
SUBSTITUTE SENATE BILL 6251

State of Washington

58th Legislature

2004 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Winsley, Regala and Fraser; by request of Select Committee on Pension Policy)

READ FIRST TIME 02/10/04.

1 AN ACT Relating to permitting members of the public employees'
2 retirement system plan 2 and plan 3, the school employees' retirement
3 system plan 2 and plan 3, and the teachers' retirement system plan 2
4 and plan 3 who qualify for early retirement or alternate early
5 retirement to make a one-time purchase of additional service credit;
6 adding new sections to chapter 41.40 RCW; adding new sections to
7 chapter 41.35 RCW; adding new sections to chapter 41.32 RCW; and
8 providing an effective date.

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

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.40 RCW
11 under the subchapter heading "plan 2" to read as follows:

12 (1) A member eligible to retire under RCW 41.40.630 (2) or (3) may,
13 at the time of filing a written application for retirement with the
14 department, apply to the department to make a one-time purchase of up
15 to five years of additional service credit.

16 (2) To purchase additional service credit under this section, a
17 member shall pay the actuarial equivalent value of the resulting
18 increase in the member's benefit.

1 (3) Subject to rules adopted by the department, a member purchasing
2 additional service credit under this section may pay all or part of the
3 cost with a lump sum payment, eligible rollover, direct rollover, or
4 trustee-to-trustee transfer from an eligible retirement plan. The
5 department shall adopt rules to ensure that all lump sum payments,
6 rollovers, and transfers comply with the requirements of the internal
7 revenue code and regulations adopted by the internal revenue service.
8 The rules adopted by the department may condition the acceptance of a
9 rollover or transfer from another plan on the receipt of information
10 necessary to enable the department to determine the eligibility of any
11 transferred funds for tax-free rollover treatment or other treatment
12 under federal income tax law.

13 (4) Additional service credit purchased under this section is not
14 membership service, and may not be used to qualify a member for
15 retirement under RCW 41.40.630.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW
17 under the subchapter heading "plan 3" to read as follows:

18 (1) A member eligible to retire under RCW 41.40.820 (2) or (3) may,
19 at the time of filing a written application for retirement with the
20 department, apply to the department to make a one-time purchase of up
21 to five years of additional service credit.

22 (2) To purchase additional service credit under this section, a
23 member shall pay the actuarial equivalent value of the resulting
24 increase in the member's benefit.

25 (3) Subject to rules adopted by the department, a member purchasing
26 additional service credit under this section may pay all or part of the
27 cost with a lump sum payment, eligible rollover, direct rollover, or
28 trustee-to-trustee transfer from an eligible retirement plan. The
29 department shall adopt rules to ensure that all lump sum payments,
30 rollovers, and transfers comply with the requirements of the internal
31 revenue code and regulations adopted by the internal revenue service.
32 The rules adopted by the department may condition the acceptance of a
33 rollover or transfer from another plan on the receipt of information
34 necessary to enable the department to determine the eligibility of any
35 transferred funds for tax-free rollover treatment or other treatment
36 under federal income tax law.

1 (4) Additional service credit purchased under this section is not
2 membership service, and may not be used to qualify for retirement under
3 RCW 41.40.820.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.35 RCW
5 under the subchapter heading "plan 2" to read as follows:

6 (1) A member eligible to retire under RCW 41.35.420 (2) or (3) may,
7 at the time of filing a written application for retirement with the
8 department, apply to the department to make a one-time purchase of up
9 to five years of additional service credit.

10 (2) To purchase additional service credit under this section, a
11 member shall pay the actuarial equivalent value of the resulting
12 increase in the member's benefit.

13 (3) Subject to rules adopted by the department, a member purchasing
14 additional service credit under this section may pay all or part of the
15 cost with a lump sum payment, eligible rollover, direct rollover, or
16 trustee-to-trustee transfer from an eligible retirement plan. The
17 department shall adopt rules to ensure that all lump sum payments,
18 rollovers, and transfers comply with the requirements of the internal
19 revenue code and regulations adopted by the internal revenue service.
20 The rules adopted by the department may condition the acceptance of a
21 rollover or transfer from another plan on the receipt of information
22 necessary to enable the department to determine the eligibility of any
23 transferred funds for tax-free rollover treatment or other treatment
24 under federal income tax law.

