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HOUSE BILL 1742

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State of Washington

62nd Legislature

2011 Regular Session

By Representative Hunter; by request of Governor Gregoire

Read first time 02/01/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to the alternate early retirement provisions for  
2 members in plan 2 and plan 3 of the public employees' retirement  
3 system, the teachers' retirement system, and the school employees'  
4 retirement system; amending RCW 41.32.765, 41.32.875, 41.35.420,  
5 41.35.680, 41.40.630, and 41.40.820; providing an effective date; and  
6 declaring an emergency.

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

8 **Sec. 1.** RCW 41.32.765 and 2007 c 491 s 2 are each amended to read  
9 as follows:

10 (1) NORMAL RETIREMENT. Any member with at least five service  
11 credit years of service who has attained at least age sixty-five shall  
12 be eligible to retire and to receive a retirement allowance computed  
13 according to the provisions of RCW 41.32.760.

14 (2) EARLY RETIREMENT. Any member who has completed at least twenty  
15 service credit years of service who has attained at least age fifty-  
16 five shall be eligible to retire and to receive a retirement allowance  
17 computed according to the provisions of RCW 41.32.760, except that a  
18 member retiring pursuant to this subsection shall have the retirement

1 allowance actuarially reduced to reflect the difference in the number  
2 of years between age at retirement and the attainment of age sixty-  
3 five.

4 (3) ALTERNATE EARLY RETIREMENT.

5 (a) Any member who has completed at least thirty service credit  
6 years and has attained age fifty-five shall be eligible to retire and  
7 to receive a retirement allowance computed according to the provisions  
8 of RCW 41.32.760, except that a member retiring pursuant to this  
9 subsection shall have the retirement allowance reduced by three percent  
10 per year to reflect the difference in the number of years between age  
11 at retirement and the attainment of age sixty-five.

12 (b) On or after September 1, 2008, any member who has completed at  
13 least thirty service credit years and has attained age fifty-five shall  
14 be eligible to retire and to receive a retirement allowance computed  
15 according to the provisions of RCW 41.32.760, except that a member  
16 retiring pursuant to this subsection shall have the retirement  
17 allowance reduced as follows:

18	Retirement	Percent
19	Age	Reduction
20	55	20%
21	56	17%
22	57	14%
23	58	11%
24	59	8%
25	60	5%
26	61	2%
27	62	0%
28	63	0%
29	64	0%

30 Any member who retires under the provisions of this subsection is  
31 ineligible for the postretirement employment provisions of RCW  
32 41.32.802(2) until the retired member has reached sixty-five years of  
33 age. For purposes of this subsection, employment with an employer also  
34 includes any personal service contract, service by an employer as a  
35 temporary or project employee, or any other similar compensated

1 relationship with any employer included under the provisions of RCW  
2 41.32.800(1).

3 The subsidized reductions for alternate early retirement in this  
4 subsection as set forth in section 2, chapter 491, Laws of 2007 were  
5 intended by the legislature as replacement benefits for gain-sharing.  
6 Until there is legal certainty with respect to the repeal of chapter  
7 41.31A RCW, the right to retire under this subsection is  
8 noncontractual, and the legislature reserves the right to amend or  
9 repeal this subsection. Legal certainty includes, but is not limited  
10 to, the expiration of any: Applicable limitations on actions; and  
11 periods of time for seeking appellate review, up to and including  
12 reconsideration by the Washington supreme court and the supreme court  
13 of the United States. Until that time, eligible members may still  
14 retire under this subsection, and upon receipt of the first installment  
15 of a retirement allowance computed under this subsection, the resulting  
16 benefit becomes contractual for the recipient. If the repeal of  
17 chapter 41.31A RCW is held to be invalid in a final determination of a  
18 court of law, and the court orders reinstatement of gain-sharing or  
19 other alternate benefits as a remedy, then retirement benefits for any  
20 member who has completed at least thirty service credit years and has  
21 attained age fifty-five but has not yet received the first installment  
22 of a retirement allowance under this subsection shall be computed using  
23 the reductions in (a) of this subsection.

24 (c) Members who first become employed by an employer in an eligible  
25 position on or after July 1, 2011, are not eligible for the alternate  
26 early retirement provisions of this subsection.

