

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1649

60th Legislature
2007 Regular Session

Passed by the House March 12, 2007
Yeas 95 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 6, 2007
Yeas 46 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1649** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1649

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, Bailey, Crouse, Sells, Moeller and Simpson)

READ FIRST TIME 03/05/07.

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; adding a new section to
5 chapter 41.40 RCW; and adding a new section to chapter 41.32 RCW.

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,
4 beginning with the most recent judicial service, the higher benefit
5 multiplier for up to seventy percent of that portion of the member's
6 prior judicial service that would ensure that the member has no more
7 than a seventy-five percent of average final compensation benefit
8 accrued by age sixty-four for members of plan 1, and age sixty-six for
9 members of plan 2. The member shall pay(~~(, for the applicable period~~
10 ~~of service,)) five percent of the salary earned for each month of~~
11 ~~service for which the higher benefit multiplier is being purchased,~~
12 ~~plus interest as determined by the director.~~ The purchase price shall
13 not exceed the actuarially equivalent value of the increase in the
14 member's benefit resulting from the increase in the benefit multiplier
15 (~~as determined by the director)). This payment must be made prior to~~
16 ~~retirement and prior to December 31, 2007.~~ After December 31, 2007, a
17 member may purchase the higher benefit multiplier for any of the
18 member's prior judicial service at the actuarially equivalent value of
19 the increase in the member's benefit resulting from the increase in the
20 benefit multiplier, as determined by the director.

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

35 (1) Between January 1, 2007, and December 31, 2007, a member of
36 plan 1 or plan 2 employed as a district court judge or municipal court
37 judge may make a one-time irrevocable election, filed in writing with

1 the member's employer and the department, to accrue an additional
2 benefit equal to one and one-half percent of average final compensation
3 for each year of future service credit from the date of the election.

4 (2)(a) A member who chooses to make the election under subsection
5 (1) of this section may apply to the department to increase the
6 member's benefit multiplier by one and one-half percent per year of
7 service for the period in which the member served as a judge prior to
8 the election. (~~The member shall pay, for the applicable period of~~
9 ~~service,~~) The member may purchase, beginning with the most recent
10 judicial service, the higher benefit multiplier for up to seventy
11 percent of that portion of the member's prior judicial service that
12 would ensure that the member has no more than a seventy-five percent of
13 average final compensation benefit accrued by age sixty-four for
14 members of plan 1, and age sixty-six for members of plan 2. The member
15 shall pay five percent of the salary earned for each month of service
16 for which the higher benefit multiplier is being purchased, plus
17 interest as determined by the director. The purchase price shall not
18 exceed the actuarially equivalent value of the increase in the member's
19 benefit resulting from the increase in the benefit multiplier ((as
20 ~~determined by the director)).~~ This payment must be made prior to
21 retirement and prior to December 31, 2007. After December 31, 2007, a
22 member may purchase the higher benefit multiplier for any of the
23 member's prior judicial service at the actuarially equivalent value of
24 the increase in the member's benefit resulting from the increase in the
25 benefit multiplier, as determined by the director.

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

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

3 (1) Between January 1, 2007, and December 31, 2007, a member of
4 plan 3 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 plan 3
8 defined benefit equal to six-tenths percent of average final
9 compensation for each year of future service credit from the date of
10 the election in lieu of future employer contributions to the judicial
11 retirement account plan under chapter 2.14 RCW.

12 (2)(a) A member who chooses to make the election under subsection
13 (1) of this section may apply to the department to increase the
14 member's benefit multiplier by six-tenths percent per year of service
15 for the period in which the member served as a justice or judge prior
16 to the election. ~~((The member shall pay, for the applicable period of
17 service,))~~ The member may purchase, beginning with the most recent
18 judicial service, the higher benefit multiplier for up to seventy
19 percent of that portion of the member's prior judicial service that
20 would ensure that the member has no more than a thirty-seven and one-
21 half percent of average final compensation benefit accrued by age
22 sixty-six. The member shall pay two and one-half percent of the salary
23 earned for each month of service for which the higher benefit
24 multiplier is being purchased, plus interest as determined by the
25 director. The purchase price shall not exceed the actuarially
26 equivalent value of the increase in the member's benefit resulting from
27 the increase in the benefit multiplier ~~((as determined by the
28 director))~~. This payment must be made prior to retirement and prior to
29 December 31, 2007. After December 31, 2007, a member may purchase the
30 higher benefit multiplier for any of the member's prior judicial
31 service at the actuarially equivalent value of the increase in the
32 member's benefit resulting from the increase in the benefit multiplier,
33 as determined by the director.

