
HOUSE BILL 2909

State of Washington

57th Legislature

2002 Regular Session

By Representative Alexander

Read first time 02/05/2002. Referred to Committee on Appropriations.

1 AN ACT Relating to authorizing retirement incentive programs;
2 amending RCW 41.32.480, 41.32.765, 41.32.875, 41.35.420, 41.35.680,
3 41.40.180, 41.40.630, 41.40.820, and 43.43.250; adding a new chapter to
4 Title 41 RCW; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** Unless the context clearly requires
7 otherwise, the definitions in this section apply throughout this
8 chapter.

9 (1) "Employer" means the state of Washington, counties, cities,
10 towns, or any other political subdivision, whose employees are members
11 of a retirement system under RCW 41.50.030 (1) (a) through (d) and (4).

12 (2) "Early retirement" means the authorization under this chapter
13 of temporary retirement eligibility for the retirement systems under
14 RCW 41.50.030 (1) (a) through (d) and (4).

15 (3) "Eligible position" means a position that conforms to the
16 requirements for membership in a retirement system under RCW 41.50.030
17 (1) (a) through (d) and (4).

1 (4) "Normal retirement" means that retirement, based on service or
2 service and age, of a member of a retirement system when the full
3 retirement allowance is provided.

4 NEW SECTION. **Sec. 2.** An employer may temporarily utilize a
5 retirement incentive program as provided in section 3(1) of this act if
6 it has encountered or will be encountering one or more of the following
7 emergent and compelling conditions:

8 (1) A significant reduction in force due to either (a) budgetary or
9 other fiscal adjustments or (b) significant personnel restructuring;

10 (2) The closure of one or more of its facilities; and

11 (3) The privatization of one or more of its agencies or services it
12 provides.

13 NEW SECTION. **Sec. 3.** (1) An employer may offer, adhering to all
14 laws or regulations of the state or federal government:

15 (a) Retirement, with a reduction in the retirement allowance of
16 three percent per year for each year of difference between the
17 employee's age and the full retirement age for the employee's plan, to
18 those targeted employees who are within five years of normal
19 retirement;

20 (b) Retirement, with full actuarial reduction of the retirement
21 allowance, to other targeted employees who are not within five years of
22 normal retirement; and

23 (c) Other incentives the agency or political subdivision declares
24 appropriate, including incentives to those already eligible to retire
25 on normal retirement.

26 (2) The employer providing early retirement as a part of a
27 retirement incentive program under subsection (1)(a) or (b) of this
28 section is required to pay the full actuarial present value of any
29 increase in the cost to the respective retirement system or systems
30 resulting from persons taking the early retirement. This payment may
31 be made during a five-year period beginning on the date of retirement.
32 Interest shall be charged on payments made by the employer after the
33 date of the employees' retirement at a rate determined by the director.

34 (3) An employee who accepts an employer's offer to retire under
35 this section shall have their retirement allowance suspended
36 immediately upon reemployment with that employer, and the retired
37 employee's retirement allowance shall remain suspended until the

1 retired employee remains absent from employment with that employer for
2 one full calendar month.

3 (4) An employee who accepts an employer's offer to retire under
4 this section who works more than eight hundred sixty-seven hours of
5 postretirement employment with any employer participating in any of the
6 Washington state retirement systems shall have their monthly retirement
7 allowance suspended until the retiree remains absent from employment
8 with an employer for one full calendar month.

9 NEW SECTION. **Sec. 4.** Upon notification by a political
10 subdivision, the director of retirement systems shall, within fifteen
11 calendar days of receipt, inform the certified or requesting employer
12 of the procedures and reporting necessary to carry out any retirement
13 incentive program.

14 **Sec. 5.** RCW 41.32.480 and 1997 c 254 s 4 are each amended to read
15 as follows:

16 (1) Any member who separates from service after having completed
17 thirty years of creditable service may retire upon the approval by the
18 department of an application for retirement filed on the prescribed
19 form. Upon retirement the member shall receive a retirement allowance
20 consisting of an annuity which shall be the actuarial equivalent of his
21 or her accumulated contributions at his or her age of retirement and a
22 pension as provided in RCW 41.32.497. Effective July 1, 1967, anyone
23 then receiving a retirement allowance or a survivor retirement
24 allowance under this chapter, based on thirty-five years of creditable
25 service, and who has established more than thirty-five years of service
26 credit with the retirement system, shall thereafter receive a
27 retirement allowance based on the total years of service credit
28 established.

29 (2) Any member who has attained age sixty years, but who has
30 completed less than thirty years of creditable service, upon separation
31 from service, may retire upon the approval by the department of an
32 application for retirement filed on the prescribed form. Upon
33 retirement the member shall receive a retirement allowance consisting
34 of an annuity which shall be the actuarial equivalent of his or her
35 accumulated contributions at his or her age of retirement and a pension
36 as provided in RCW 41.32.497.

