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HOUSE BILL 1649

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State of Washington

60th Legislature

2007 Regular Session

By Representatives Fromhold, Conway, Bailey, Crouse, Sells, Moeller and Simpson

Read first time 01/24/2007. Referred to Committee on Appropriations.

1 AN ACT Relating to purchasing an increased benefit multiplier for  
2 past judicial service for judges in the public employees' retirement  
3 system and the teachers' retirement system; amending RCW 41.40.124,  
4 41.40.127, 41.40.870, 41.40.873, and 41.32.584; creating new sections;  
5 providing an effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 41.40.124 and 2006 c 189 s 5 are each amended to read  
8 as follows:

9 (1) Between January 1, 2007, and December 31, 2007, a member of  
10 plan 1 or plan 2 employed as a supreme court justice, court of appeals  
11 judge, or superior court judge may make a one-time irrevocable  
12 election, filed in writing with the member's employer, the department,  
13 and the administrative office of the courts, to accrue an additional  
14 benefit equal to one and one-half percent of average final compensation  
15 for each year of future service credit from the date of the election in  
16 lieu of future employee and employer contributions to the judicial  
17 retirement account plan under chapter 2.14 RCW.

18 (2)(a) A member who chooses to make the election under subsection  
19 (1) of this section may apply to the department to increase the

1 member's benefit multiplier by an additional one and one-half percent  
2 per year of service for the period in which the member served as a  
3 justice or judge prior to the election. The member may purchase the  
4 higher benefit multiplier for all or part of the member's prior  
5 judicial service beginning with the most recent judicial service. The  
6 member shall pay, for the applicable period of service, one-half of the  
7 actuarially equivalent value of the increase in the member's benefit  
8 resulting from the increase in the benefit multiplier as determined by  
9 the director. This payment must be made prior to retirement.

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

22 (c) The employer of a member who purchases the increased benefit  
23 multiplier for past judicial service shall pay one-half of the  
24 actuarially equivalent value of the increase in the member's benefit  
25 resulting from the increase in the benefit multiplier as determined by  
26 the director. This payment must be made within five years of the  
27 completion of the employee payment in (a) of this subsection.

28 **Sec. 2.** RCW 41.40.127 and 2006 c 189 s 6 are each amended to read  
29 as follows:

30 (1) Between January 1, 2007, and December 31, 2007, a member of  
31 plan 1 or plan 2 employed as a district court judge or municipal court  
32 judge may make a one-time irrevocable election, filed in writing with  
33 the member's employer and the department, to accrue an additional  
34 benefit equal to one and one-half percent of average final compensation  
35 for each year of future service credit from the date of the election.

36 (2)(a) A member who chooses to make the election under subsection  
37 (1) of this section may apply to the department to increase the

1 member's benefit multiplier by one and one-half percent per year of  
2 service for the period in which the member served as a judge prior to  
3 the election. The member may purchase the higher benefit multiplier  
4 for all or part of the member's prior judicial service beginning with  
5 the most recent judicial service. The member shall pay, for the  
6 applicable period of service, one-half of the actuarially equivalent  
7 value of the increase in the member's benefit resulting from the  
8 increase in the benefit multiplier as determined by the director. This  
9 payment must be made prior to retirement.

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

22 (c) The employer of a member who purchases the increased benefit  
23 multiplier for past judicial service shall pay one-half of the  
24 actuarially equivalent value of the increase in the member's benefit  
25 resulting from the increase in the benefit multiplier as determined by  
26 the director. This payment must be made within five years of the  
27 completion of the employee payment in (a) of this subsection.

28 **Sec. 3.** RCW 41.40.870 and 2006 c 189 s 8 are each amended to read  
29 as follows:

30 (1) Between January 1, 2007, and December 31, 2007, a member of  
31 plan 3 employed as a supreme court justice, court of appeals judge, or  
32 superior court judge may make a one-time irrevocable election, filed in  
33 writing with the member's employer, the department, and the  
34 administrative office of the courts, to accrue an additional plan 3  
35 defined benefit equal to six-tenths percent of average final  
36 compensation for each year of future service credit from the date of

1 the election in lieu of future employer contributions to the judicial  
2 retirement account plan under chapter 2.14 RCW.

3 (2)(a) A member who chooses to make the election under subsection  
4 (1) of this section may apply to the department to increase the  
5 member's benefit multiplier by six-tenths percent per year of service  
6 for the period in which the member served as a justice or judge prior  
7 to the election. The member may purchase the higher benefit multiplier  
8 for all or part of the member's prior judicial service beginning with  
9 the most recent judicial service. The member shall pay, for the  
10 applicable period of service, one-half of the actuarially equivalent  
11 value of the increase in the member's benefit resulting from the  
12 increase in the benefit multiplier as determined by the director. This  
13 payment must be made prior to retirement.

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

26 (c) The employer of a member who purchases the increased benefit  
27 multiplier for past judicial service shall pay one-half of the  
28 actuarially equivalent value of the increase in the member's benefit  
29 resulting from the increase in the benefit multiplier as determined by  
30 the director. This payment must be made within five years of the  
31 completion of the employee payment in (a) of this subsection.