27 **Sec. 2.** RCW 41.32.875 and 2007 c 491 s 4 are each amended to read  
28 as follows:

29 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
30 and who has:

31 (a) Completed ten service credit years; or

32 (b) Completed five service credit years, including twelve service  
33 credit months after attaining age forty-four; or

34 (c) Completed five service credit years by July 1, 1996, under plan  
35 2 and who transferred to plan 3 under RCW 41.32.817;

36 shall be eligible to retire and to receive a retirement allowance  
37 computed according to the provisions of RCW 41.32.840.

1 (2) EARLY RETIREMENT. Any member who has attained at least age  
2 fifty-five and has completed at least ten years of service shall be  
3 eligible to retire and to receive a retirement allowance computed  
4 according to the provisions of RCW 41.32.840, except that a member  
5 retiring pursuant to this subsection shall have the retirement  
6 allowance actuarially reduced to reflect the difference in the number  
7 of years between age at retirement and the attainment of age sixty-  
8 five.

9 (3) ALTERNATE EARLY RETIREMENT.

10 (a) Any member who has completed at least thirty service credit  
11 years and has attained age fifty-five shall be eligible to retire and  
12 to receive a retirement allowance computed according to the provisions  
13 of RCW 41.32.840, except that a member retiring pursuant to this  
14 subsection shall have the retirement allowance reduced by three percent  
15 per year to reflect the difference in the number of years between age  
16 at retirement and the attainment of age sixty-five.

17 (b) On or after September 1, 2008, any member who has completed at  
18 least thirty service credit years and has attained age fifty-five shall  
19 be eligible to retire and to receive a retirement allowance computed  
20 according to the provisions of RCW 41.32.840, except that a member  
21 retiring pursuant to this subsection shall have the retirement  
22 allowance reduced as follows:

23	Retirement	Percent
24	Age	Reduction
25	55	20%
26	56	17%
27	57	14%
28	58	11%
29	59	8%
30	60	5%
31	61	2%
32	62	0%
33	63	0%
34	64	0%

35 Any member who retires under the provisions of this subsection is  
36 ineligible for the postretirement employment provisions of RCW

1 41.32.862(2) until the retired member has reached sixty-five years of  
2 age. For purposes of this subsection, employment with an employer also  
3 includes any personal service contract, service by an employer as a  
4 temporary or project employee, or any other similar compensated  
5 relationship with any employer included under the provisions of RCW  
6 41.32.860(1).

7 The subsidized reductions for alternate early retirement in this  
8 subsection as set forth in section 4, chapter 491, Laws of 2007 were  
9 intended by the legislature as replacement benefits for gain-sharing.  
10 Until there is legal certainty with respect to the repeal of chapter  
11 41.31A RCW, the right to retire under this subsection is  
12 noncontractual, and the legislature reserves the right to amend or  
13 repeal this subsection. Legal certainty includes, but is not limited  
14 to, the expiration of any: Applicable limitations on actions; and  
15 periods of time for seeking appellate review, up to and including  
16 reconsideration by the Washington supreme court and the supreme court  
17 of the United States. Until that time, eligible members may still  
18 retire under this subsection, and upon receipt of the first installment  
19 of a retirement allowance computed under this subsection, the resulting  
20 benefit becomes contractual for the recipient. If the repeal of  
21 chapter 41.31A RCW is held to be invalid in a final determination of a  
22 court of law, and the court orders reinstatement of gain-sharing or  
23 other alternate benefits as a remedy, then retirement benefits for any  
24 member who has completed at least thirty service credit years and has  
25 attained age fifty-five but has not yet received the first installment  
26 of a retirement allowance under this subsection shall be computed using  
27 the reductions in (a) of this subsection.

28 (c) Members who first become employed by an employer in an eligible  
29 position on or after July 1, 2011, are not eligible for the alternate  
30 early retirement provisions of this subsection.

31 **Sec. 3.** RCW 41.35.420 and 2007 c 491 s 6 are each amended to read  
32 as follows:

33 (1) NORMAL RETIREMENT. Any member with at least five service  
34 credit years who has attained at least age sixty-five shall be eligible  
35 to retire and to receive a retirement allowance computed according to  
36 the provisions of RCW 41.35.400.

1 (2) EARLY RETIREMENT. Any member who has completed at least twenty  
2 service credit years and has attained age fifty-five shall be eligible  
3 to retire and to receive a retirement allowance computed according to  
4 the provisions of RCW 41.35.400, except that a member retiring pursuant  
5 to this subsection shall have the retirement allowance actuarially  
6 reduced to reflect the difference in the number of years between age at  
7 retirement and the attainment of age sixty-five.

8 (3) ALTERNATE EARLY RETIREMENT.

