
HOUSE BILL 1507

State of Washington 58th Legislature 2003 Regular Session

By Representatives Linville, Delvin, Cooper, O'Brien, Hunt, Cox,
Roach and Holmquist

Read first time 01/29/2003. Referred to Committee on Appropriations.

1 AN ACT Relating to calculating gain sharing; amending RCW
2 41.31.020, 41.31A.020, and 41.31A.020; providing an effective date; and
3 providing an expiration date.

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

5 **Sec. 1.** RCW 41.31.020 and 1998 c 340 s 2 are each amended to read
6 as follows:

7 (1) The gain-sharing increase amount shall be the amount of
8 increase, rounded to the nearest cent, that can be fully funded in
9 actuarial present value by the amount of extraordinary investment
10 gains, if any. The amount of extraordinary investment gains shall be
11 calculated as follows:

12 (a) One-half of the sum of the value of the net assets held in
13 trust for pension benefits in the teachers' retirement system plan 1
14 fund and the public employees' retirement system plan 1 fund at the
15 close of the previous state fiscal year;

16 (b) Multiplied by the amount which the compound average of
17 investment returns on those assets over the previous four state fiscal
18 years exceeds (~~ten~~) eight percent.

1 (2) The gain-sharing increase amount for July 1998, as provided for
2 in RCW 41.31.010, is ten cents.

3 **Sec. 2.** RCW 41.31A.020 and 1998 c 341 s 312 are each amended to
4 read as follows:

5 (1) On January 1, 2002, and on January 1st of even-numbered years
6 thereafter, the member account of a person meeting the requirements of
7 this section shall be credited by the extraordinary investment gain
8 amount.

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

11 (a) Any member of the teachers' retirement system plan 3 or the
12 Washington school employees' retirement system plan 3 who earned
13 service credit during the twelve-month period from September 1st to
14 August 31st immediately preceding the distribution and had a balance of
15 at least one thousand dollars in their member account on August 31st of
16 the year immediately preceding the distribution; or

17 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875 or
18 41.35.680; or

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

21 (i) Completed ten service credit years; or

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

24 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
25 who has completed five service credit years by July 1, 1996, under plan
26 2 and who transferred to plan 3 under RCW 41.32.817; or

27 (e) Any classified employee who is a retiree pursuant to RCW
28 41.34.020(8) and who has completed five service credit years by
29 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
30 or

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

34 (i) Completed ten service credit years; or

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

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

6 (h) Any classified employee who had a balance of at least one
7 thousand dollars in their member account on August 31st of the year
8 immediately preceding the distribution and who has completed five
9 service credit years by September 1, 2000, and who transferred to plan
10 3 under RCW 41.35.510.

11 (3) The extraordinary investment gain amount shall be calculated as
12 follows:

13 (a) One-half of the sum of the value of the net assets held in
14 trust for pension benefits in the teachers' retirement system combined
15 plan 2 and 3 fund and the Washington school employees' retirement
16 system combined plan 2 and 3 fund at the close of the previous state
17 fiscal year not including the amount attributable to member accounts;

18 (b) Multiplied by the amount which the compound average of
19 investment returns on those assets over the previous four state fiscal
20 years exceeds (~~ten~~) eight percent;

21 (c) Multiplied by the proportion of:

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

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

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

29 (B) Any person who earned service credit in the teachers'
30 retirement system plan 2 or the Washington school employees' retirement
31 system plan 2 during the twelve-month period from September 1st to
32 August 31st immediately preceding the distribution;

33 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765 or
34 41.35.420; and

35 (D) Any person with five or more years of service in the teachers'
36 retirement system plan 2 or the Washington school employees' retirement
37 system plan 2;

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

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

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

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

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

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

22 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,
23 41.35.680, or 41.40.820; or

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

26 (i) Completed ten service credit years; or

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

29 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
30 who has completed five service credit years by July 1, 1996, under plan
31 2 and who transferred to plan 3 under RCW 41.32.817; or

32 (e) Any classified employee who is a retiree pursuant to RCW
33 41.34.020(8) and who has completed five service credit years by
34 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
35 or

36 (f) Any public employee who is a retiree pursuant to RCW

1 41.40.010(29) and who has completed five service credit years by March
2 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

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

14 (i) Any classified employee who had a balance of at least one
15 thousand dollars in their member account on August 31st of the year
16 immediately preceding the distribution and who has completed five
17 service credit years by September 1, 2000, and who transferred to plan
18 3 under RCW 41.35.510; or

19 (j) Any public employee who had a balance of at least one thousand
20 dollars in their member account on August 31st of the year immediately
21 preceding the distribution and who has completed five service credit
22 years by March 1, 2002, and who transferred to plan 3 under RCW
23 41.40.795.

24 (3) The extraordinary investment gain amount shall be calculated as
25 follows:

26 (a) One-half of the sum of the value of the net assets held in
27 trust for pension benefits in the teachers' retirement system combined
28 plan 2 and 3 fund, the Washington school employees' retirement system
29 combined plan 2 and 3 fund, and the public employees' retirement system
30 combined plan 2 and 3 fund at the close of the previous state fiscal
31 year not including the amount attributable to member accounts;

32 (b) Multiplied by the amount which the compound average of
33 investment returns on those assets over the previous four state fiscal
34 years exceeds (~~ten~~) eight percent;

35 (c) Multiplied by the proportion of:

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

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

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

5 (B) Any person who earned service credit in the teachers'
6 retirement system plan 2, the Washington school employees' retirement
7 system plan 2, or the public employees' retirement system plan 2 during
8 the twelve-month period from September 1st to August 31st immediately
9 preceding the distribution;

10 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,
11 41.35.420, or 41.40.630; and

12 (D) Any person with five or more years of service 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;

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

18 (4) The legislature reserves the right to amend or repeal this
19 section in the future and no member or beneficiary has a contractual
20 right to receive this distribution not granted prior to that time.

21 NEW SECTION. **Sec. 4.** Section 2 of this act expires January 1,
22 2004.

23 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect January
24 1, 2004.

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