34 (b) Subject to rules adopted by the department, a member applying
35 to increase the member's benefit multiplier under this section may pay
36 all or part of the cost with a lump sum payment, eligible rollover,
37 direct rollover, or trustee-to-trustee transfer from an eligible
38 retirement plan. The department shall adopt rules to ensure that all

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

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

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

13 (1) Between January 1, 2007, and December 31, 2007, a member of
14 plan 3 employed as a district court judge or municipal court judge may
15 make a one-time irrevocable election, filed in writing with the
16 member's employer and the department, to accrue an additional plan 3
17 defined benefit equal to six-tenths percent of average final
18 compensation for each year of future service credit from the date of
19 the election.

20 (2)(a) A member who chooses to make the election under subsection
21 (1) of this section may apply to the department to increase the
22 member's benefit multiplier by six-tenths percent per year of service
23 for the period in which the member served as a judge prior to the
24 election. The member may purchase, beginning with the most recent
25 judicial service, the higher benefit multiplier for up to seventy
26 percent of that portion of the member's prior judicial service that
27 would ensure that the member has no more than a thirty-seven and one-
28 half percent of average final compensation benefit accrued by age
29 sixty-six. The member shall pay(~~(, for the applicable period of~~
30 ~~service,)~~) two and one-half percent of the salary earned for each month
31 of service for which the higher benefit multiplier is being purchased,
32 plus interest as determined by the director. The purchase price shall
33 not exceed the actuarially equivalent value of the increase in the
34 member's benefit resulting from the increase in the benefit multiplier
35 (~~(as determined by the director)~~). This payment must be made prior to
36 retirement and prior to December 31, 2007. After December 31, 2007, a
37 member may purchase the higher benefit multiplier for any of the

1 member's prior judicial service at the actuarially equivalent value of
2 the increase in the member's benefit resulting from the increase in the
3 benefit multiplier, as determined by the director.

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

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

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

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

28 (2)(a) A member who chooses to make the election under subsection
29 (1) of this section may apply to the department to increase the
30 member's benefit multiplier by one and one-half percent per year of
31 service for the period in which the member served as a justice or judge
32 prior to the election. The member may purchase, beginning with the
33 most recent judicial service, the higher benefit multiplier for up to
34 seventy percent of that portion of the member's prior judicial service
35 that would ensure that the member has no more than a seventy-five
36 percent of average final compensation benefit accrued by age sixty-
37 four. The member shall pay(~~(, for the applicable period of service,)~~)

1 five percent of the salary earned for each month of service for which
2 the higher benefit multiplier is being purchased, plus interest as
3 determined by the director. The purchase price shall not exceed the
4 actuarially equivalent value of the increase in the member's benefit
5 resulting from the increase in the benefit multiplier ((as determined
6 by the director)). This payment must be made prior to retirement and
7 prior to December 31, 2007. After December 31, 2007, a member may
8 purchase the higher benefit multiplier for any of the member's prior
9 judicial service at the actuarially equivalent value of the increase in
10 the member's benefit resulting from the increase in the benefit
11 multiplier, as determined by the director.

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

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

28 A member who purchased the higher benefit multiplier for prior
29 judicial service prior to the effective date of this section may,
30 between the effective date of this section and December 31, 2007, apply
31 to the department to have the higher benefit multiplier cost
32 recalculated under this act. Any difference in the cost in favor of
33 the member shall be remitted to the member.

34 NEW SECTION. Sec. 7. A new section is added to chapter 41.32 RCW
35 under the subchapter heading "plan 1" to read as follows, but because
36 of its temporary nature shall not be codified:

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

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