9 (a) Any member who has completed at least thirty service credit  
10 years and has attained age fifty-five shall be eligible to retire and  
11 to receive a retirement allowance computed according to the provisions  
12 of RCW 41.35.400, except that a member retiring pursuant to this  
13 subsection shall have the retirement allowance reduced by three percent  
14 per year to reflect the difference in the number of years between age  
15 at retirement and the attainment of age sixty-five.

16 (b) On or after September 1, 2008, any member who has completed at  
17 least thirty service credit years and has attained age fifty-five shall  
18 be eligible to retire and to receive a retirement allowance computed  
19 according to the provisions of RCW 41.35.400, except that a member  
20 retiring pursuant to this subsection shall have the retirement  
21 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%
64	0%

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34 Any member who retires under the provisions of this subsection is  
35 ineligible for the postretirement employment provisions of RCW  
36 41.35.060(2) until the retired member has reached sixty-five years of

1 age. For purposes of this subsection, employment with an employer also  
2 includes any personal service contract, service by an employer as a  
3 temporary or project employee, or any other similar compensated  
4 relationship with any employer included under the provisions of RCW  
5 41.35.230(1).

6 The subsidized reductions for alternate early retirement in this  
7 subsection as set forth in section 6, chapter 491, Laws of 2007 were  
8 intended by the legislature as replacement benefits for gain-sharing.  
9 Until there is legal certainty with respect to the repeal of chapter  
10 41.31A RCW, the right to retire under this subsection is  
11 noncontractual, and the legislature reserves the right to amend or  
12 repeal this subsection. Legal certainty includes, but is not limited  
13 to, the expiration of any: Applicable limitations on actions; and  
14 periods of time for seeking appellate review, up to and including  
15 reconsideration by the Washington supreme court and the supreme court  
16 of the United States. Until that time, eligible members may still  
17 retire under this subsection, and upon receipt of the first installment  
18 of a retirement allowance computed under this subsection, the resulting  
19 benefit becomes contractual for the recipient. If the repeal of  
20 chapter 41.31A RCW is held to be invalid in a final determination of a  
21 court of law, and the court orders reinstatement of gain-sharing or  
22 other alternate benefits as a remedy, then retirement benefits for any  
23 member who has completed at least thirty service credit years and has  
24 attained age fifty-five but has not yet received the first installment  
25 of a retirement allowance under this subsection shall be computed using  
26 the reductions in (a) of this subsection.

27 (c) Members who first become employed by an employer in an eligible  
28 position on or after July 1, 2011, are not eligible for the alternate  
29 early retirement provisions of this subsection.

30 **Sec. 4.** RCW 41.35.680 and 2007 c 491 s 8 are each amended to read  
31 as follows:

32 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
33 and who has:

- 34 (a) Completed ten service credit years; or
- 35 (b) Completed five service credit years, including twelve service  
36 credit months after attaining age forty-four; or

1 (c) Completed five service credit years by September 1, 2000, under  
2 the public employees' retirement system plan 2 and who transferred to  
3 plan 3 under RCW 41.35.510;  
4 shall be eligible to retire and to receive a retirement allowance  
5 computed according to the provisions of RCW 41.35.620.

6 (2) EARLY RETIREMENT. Any member who has attained at least age  
7 fifty-five and has completed at least ten years of service shall be  
8 eligible to retire and to receive a retirement allowance computed  
9 according to the provisions of RCW 41.35.620, except that a member  
10 retiring pursuant to this subsection shall have the retirement  
11 allowance actuarially reduced to reflect the difference in the number  
12 of years between age at retirement and the attainment of age sixty-  
13 five.

14 (3) ALTERNATE EARLY RETIREMENT.

15 (a) Any member who has completed at least thirty service credit  
16 years and has attained age fifty-five shall be eligible to retire and  
17 to receive a retirement allowance computed according to the provisions  
18 of RCW 41.35.620, except that a member retiring pursuant to this  
19 subsection shall have the retirement allowance reduced by three percent  
20 per year to reflect the difference in the number of years between age  
21 at retirement and the attainment of age sixty-five.

22 (b) On or after September 1, 2008, any member who has completed at  
23 least thirty service credit years and has attained age fifty-five shall  
24 be eligible to retire and to receive a retirement allowance computed  
25 according to the provisions of RCW 41.35.620, except that a member  
26 retiring pursuant to this subsection shall have the retirement  
27 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%



1	62	0%
2	63	0%
3	64	0%

4 Any member who retires under the provisions of this subsection is  
5 ineligible for the postretirement employment provisions of RCW  
6 41.35.060(2) until the retired member has reached sixty-five years of  
7 age. For purposes of this subsection, employment with an employer also  
8 includes any personal service contract, service by an employer as a  
9 temporary or project employee, or any other similar compensated  
10 relationship with any employer included under the provisions of RCW  
11 41.35.230(1).