1 (3) Any member who has attained age fifty-five years and who has
2 completed not less than twenty-five years of creditable service, upon
3 separation from service, may retire upon the approval by the department
4 of an application for retirement filed on the prescribed form. Upon
5 retirement the member shall receive a retirement allowance which shall
6 be the actuarial equivalent of his or her accumulated contributions at
7 his or her age of retirement and a pension as provided in RCW
8 41.32.497. An individual who has retired pursuant to this subsection,
9 on or after July 1, 1969, shall not suffer an actuarial reduction in
10 his or her retirement allowance, except as the allowance may be
11 actuarially reduced pursuant to the options contained in RCW 41.32.530.
12 The chapter 193, Laws of 1974 ex. sess. amendment to this section shall
13 be retroactive to July 1, 1969.

14 (4) Subsections (1) through (3) of this section may be temporarily
15 superseded by the provisions of a certified retirement incentive
16 program initiated under section 3 of this act.

17 **Sec. 6.** RCW 41.32.765 and 2000 c 247 s 902 are each amended to
18 read as follows:

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

23 (2) EARLY RETIREMENT. Any member who has completed at least twenty
24 service credit years of service who has attained at least age fifty-
25 five shall be eligible to retire and to receive a retirement allowance
26 computed according to the provisions of RCW 41.32.760, except that a
27 member retiring pursuant to this subsection shall have the retirement
28 allowance actuarially reduced to reflect the difference in the number
29 of years between age at retirement and the attainment of age sixty-
30 five.

31 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at
32 least thirty service credit years and has attained age fifty-five shall
33 be eligible to retire and to receive a retirement allowance computed
34 according to the provisions of RCW 41.32.760, except that a member
35 retiring pursuant to this subsection shall have the retirement
36 allowance reduced by three percent per year to reflect the difference
37 in the number of years between age at retirement and the attainment of
38 age sixty-five.

1 (4) Subsections (1) through (3) of this section may be temporarily
2 superseded by the provisions of a certified retirement incentive
3 program initiated under section 3 of this act.

4 **Sec. 7.** RCW 41.32.875 and 2000 c 247 s 903 are each amended to
5 read as follows:

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

8 (a) Completed ten service credit years; or

9 (b) Completed five service credit years, including twelve service
10 credit months after attaining age fifty-four; or

11 (c) Completed five service credit years by July 1, 1996, under plan
12 2 and who transferred to plan 3 under RCW 41.32.817;

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

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

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

31 (4) Subsections (1) through (3) of this section may be temporarily
32 superseded by the provisions of a certified retirement incentive
33 program initiated under section 3 of this act.

34 **Sec. 8.** RCW 41.35.420 and 2000 c 247 s 905 are each amended to
35 read as follows:

36 (1) NORMAL RETIREMENT. Any member with at least five service
37 credit years who has attained at least age sixty-five shall be eligible

1 to retire and to receive a retirement allowance computed according to
2 the provisions of RCW 41.35.400.

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

10 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at
11 least thirty service credit years and has attained age fifty-five shall
12 be eligible to retire and to receive a retirement allowance computed
13 according to the provisions of RCW 41.35.400, except that a member
14 retiring pursuant to this subsection shall have the retirement
15 allowance reduced by three percent per year to reflect the difference
16 in the number of years between age at retirement and the attainment of
17 age sixty-five.

18 (4) Subsections (1) through (3) of this section may be temporarily
19 superseded by the provisions of a certified retirement incentive
20 program initiated under section 3 of this act.

21 **Sec. 9.** RCW 41.35.680 and 2000 c 247 s 906 are each amended to
22 read as follows:

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

25 (a) Completed ten service credit years; or

26 (b) Completed five service credit years, including twelve service
27 credit months after attaining age fifty-four; or

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

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

33 (2) EARLY RETIREMENT. Any member who has attained at least age
34 fifty-five and has completed at least ten years of service shall be
35 eligible to retire and to receive a retirement allowance computed
36 according to the provisions of RCW 41.35.620, except that a member
37 retiring pursuant to this subsection shall have the retirement
38 allowance actuarially reduced to reflect the difference in the number

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

3 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at
4 least thirty service credit years and has attained age fifty-five shall
5 be eligible to retire and to receive a retirement allowance computed
6 according to the provisions of RCW 41.35.620, except that a member
7 retiring pursuant to this subsection shall have the retirement
8 allowance reduced by three percent per year to reflect the difference
9 in the number of years between age at retirement and the attainment of
10 age sixty-five.

