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HOUSE BILL 1426

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Conway, Delvin, O'Brien, Cox, Linville, Cooper, Hunt and Veloria

Read first time 01/27/2003. Referred to Committee on Appropriations.

1            AN ACT Relating to extraordinary investment gain sharing for plans  
2 1 and 3; and amending RCW 41.31.010, 41.31.030, and 41.31A.020; and  
3 providing an effective date.

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

5            **Sec. 1.** RCW 41.31.010 and 1998 c 340 s 1 are each amended to read  
6 as follows:

7            (1) Beginning January 1, 2005, and on January 1st of odd-numbered  
8 years thereafter, the amount of extraordinary investment gains, if any,  
9 shall be used to provide a lump sum payment to each plan 1 retiree  
10 under chapters 41.32 and 41.40 RCW. The department shall calculate the  
11 amount of each payment as follows:

12            (a) Each plan 1 retiree is awarded one point for each year of  
13 service credit and two points for each year of retirement;

14            (b) The total amount of extraordinary investment gains under RCW  
15 41.31.020 is divided by the total number of points awarded under (a) of  
16 this subsection;

17            (c) Each retiree's individual point total is then multiplied by the  
18 single point value determined under (b) of this subsection and that  
19 amount is the odd year additional payment.

1       (2) Beginning July 1, 1998, and on January 1st of even-numbered  
2 years thereafter, the annual increase amount as defined in RCW  
3 41.32.010 and 41.40.010 shall be increased by the gain-sharing increase  
4 amount, if any. The monthly retirement allowance of a person in  
5 receipt of the benefit provided in RCW 41.32.489 or 41.40.197 shall  
6 immediately be adjusted to reflect any increase.

7       **Sec. 2.** RCW 41.31.030 and 1998 c 340 s 3 are each amended to read  
8 as follows:

9       The legislature reserves the right to amend or repeal this chapter  
10 in the future and no member or beneficiary has a contractual right to  
11 receive ((~~this~~)) a postretirement adjustment or lump sum payment not  
12 granted prior to that amendment or repeal.

13       **Sec. 3.** RCW 41.31A.020 and 2000 c 247 s 408 are each amended to  
14 read as follows:

15       (1) On January 1, 2004, and on January 1st of even-numbered years  
16 thereafter, the member account of a person meeting the requirements of  
17 this section shall be credited by the extraordinary investment gain  
18 amount.

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

21       (a) Any member of the teachers' retirement system plan 3, the  
22 Washington school employees' retirement system plan 3, or the public  
23 employees' retirement system plan 3 who earned service credit during  
24 the twelve-month period from September 1st to August 31st immediately  
25 preceding the distribution and had a balance of at least one thousand  
26 dollars in their member account on August 31st of the year immediately  
27 preceding the distribution; or

28       (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,  
29 41.35.680, or 41.40.820; or

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

32       (i) Completed ten service credit years; or

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

35       (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and

1 who has completed five service credit years by July 1, 1996, under plan  
2 2 and who transferred to plan 3 under RCW 41.32.817; or

3 (e) Any classified employee who is a retiree pursuant to RCW  
4 41.34.020(8) and who has completed five service credit years by  
5 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;  
6 or

7 (f) Any public employee who is a retiree pursuant to RCW  
8 41.40.010(29) and who has completed five service credit years by March  
9 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

10 (g) Any person who had a balance of at least one thousand dollars  
11 in their member account on August 31st of the year immediately  
12 preceding the distribution and who:

13 (i) Completed ten service credit years; or

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

16 (h) Any teacher who had a balance of at least one thousand dollars  
17 in their member account on August 31st of the year immediately  
18 preceding the distribution and who has completed five service credit  
19 years by July 1, 1996, under plan 2 and who transferred to plan 3 under  
20 RCW 41.32.817; or

21 (i) Any classified employee who had a balance of at least one  
22 thousand dollars in their member account on August 31st of the year  
23 immediately preceding the distribution and who has completed five  
24 service credit years by September 1, 2000, and who transferred to plan  
25 3 under RCW 41.35.510; or

26 (j) Any public employee who had a balance of at least one thousand  
27 dollars in their member account on August 31st of the year immediately  
28 preceding the distribution and who has completed five service credit  
29 years by March 1, 2002, and who transferred to plan 3 under RCW  
30 41.40.795.

31 (3) The extraordinary investment gain amount shall be calculated as  
32 follows:

33 (a) One-half of the sum of the value of the net assets held in  
34 trust for pension benefits in the teachers' retirement system combined  
35 plan 2 and 3 fund, the Washington school employees' retirement system  
36 combined plan 2 and 3 fund, and the public employees' retirement system  
37 combined plan 2 and 3 fund at the close of the previous state fiscal  
38 year not including the amount attributable to member accounts;

1 (b) Multiplied by the amount which the compound average of  
2 investment returns on those assets over the previous four state fiscal  
3 years exceeds ten percent;

4 (c) Multiplied by the proportion of:

5 (i) The sum of the service credit on August 31st of the previous  
6 year of all persons eligible for the benefit provided in subsection (1)  
7 of this section; to

8 (ii) The sum of the service credit on August 31st of the previous  
9 year of:

10 (A) All persons eligible for the benefit provided in subsection (1)  
11 of this section;

12 (B) Any person who earned service credit in the teachers'  
13 retirement system plan 2, the Washington school employees' retirement  
14 system plan 2, or the public employees' retirement system plan 2 during  
15 the twelve-month period from September 1st to August 31st immediately  
16 preceding the distribution;

17 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,  
18 41.35.420, or 41.40.630; and

19 (D) Any person with five or more years of service in the teachers'  
20 retirement system plan 2, the Washington school employees' retirement  
21 system plan 2, or the public employees' retirement system plan 2;

22 (d) Divided proportionally among persons eligible for the benefit  
23 provided in subsection (1) of this section on the basis of their  
24 service credit total on August 31st of the previous year.

25 (4) Beginning January 1, 2005, and on January 1st of odd-numbered  
26 years thereafter, the amount of extraordinary investment gains, if any,  
27 shall be used to provide a lump sum payment to each plan 3 retiree  
28 under chapters 41.32, 41.35, and 41.40 RCW. The department shall  
29 calculate the amount of each payment as follows:

30 (a) Each plan 3 retiree is awarded one point for each year of  
31 service credit and two points for each year of retirement;

32 (b) The total amount of extraordinary investment gains under  
33 subsection (3) of this section is divided by the total number of points  
34 awarded under (a) of this subsection;

35 (c) Each retiree's individual point total is then multiplied by the  
36 single point value determined under (b) of this subsection and that  
37 amount is the odd year additional payment.

1        (5) The legislature reserves the right to amend or repeal this  
2 section in the future and no member or beneficiary has a contractual  
3 right to receive ~~((this))~~ a distribution not granted prior to that  
4 ~~((time))~~ amendment or repeal.

5        NEW SECTION.    **Sec. 4.** Section 3 of this act takes effect January  
6 1, 2004.

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