12 The subsidized reductions for alternate early retirement in this  
13 subsection as set forth in section 8, chapter 491, Laws of 2007 were  
14 intended by the legislature as replacement benefits for gain-sharing.  
15 Until there is legal certainty with respect to the repeal of chapter  
16 41.31A RCW, the right to retire under this subsection is  
17 noncontractual, and the legislature reserves the right to amend or  
18 repeal this subsection. Legal certainty includes, but is not limited  
19 to, the expiration of any: Applicable limitations on actions; and  
20 periods of time for seeking appellate review, up to and including  
21 reconsideration by the Washington supreme court and the supreme court  
22 of the United States. Until that time, eligible members may still  
23 retire under this subsection, and upon receipt of the first installment  
24 of a retirement allowance computed under this subsection, the resulting  
25 benefit becomes contractual for the recipient. If the repeal of  
26 chapter 41.31A RCW is held to be invalid in a final determination of a  
27 court of law, and the court orders reinstatement of gain-sharing or  
28 other alternate benefits as a remedy, then retirement benefits for any  
29 member who has completed at least thirty service credit years and has  
30 attained age fifty-five but has not yet received the first installment  
31 of a retirement allowance under this subsection shall be computed using  
32 the reductions in (a) of this subsection.

33 (c) Members who first become employed by an employer in an eligible  
34 position on or after July 1, 2011, are not eligible for the alternate  
35 early retirement provisions of this subsection.

36 **Sec. 5.** RCW 41.40.630 and 2007 c 491 s 9 are each amended to read  
37 as follows:

1 (1) NORMAL RETIREMENT. Any member with at least five service  
2 credit years who has attained at least age sixty-five shall be eligible  
3 to retire and to receive a retirement allowance computed according to  
4 the provisions of RCW 41.40.620.

5 (2) EARLY RETIREMENT. Any member who has completed at least twenty  
6 service credit years and has attained age fifty-five shall be eligible  
7 to retire and to receive a retirement allowance computed according to  
8 the provisions of RCW 41.40.620, except that a member retiring pursuant  
9 to this subsection shall have the retirement allowance actuarially  
10 reduced to reflect the difference in the number of years between age at  
11 retirement and the attainment of age sixty-five.

12 (3) ALTERNATE EARLY RETIREMENT.

13 (a) Any member who has completed at least thirty service credit  
14 years and has attained age fifty-five shall be eligible to retire and  
15 to receive a retirement allowance computed according to the provisions  
16 of RCW 41.40.620, except that a member retiring pursuant to this  
17 subsection shall have the retirement allowance reduced by three percent  
18 per year to reflect the difference in the number of years between age  
19 at retirement and the attainment of age sixty-five.

20 (b) On or after July 1, 2008, any member who has completed at least  
21 thirty service credit years and has attained age fifty-five shall be  
22 eligible to retire and to receive a retirement allowance computed  
23 according to the provisions of RCW 41.40.620, except that a member  
24 retiring pursuant to this subsection shall have the retirement  
25 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%

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Any member who retires under the provisions of this subsection is ineligible for the postretirement employment provisions of RCW 41.40.037(2)(d) until the retired member has reached sixty-five years of age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer as a temporary or project employee, or any other similar compensated relationship with any employer included under the provisions of RCW 41.40.690(1).

The subsidized reductions for alternate early retirement in this subsection as set forth in section 9, chapter 491, Laws of 2007 were intended by the legislature as replacement benefits for gain-sharing. Until there is legal certainty with respect to the repeal of chapter 41.31A RCW, the right to retire under this subsection is noncontractual, and the legislature reserves the right to amend or repeal this subsection. Legal certainty includes, but is not limited to, the expiration of any: Applicable limitations on actions; and periods of time for seeking appellate review, up to and including reconsideration by the Washington supreme court and the supreme court of the United States. Until that time, eligible members may still retire under this subsection, and upon receipt of the first installment of a retirement allowance computed under this subsection, the resulting benefit becomes contractual for the recipient. If the repeal of chapter 41.31A RCW is held to be invalid in a final determination of a court of law, and the court orders reinstatement of gain-sharing or other alternate benefits as a remedy, then retirement benefits for any member who has completed at least thirty service credit years and has attained age fifty-five but has not yet received the first installment of a retirement allowance under this subsection shall be computed using the reductions in (a) of this subsection.