11 (4) Subsections (1) through (3) of this section may be temporarily
12 superseded by the provisions of a certified retirement incentive
13 program initiated under section 3 of this act.

14 **Sec. 10.** RCW 41.40.180 and 1982 1st ex.s. c 52 s 21 are each
15 amended to read as follows:

16 (1) Any member with five years of creditable service who has
17 attained age sixty and any original member who has attained age sixty
18 may retire on written application to the director, setting forth at
19 what time the member desires to be retired: PROVIDED, That in the
20 national interest, during time of war engaged in by the United States,
21 the director may extend beyond age sixty, subject to the provisions of
22 subsection (2) of this section, the age at which any member may be
23 eligible to retire.

24 (2) Any member who has completed thirty years of service may retire
25 on written application to the director setting forth at what time the
26 member desires to be retired, subject to war measures.

27 (3) Any member who has completed twenty-five years of service and
28 attained age fifty-five may retire on written application to the
29 director setting forth at what time the member desires to be retired,
30 subject to war measures.

31 (4) Any individual who is eligible to retire pursuant to
32 subsections (1) through (3) of this section shall be allowed to retire
33 while on any authorized leave of absence not in excess of one hundred
34 and twenty days.

35 (5) Subsections (1) through (3) of this section may be temporarily
36 superseded by the provisions of a certified retirement incentive
37 program initiated under section 3 of this act.

1 **Sec. 11.** RCW 41.40.630 and 2000 c 247 s 901 are each amended to
2 read as follows:

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

7 (2) EARLY RETIREMENT. Any member who has completed at least twenty
8 service credit years and has attained age fifty-five shall be eligible
9 to retire and to receive a retirement allowance computed according to
10 the provisions of RCW 41.40.620, except that a member retiring pursuant
11 to this subsection shall have the retirement allowance actuarially
12 reduced to reflect the difference in the number of years between age at
13 retirement and the attainment of age sixty-five.

14 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at
15 least thirty service credit years and has attained age fifty-five shall
16 be eligible to retire and to receive a retirement allowance computed
17 according to the provisions of RCW 41.40.620, except that a member
18 retiring pursuant to this subsection shall have the retirement
19 allowance reduced by three percent per year to reflect the difference
20 in the number of years between age at retirement and the attainment of
21 age sixty-five.

22 (4) Subsections (1) through (3) of this section may be temporarily
23 superseded by the provisions of a certified retirement incentive
24 program initiated under section 3 of this act.

25 **Sec. 12.** RCW 41.40.820 and 2000 c 247 s 309 are each amended to
26 read as follows:

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

29 (a) Completed ten service credit years; or

30 (b) Completed five service credit years, including twelve service
31 credit months after attaining age fifty-four; or

32 (c) Completed five service credit years by the transfer payment
33 date specified in RCW 41.40.795, under the public employees' retirement
34 system plan 2 and who transferred to plan 3 under RCW 41.40.795;
35 shall be eligible to retire and to receive a retirement allowance
36 computed according to the provisions of RCW 41.40.790.

37 (2) EARLY RETIREMENT. Any member who has attained at least age
38 fifty-five and has completed at least ten years of service shall be

1 eligible to retire and to receive a retirement allowance computed
2 according to the provisions of RCW 41.40.790, except that a member
3 retiring pursuant to this subsection shall have the retirement
4 allowance actuarially reduced to reflect the difference in the number
5 of years between age at retirement and the attainment of age sixty-
6 five.

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

15 (4) Subsections (1) through (3) of this section may be temporarily
16 superseded by the provisions of a certified retirement incentive
17 program initiated under section 3 of this act.

18 **Sec. 13.** RCW 43.43.250 and 1982 1st ex.s. c 52 s 26 are each
19 amended to read as follows:

20 (1) Any member who has attained the age of sixty years shall be
21 retired on the first day of the calendar month next succeeding that in
22 which said member shall have attained the age of sixty: PROVIDED, That
23 the requirement to retire at age sixty shall not apply to a member
24 serving as chief of the Washington state patrol.

25 (2) Any member who has completed twenty-five years of credited
26 service or has attained the age of fifty-five may apply to retire as
27 provided in RCW 43.43.260, by completing and submitting an application
28 form to the department, setting forth at what time the member desires
29 to be retired.

30 (3) Subsections (1) and (2) of this section may be temporarily
31 superseded by the provisions of a certified retirement incentive
32 program initiated under section 3 of this act.

33 NEW SECTION. **Sec. 14.** Sections 1 through 4 of this act constitute
34 a new chapter in Title 41 RCW.

1 NEW SECTION. **Sec. 15.** This act expires June 30, 2003.

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