
HOUSE BILL 1458

State of Washington

58th Legislature

2003 Regular Session

By Representative Alexander

Read first time 01/27/2003. 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).

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

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

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

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

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

1 accumulated contributions at his or her age of retirement and a pension
2 as provided in RCW 41.32.497.

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

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

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

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

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

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

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

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

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

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

11 (a) Completed ten service credit years; or

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

14 (c) Completed five service credit years by July 1, 1996, under plan
15 2 and who transferred to plan 3 under RCW 41.32.817;

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

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

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

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

1 **Sec. 8.** 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. 9.** 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. 10.** 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. 11.** 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. 12.** 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. 13.** 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. 14. Sections 1 through 4 of this act constitute
7 a new chapter in Title 41 RCW.

8 NEW SECTION. Sec. 15. This act expires June 30, 2004.

--- END ---