32 (3) A member who chooses to make the election under subsection (1)  
33 of this section shall contribute a minimum of seven and one-half  
34 percent of pay to the member's defined contribution account.

35 **Sec. 4.** RCW 41.40.873 and 2006 c 189 s 9 are each amended to read  
36 as follows:

37 (1) Between January 1, 2007, and December 31, 2007, a member of

1 plan 3 employed as a district court judge or municipal court judge may  
2 make a one-time irrevocable election, filed in writing with the  
3 member's employer and the department, to accrue an additional plan 3  
4 defined benefit equal to six-tenths percent of average final  
5 compensation for each year of future service credit from the date of  
6 the election.

7 (2)(a) A member who chooses to make the election under subsection  
8 (1) of this section may apply to the department to increase the  
9 member's benefit multiplier by six-tenths percent per year of service  
10 for the period in which the member served as a judge prior to the  
11 election. The member may purchase the higher benefit multiplier for  
12 all or part of the member's prior judicial service beginning with the  
13 most recent judicial service. The member shall pay, for the applicable  
14 period of service, one-half of the actuarially equivalent value of the  
15 increase in the member's benefit resulting from the increase in the  
16 benefit multiplier as determined by the director. This payment must be  
17 made prior to retirement.

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

30 (c) The employer of a member who purchases the increased benefit  
31 multiplier for past judicial service shall pay one-half of the  
32 actuarially equivalent value of the increase in the member's benefit  
33 resulting from the increase in the benefit multiplier as determined by  
34 the director. This payment must be made within five years of the  
35 completion of the employee payment in (a) of this subsection.

36 (3) A member who chooses to make the election under subsection (1)  
37 of this section shall contribute a minimum of seven and one-half  
38 percent of pay to the member's defined contribution account.

1       **Sec. 5.** RCW 41.32.584 and 2006 c 189 s 7 are each amended to read  
2 as follows:

3       (1) Between January 1, 2007, and December 31, 2007, a member of  
4 plan 1 employed as a supreme court justice, court of appeals judge, or  
5 superior court judge may make a one-time irrevocable election, filed in  
6 writing with the member's employer, the department, and the  
7 administrative office of the courts, to accrue an additional benefit  
8 equal to one and one-half percent of average final compensation for  
9 each year of future service credit from the date of the election.

10       (2)(a) A member who chooses to make the election under subsection  
11 (1) of this section may apply to the department to increase the  
12 member's benefit multiplier by one and one-half percent per year of  
13 service for the period in which the member served as a justice or judge  
14 prior to the election. The member may purchase the higher benefit  
15 multiplier for all or part of the member's prior judicial service  
16 beginning with the most recent judicial service. The member shall pay,  
17 for the applicable period of service, one-half of the actuarially  
18 equivalent value of the increase in the member's benefit resulting from  
19 the increase in the benefit multiplier as determined by the director.  
20 This payment must be made prior to retirement.

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

33       (c) The employer of a member who purchases the increased benefit  
34 multiplier for past judicial service shall pay one-half of the  
35 actuarially equivalent value of the increase in the member's benefit  
36 resulting from the increase in the benefit multiplier as determined by  
37 the director. This payment must be made within five years of the  
38 completion of the employee payment in (a) of this subsection.

1        NEW SECTION.    **Sec. 6.** A new section is added to chapter 41.40 RCW  
2 under the subchapter heading "provisions applicable to plan 1, plan 2,  
3 and plan 3" to read as follows, but because of its temporary nature  
4 shall not be codified:

5        A member who purchased the higher benefit multiplier for prior  
6 judicial service prior to the effective date of this act may, between  
7 July 1, 2007, and December 31, 2007, apply to the department to have  
8 the higher benefit multiplier cost recalculated under this act. Any  
9 difference in the cost in favor of the member shall be remitted to the  
10 member.

11       NEW SECTION.    **Sec. 7.** A new section is added to chapter 41.40 RCW  
12 under the subchapter heading "plan 3" to read as follows, but because  
13 of its temporary nature shall not be codified:

14       A member who purchased the higher benefit multiplier for prior  
15 judicial service prior to the effective date of this act may, between  
16 July 1, 2007, and December 31, 2007, apply to the department to have  
17 the higher benefit multiplier cost recalculated under this act. Any  
18 difference in the cost in favor of the member shall be remitted to the  
19 member.

20       NEW SECTION.    **Sec. 8.** A new section is added to chapter 41.32 RCW  
21 under the subchapter heading "plan 1" to read as follows, but because  
22 of its temporary nature shall not be codified:

23       A member who purchased the higher benefit multiplier for prior  
24 judicial service prior to the effective date of this act may, between  
25 July 1, 2007, and December 31, 2007, apply to the department to have  
26 the higher benefit multiplier cost recalculated under this act. Any  
27 difference in the cost in favor of the member shall be remitted to the  
28 member.

29       NEW SECTION.    **Sec. 9.** This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of the  
31 state government and its existing public institutions, and takes effect  
32 July 1, 2007.

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