25 (4) Additional service credit purchased under this section is not
26 membership service, and may not be used to qualify a member for
27 retirement under RCW 41.35.420.

28 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.35 RCW
29 under the subchapter heading "plan 3" to read as follows:

30 (1) A member eligible to retire under RCW 41.35.680 (2) or (3) may,
31 at the time of filing a written application for retirement with the
32 department, apply to the department to make a one-time purchase of up
33 to five years of additional service credit.

34 (2) To purchase additional service credit under this section, a
35 member shall pay the actuarial equivalent value of the resulting
36 increase in the member's benefit.

1 (3) Subject to rules adopted by the department, a member purchasing
2 additional service credit under this section may pay all or part of the
3 cost with a lump sum payment, eligible rollover, direct rollover, or
4 trustee-to-trustee transfer from an eligible retirement plan. The
5 department shall adopt rules to ensure that all lump sum payments,
6 rollovers, and transfers comply with the requirements of the internal
7 revenue code and regulations adopted by the internal revenue service.
8 The rules adopted by the department may condition the acceptance of a
9 rollover or transfer from another plan on the receipt of information
10 necessary to enable the department to determine the eligibility of any
11 transferred funds for tax-free rollover treatment or other treatment
12 under federal income tax law.

13 (4) Additional service credit purchased under this section is not
14 membership service, and may not be used to qualify for retirement under
15 RCW 41.35.680.

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.32 RCW
17 under the subchapter heading "plan 2" to read as follows:

18 (1) A member eligible to retire under RCW 41.32.765 (2) or (3) may,
19 at the time of filing a written application for retirement with the
20 department, apply to the department to make a one-time purchase of up
21 to five years of additional service credit.

22 (2) To purchase additional service credit under this section, a
23 member shall pay the actuarial equivalent value of the resulting
24 increase in the member's benefit.

25 (3) Subject to rules adopted by the department, a member purchasing
26 additional service credit under this section may pay all or part of the
27 cost with a lump sum payment, eligible rollover, direct rollover, or
28 trustee-to-trustee transfer from an eligible retirement plan. The
29 department shall adopt rules to ensure that all lump sum payments,
30 rollovers, and transfers comply with the requirements of the internal
31 revenue code and regulations adopted by the internal revenue service.
32 The rules adopted by the department may condition the acceptance of a
33 rollover or transfer from another plan on the receipt of information
34 necessary to enable the department to determine the eligibility of any
35 transferred funds for tax-free rollover treatment or other treatment
36 under federal income tax law.

1 (4) Additional service credit purchased under this section is not
2 membership service, and may not be used to qualify a member for
3 retirement under RCW 41.32.765.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.32 RCW
5 under the subchapter heading "plan 3" to read as follows:

6 (1) A member eligible to retire under RCW 41.32.875 (2) or (3) may,
7 at the time of filing a written application for retirement with the
8 department, apply to the department to make a one-time purchase of up
9 to five years of additional service credit.

10 (2) To purchase additional service credit under this section, a
11 member shall pay the actuarial equivalent value of the resulting
12 increase in the member's benefit.

13 (3) Subject to rules adopted by the department, a member purchasing
14 additional service credit under this section may pay all or part of the
15 cost with a lump sum payment, eligible rollover, direct rollover, or
16 trustee-to-trustee transfer from an eligible retirement plan. The
17 department shall adopt rules to ensure that all lump sum payments,
18 rollovers, and transfers comply with the requirements of the internal
19 revenue code and regulations adopted by the internal revenue service.
20 The rules adopted by the department may condition the acceptance of a
21 rollover or transfer from another plan on the receipt of information
22 necessary to enable the department to determine the eligibility of any
23 transferred funds for tax-free rollover treatment or other treatment
24 under federal income tax law.

25 (4) Additional service credit purchased under this section is not
26 membership service, and may not be used to qualify for retirement under
27 RCW 41.32.875.

28 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2006.

--- END ---