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SENATE BILL 6457

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State of Washington

59th Legislature

2006 Regular Session

By Senators Pridemore, Mulliken, Fraser, Rockefeller, Rasmussen and Roach; by request of Select Committee on Pension Policy

Read first time 01/12/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to permitting members of the public employees'  
2 retirement system, the teachers' retirement system, the school  
3 employees' retirement system, the public safety employees' retirement  
4 system, plan 1 of the law enforcement officers' and fire fighters'  
5 retirement system, and the Washington state patrol retirement system to  
6 make a one-time purchase of additional service credit; adding a new  
7 section to chapter 41.40 RCW; adding a new section to chapter 41.32  
8 RCW; adding a new section to chapter 41.35 RCW; adding a new section to  
9 chapter 41.37 RCW; adding a new section to chapter 41.26 RCW; adding a  
10 new section to chapter 43.43 RCW; repealing RCW 41.40.713, 41.40.833,  
11 41.32.767, 41.32.877, 41.35.473, and 41.35.653; and providing an  
12 effective date.

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

14 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.40 RCW  
15 under the subchapter heading "provisions applicable to plan 1, plan 2,  
16 and plan 3" to read as follows:

17 (1) A member eligible to retire under RCW 41.40.180, 41.40.630, or  
18 41.40.820 may, at the time of filing a written application for

1 retirement with the department, apply to the department to make a one-  
2 time purchase of up to five years of additional service credit.

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

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

18 (4) Additional service credit purchased under this section is not  
19 membership service and shall be used exclusively to provide the member  
20 with a monthly annuity that is paid in addition to the member's  
21 retirement allowance.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW  
23 under the subchapter heading "provisions applicable to plan 1, plan 2,  
24 and plan 3" to read as follows:

25 (1) A member eligible to retire under RCW 41.32.480, 41.32.765, or  
26 41.32.875 may, at the time of filing a written application for  
27 retirement with the department, apply to the department to make a one-  
28 time purchase of up to five years of additional service credit.

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

32 (3) Subject to rules adopted by the department, a member purchasing  
33 additional service credit under this section may pay all or part of the  
34 cost with a lump sum payment, eligible rollover, direct rollover, or  
35 trustee-to-trustee transfer from an eligible retirement plan. The  
36 department shall adopt rules to ensure that all lump sum payments,  
37 rollovers, and transfers comply with the requirements of the internal

1 revenue code and regulations adopted by the internal revenue service.  
2 The rules adopted by the department may condition the acceptance of a  
3 rollover or transfer from another plan on the receipt of information  
4 necessary to enable the department to determine the eligibility of any  
5 transferred funds for tax-free rollover treatment or other treatment  
6 under federal income tax law.

7 (4) Additional service credit purchased under this section is not  
8 membership service and shall be used exclusively to provide the member  
9 with a monthly annuity that is paid in addition to the member's  
10 retirement allowance.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.35 RCW  
12 under the subchapter heading "provisions applicable to plan 2 and plan  
13 3" to read as follows:

14 (1) A member eligible to retire under RCW 41.35.420 or 41.35.680  
15 may, at the time of filing a written application for retirement with  
16 the department, apply to the department to make a one-time purchase of  
17 up to five years of additional service credit.

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

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

33 (4) Additional service credit purchased under this section is not  
34 membership service and shall be used exclusively to provide the member  
35 with a monthly annuity that is paid in addition to the member's  
36 retirement allowance.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 41.37 RCW  
2 to read as follows:

3        (1) A member eligible to retire under RCW 41.37.210 may, at the  
4 time of filing a written application for retirement with the  
5 department, apply to the department to make a one-time purchase of up  
6 to five years of additional service credit.

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

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

22       (4) Additional service credit purchased under this section is not  
23 membership service and shall be used exclusively to provide the member  
24 with a monthly annuity that is paid in addition to the member's  
25 retirement allowance.

26       NEW SECTION.    **Sec. 5.**    A new section is added to chapter 41.26 RCW  
27 under the subchapter heading "plan 1" to read as follows:

28       (1) A member eligible to retire under RCW 41.26.090 may, at the  
29 time of filing a written application for retirement with the  
30 department, apply to the department to make a one-time purchase of up  
31 to five years of additional service credit.

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

35       (3) Subject to rules adopted by the department, a member purchasing  
36 additional service credit under this section may pay all or part of the  
37 cost with a lump sum payment, eligible rollover, direct rollover, or

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

10 (4) Additional service credit purchased under this section is not  
11 membership service and shall be used exclusively to provide the member  
12 with a monthly annuity that is paid in addition to the member's  
13 retirement allowance.

14 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.43 RCW  
15 to read as follows:

16 (1) A member eligible to retire under RCW 43.43.250 may, at the  
17 time of filing a written application for retirement with the  
18 department, apply to the department to make a one-time purchase of up  
19 to five years of additional service credit.

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

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

35 (4) Additional service credit purchased under this section is not  
36 membership service and shall be used exclusively to provide the member

1 with a monthly annuity that is paid in addition to the member's  
2 retirement allowance.

3 NEW SECTION. **Sec. 7.** The following acts or parts of acts are each  
4 repealed:

5 (1) RCW 41.40.713 (Purchase of additional service credit--Costs--  
6 Rules) and 2004 c 172 s 1;

7 (2) RCW 41.40.833 (Purchase of additional service credit--Costs--  
8 Rules) and 2004 c 172 s 2;

9 (3) RCW 41.32.767 (Additional service credit purchase--Rules) and  
10 2005 c 65 s 1;

11 (4) RCW 41.32.877 (Additional service credit purchase--Rules) and  
12 2005 c 65 s 2;

13 (5) RCW 41.35.473 (Purchase of additional service credit--Costs--  
14 Rules) and 2004 c 172 s 3; and

15 (6) RCW 41.35.653 (Purchase of additional service credit--Costs--  
16 Rules) and 2004 c 172 s 4.

17 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2006.

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