back to the legislature in 1999.

16 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.34 RCW  
17 to read as follows:

18 (1) Beginning July 1, 1998, and on January 1st of even-numbered  
19 years thereafter, the member account of a person meeting the  
20 requirements of this section shall be credited by the extraordinary  
21 investment gain amount.

22 (2) The following persons shall be eligible for the benefit  
23 provided in subsection (1) of this section:

24 (a) Any member who earned service credit during the twelve-month  
25 period from September 1st to August 30th immediately preceding the  
26 distribution and had a balance of at least one thousand dollars in  
27 their member account on August 30th of the year immediately preceding  
28 the distribution; or

29 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875;  
30 or

31 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and  
32 who:

33 (i) Completed ten service credit years; or

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

1 (iii) Completed five service credit years by July 1, 1996, under  
2 plan II and who transferred to plan III under RCW 41.32.817; or  
3 (d) Any person who had a balance of at least one thousand dollars  
4 in their member account on August 30th of the year immediately  
5 preceding the distribution and who:  
6 (i) Completed ten service credit years; or  
7 (ii) Completed five service credit years, including twelve service  
8 months after attaining age fifty-four; or  
9 (iii) Completed five service credit years by July 1, 1996, under  
10 plan II and who transferred to plan III under RCW 41.32.817.  
11 (3) The extraordinary investment gain amount shall be calculated as  
12 follows:  
13 (a) One-half of the value of the net assets held in trust for  
14 pension benefits in the teachers' retirement system combined plan II  
15 and III fund at the close of the previous state fiscal year not  
16 including the amount attributable to member accounts;  
17 (b) Multiplied by the amount which the compound average of  
18 investment returns on those assets over the previous four state fiscal  
19 years exceeds ten percent;  
20 (c) Multiplied by the proportion of:  
21 (i) The sum of the service credit on August 30th of the previous  
22 year of all persons eligible for the benefit provided in subsection (1)  
23 of this section; to,  
24 (ii) The sum of the service credit on August 30th of the previous  
25 year of:  
26 (A) All persons eligible for the benefit provided in subsection (1)  
27 of this section; and  
28 (B) Any person who earned service credit in plan II during the  
29 twelve-month period from September 1st to August 30th immediately  
30 preceding the distribution; and  
31 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765;  
32 and  
33 (D) Any person with five or more years of service in plan II;  
34 (d) Divided proportionally among persons eligible for the benefit  
35 provided in subsection (1) of this section on the basis of their  
36 service credit total on August 30th of the previous year.  
37 (4) The legislature reserves the right to amend or repeal this  
38 section in the future and no member or beneficiary has a contractual

1 right to receive this distribution not granted prior to the amend or  
2 repeal of this section.

3 **Sec. 7.** RCW 41.45.061 and 1997 c 10 s 2 are each amended to read  
4 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 July 1, (~~(1996)~~) 1998, subject to the following:

8 (a) Beginning September 1, (~~(1997)~~) 1999, except as provided in (b)  
9 of this 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 July 1, (~~(1996)~~) 1998;

15 (c) In addition, the employee contribution rate for plan II shall  
16 not be increased as a result of any distributions pursuant to RCW  
17 41.32.8401.

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

20 **Sec. 8.** RCW 41.45.070 and 1995 c 239 s 310 are each amended to  
21 read as follows:

22 (1) In addition to the basic employer contribution rate established  
23 in RCW 41.45.060, the department shall also charge employers of public  
24 employees' retirement system, teachers' retirement system, or  
25 Washington state patrol retirement system members an additional  
26 supplemental rate to pay for the cost of additional benefits, if any,  
27 granted to members of those systems. Except as provided in subsection  
28 (6) of this section, the supplemental contribution rates required by  
29 this section shall be calculated by the state actuary and shall be  
30 charged regardless of language to the contrary contained in the statute  
31 which authorizes additional benefits.

32 (2) In addition to the basic state contribution rate established in  
33 RCW 41.45.060 for the law enforcement officers' and fire fighters'  
34 retirement system the department shall also establish a supplemental  
35 rate to pay for the cost of additional benefits, if any, granted to  
36 members of the law enforcement officers' and fire fighters' retirement  
37 system. This supplemental rate shall be calculated by the state

1 actuary and the state treasurer shall transfer the additional required  
2 contributions regardless of language to the contrary contained in the  
3 statute which authorizes the additional benefits.

4 (3) The supplemental rate charged under this section to fund  
5 benefit increases provided to active members of the public employees'  
6 retirement system plan I, the teachers' retirement system plan I, the  
7 law enforcement officers' and fire fighters' retirement system plan I,  
8 and Washington state patrol retirement system, shall be calculated as  
9 the level percentage of all members' pay needed to fund the cost of the  
10 benefit not later than June 30, 2024.

11 (4) The supplemental rate charged under this section to fund  
12 benefit increases provided to active and retired members of the public  
13 employees' retirement system plan II, the teachers' retirement system  
14 plan II and plan III, or the law enforcement officers' and fire  
15 fighters' retirement system plan II, shall be calculated as the level  
16 percentage of all members' pay needed to fund the cost of the benefit,  
17 as calculated under RCW 41.40.650(~~(, 41.32.775,)~~) or 41.26.450,  
18 respectively.

19 (5) The supplemental rate charged under this section to fund  
20 postretirement adjustments which are provided on a nonautomatic basis  
21 to current retirees shall be calculated as the percentage of pay needed  
22 to fund the adjustments as they are paid to the retirees. The  
23 supplemental rate charged under this section to fund automatic  
24 postretirement adjustments for active or retired members of the public  
25 employees' retirement system plan I and the teachers' retirement system  
26 plan I shall be calculated as the level percentage of pay needed to  
27 fund the cost of the automatic adjustments not later than June 30,  
28 2024.

29 (6) A supplemental rate shall not be charged to pay for the cost of  
30 additional benefits granted to members pursuant to RCW 41.32.8401 and  
31 section 6 of this act.

32 NEW SECTION. **Sec. 9.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of the  
34 state government and its existing public institutions, and takes effect  
35 immediately."

1      Correct the title.

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