(c) Members who first become employed by an employer in an eligible position on or after July 1, 2011, are not eligible for the alternate early retirement provisions of this subsection.

**Sec. 6.** RCW 41.40.820 and 2007 c 491 s 10 are each amended to read as follows:

(1) NORMAL RETIREMENT. Any member who is at least age sixty-five and who has:

1 (a) Completed ten service credit years; or  
 2 (b) Completed five service credit years, including twelve service  
 3 credit months after attaining age forty-four; or  
 4 (c) Completed five service credit years by the transfer payment  
 5 date specified in RCW 41.40.795, under the public employees' retirement  
 6 system plan 2 and who transferred to plan 3 under RCW 41.40.795;  
 7 shall be eligible to retire and to receive a retirement allowance  
 8 computed according to the provisions of RCW 41.40.790.

9 (2) EARLY RETIREMENT. Any member who has attained at least age  
 10 fifty-five and has completed at least ten years of service shall be  
 11 eligible to retire and to receive a retirement allowance computed  
 12 according to the provisions of RCW 41.40.790, except that a member  
 13 retiring pursuant to this subsection shall have the retirement  
 14 allowance actuarially reduced to reflect the difference in the number  
 15 of years between age at retirement and the attainment of age sixty-  
 16 five.

17 (3) ALTERNATE EARLY RETIREMENT.

18 (a) Any member who has completed at least thirty service credit  
 19 years and has attained age fifty-five shall be eligible to retire and  
 20 to receive a retirement allowance computed according to the provisions  
 21 of RCW 41.40.790, except that a member retiring pursuant to this  
 22 subsection shall have the retirement allowance reduced by three percent  
 23 per year to reflect the difference in the number of years between age  
 24 at retirement and the attainment of age sixty-five.

25 (b) On or after July 1, 2008, any member who has completed at least  
 26 thirty service credit years and has attained age fifty-five shall be  
 27 eligible to retire and to receive a retirement allowance computed  
 28 according to the provisions of RCW 41.40.790, except that a member  
 29 retiring pursuant to this subsection shall have the retirement  
 30 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%

1	59	8%
2	60	5%
3	61	2%
4	62	0%
5	63	0%
6	64	0%

7 Any member who retires under the provisions of this subsection is  
8 ineligible for the postretirement employment provisions of RCW  
9 41.40.037(2)(d) until the retired member has reached sixty-five years  
10 of age. For purposes of this subsection, employment with an employer  
11 also includes any personal service contract, service by an employer as  
12 a temporary or project employee, or any other similar compensated  
13 relationship with any employer included under the provisions of RCW  
14 41.40.850(1).

15 The subsidized reductions for alternate early retirement in this  
16 subsection as set forth in section 10, chapter 491, Laws of 2007 were  
17 intended by the legislature as replacement benefits for gain-sharing.  
18 Until there is legal certainty with respect to the repeal of chapter  
19 41.31A RCW, the right to retire under this subsection is  
20 noncontractual, and the legislature reserves the right to amend or  
21 repeal this subsection. Legal certainty includes, but is not limited  
22 to, the expiration of any: Applicable limitations on actions; and  
23 periods of time for seeking appellate review, up to and including  
24 reconsideration by the Washington supreme court and the supreme court  
25 of the United States. Until that time, eligible members may still  
26 retire under this subsection, and upon receipt of the first installment  
27 of a retirement allowance computed under this subsection, the resulting  
28 benefit becomes contractual for the recipient. If the repeal of  
29 chapter 41.31A RCW is held to be invalid in a final determination of a  
30 court of law, and the court orders reinstatement of gain-sharing or  
31 other alternate benefits as a remedy, then retirement benefits for any  
32 member who has completed at least thirty service credit years and has  
33 attained age fifty-five but has not yet received the first installment  
34 of a retirement allowance under this subsection shall be computed using  
35 the reductions in (a) of this subsection.

36 (c) Members who first become employed by an employer in an eligible  
37 position on or after July 1, 2011, are not eligible for the alternate  
38 early retirement provisions of this subsection.

1        NEW SECTION.    **Sec. 7.**    This act is necessary for the immediate  
2    preservation of the public peace, health, or safety, or support of the  
3    state government and its existing public institutions, and takes effect  
4    July 1, 2011.

--- END ---