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**SUBSTITUTE HOUSE BILL 1458**

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**State of Washington**                      **58th Legislature**                      **2003 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representative Alexander)

READ FIRST TIME 03/10/03.

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 expiration dates.

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).

18            (4) "Normal retirement" means that retirement, based on service or

1 service and age, of a member of a retirement system when the full  
2 retirement allowance is provided.

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

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

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

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

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

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

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

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

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

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

1 employee's retirement allowance shall remain suspended until the  
2 retired employee remains absent from employment with that employer for  
3 one full calendar month.

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

11 NEW SECTION. **Sec. 5.** Upon notification by a political  
12 subdivision, the director of retirement systems shall, within fifteen  
13 calendar days of receipt, inform the certified or requesting employer  
14 of the procedures and reporting necessary to carry out any retirement  
15 incentive program.

16 **Sec. 6.** RCW 41.32.480 and 1997 c 254 s 4 are each amended to read  
17 as follows:

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

31 (2) Any member who has attained age sixty years, but who has  
32 completed less than thirty years of creditable service, upon separation  
33 from service, may retire upon the approval by the department of an  
34 application for retirement filed on the prescribed form. Upon  
35 retirement the member shall receive a retirement allowance consisting

1 of an annuity which shall be the actuarial equivalent of his or her  
2 accumulated contributions at his or her age of retirement and a pension  
3 as provided in RCW 41.32.497.

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

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

20 **Sec. 7.** RCW 41.32.765 and 2000 c 247 s 902 are each amended to  
21 read as follows:

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

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

34 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at  
35 least thirty service credit years and has attained age fifty-five shall  
36 be eligible to retire and to receive a retirement allowance computed  
37 according to the provisions of RCW 41.32.760, except that a member

1 retiring pursuant to this subsection shall have the retirement  
2 allowance reduced by three percent per year to reflect the difference  
3 in the number of years between age at retirement and the attainment of  
4 age sixty-five.

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

8 **Sec. 8.** RCW 41.32.875 and 2000 c 247 s 903 are each amended to  
9 read as follows:

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

- 12 (a) Completed ten service credit years; or
- 13 (b) Completed five service credit years, including twelve service  
14 credit months after attaining age fifty-four; or
- 15 (c) Completed five service credit years by July 1, 1996, under plan  
16 2 and who transferred to plan 3 under RCW 41.32.817;

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

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

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

35 (4) 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. 9.** RCW 41.35.420 and 2000 c 247 s 905 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 41.35.400.

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 41.35.400, 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 41.35.400, 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. 10.** RCW 41.35.680 and 2000 c 247 s 906 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 September 1, 2000, under  
33 the public employees' retirement system plan 2 and who transferred to  
34 plan 3 under RCW 41.35.510;

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

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

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

20 **Sec. 11.** RCW 41.40.180 and 1982 1st ex.s. c 52 s 21 are each  
21 amended to read as follows:

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

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

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

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

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

8 **Sec. 12.** RCW 41.40.630 and 2000 c 247 s 901 are each amended to  
9 read as follows:

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

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

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

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

32 **Sec. 13.** RCW 41.40.820 and 2000 c 247 s 309 are each amended to  
33 read as follows:

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

36 (a) Completed ten service credit years; or



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

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

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

16 (3) ALTERNATE EARLY RETIREMENT. Any member who has completed at  
17 least thirty service credit years and has attained age fifty-five shall  
18 be eligible to retire and to receive a retirement allowance computed  
19 according to the provisions of RCW 41.40.790, except that a member  
20 retiring pursuant to this subsection shall have the retirement  
21 allowance reduced by three percent per year to reflect the difference  
22 in the number of years between age at retirement and the attainment of  
23 age sixty-five.

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

27 **Sec. 14.** RCW 43.43.250 and 1982 1st ex.s. c 52 s 26 are each  
28 amended to read as follows:

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

34 (2) Any member who has completed twenty-five years of credited  
35 service or has attained the age of fifty-five may apply to retire as  
36 provided in RCW 43.43.260, by completing and submitting an application

1 form to the department, setting forth at what time the member desires  
2 to be retired.

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

6 NEW SECTION. Sec. 15. Sections 1 through 5 of this act constitute  
7 a new chapter in Title 41 RCW.

8 NEW SECTION. Sec. 16. This act expires June 30, 2004, except for  
9 section 4 of this act, which expires June 30, 2008.

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