
HOUSE BILL 2825

State of Washington 62nd Legislature 2012 1st Special Session

By Representative Hunter

Read first time 04/03/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to benefits and contributions for new members of
2 the public employees' retirement system, the teachers' retirement
3 system, and the school employees' retirement system; amending RCW
4 41.32.765, 41.32.875, 41.35.420, 41.35.680, 41.40.630, and 41.40.820;
5 creating a new section; providing an effective date; and declaring an
6 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

1 temporary or project employee, or any other similar compensated
2 relationship with any employer included under the provisions of RCW
3 41.32.800(1).

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

25 (c) Members who first become employed by an employer in an eligible
26 position on or after July 1, 2012, are not eligible for the alternate
27 early retirement provisions of (b) of this subsection.

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

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

32 (a) Completed ten service credit years; or

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

35 (c) Completed five service credit years by July 1, 1996, under plan
36 2 and who transferred to plan 3 under RCW 41.32.817;

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

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

11 (3) ALTERNATE EARLY RETIREMENT.

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

19 (b) On or after September 1, 2008, any member who has completed at
20 least thirty service credit years and has attained age fifty-five shall
21 be eligible to retire and to receive a retirement allowance computed
22 according to the provisions of RCW 41.32.840, except that a member
23 retiring pursuant to this subsection shall have the retirement
24 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%

1 Any member who retires under the provisions of this subsection is
2 ineligible for the postretirement employment provisions of RCW
3 41.32.862(2) until the retired member has reached sixty-five years of
4 age. For purposes of this subsection, employment with an employer also
5 includes any personal service contract, service by an employer as a
6 temporary or project employee, or any other similar compensated
7 relationship with any employer included under the provisions of RCW
8 41.32.860(1).

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

30 (c) Members who first become employed by an employer in an eligible
31 position on or after July 1, 2012, are not eligible for the alternate
32 early retirement provisions of (b) of this subsection.

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

35 (1) NORMAL RETIREMENT. Any member with at least five service
36 credit years who has attained at least age sixty-five shall be eligible

1 to retire and to receive a retirement allowance computed according to
2 the provisions of RCW 41.35.400.

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

10 (3) ALTERNATE EARLY RETIREMENT.

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

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

24	Retirement	Percent
25	Age	Reduction
26	55	20%
27	56	17%
28	57	14%
29	58	11%
30	59	8%
31	60	5%
32	61	2%
33	62	0%
34	63	0%
35	64	0%

1 Any member who retires under the provisions of this subsection is
2 ineligible for the postretirement employment provisions of RCW
3 41.35.060(2) until the retired member has reached sixty-five years of
4 age. For purposes of this subsection, employment with an employer also
5 includes any personal service contract, service by an employer as a
6 temporary or project employee, or any other similar compensated
7 relationship with any employer included under the provisions of RCW
8 41.35.230(1).

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

30 (c) Members who first become employed by an employer in an eligible
31 position on or after July 1, 2012, are not eligible for the alternate
32 early retirement provisions of (b) of this subsection.

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

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

37 (a) Completed ten service credit years; or

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

3 (c) Completed five service credit years by September 1, 2000, under
4 the public employees' retirement system plan 2 and who transferred to
5 plan 3 under RCW 41.35.510;

6 shall be eligible to retire and to receive a retirement allowance
7 computed according to the provisions of RCW 41.35.620.

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

16 (3) ALTERNATE EARLY RETIREMENT.

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

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

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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 41.35.060(2) until the retired member has reached sixty-five years of
10 age. For purposes of this subsection, employment with an employer also
11 includes any personal service contract, service by an employer as a
12 temporary or project employee, or any other similar compensated
13 relationship with any employer included under the provisions of RCW
14 41.35.230(1).

15 The subsidized reductions for alternate early retirement in this
16 subsection as set forth in section 8, 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

1 position on or after July 1, 2012, are not eligible for the alternate
2 early retirement provisions of (b) of this subsection.

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

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

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

16 (3) ALTERNATE EARLY RETIREMENT.

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

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

30	Retirement	Percent
31	Age	Reduction
32	55	20%
33	56	17%
34	57	14%
35	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
10 years of age. For purposes of this subsection, employment with an
11 employer also includes any personal service contract, service by an
12 employer as a temporary or project employee, or any other similar
13 compensated relationship with any employer included under the
14 provisions of RCW 41.40.690(1).

15 The subsidized reductions for alternate early retirement in this
16 subsection as set forth in section 9, 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

1 position on or after July 1, 2012, are not eligible for the alternate
2 early retirement provisions of (b) of this subsection.

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

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

7 (a) Completed ten service credit years; or

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

10 (c) Completed five service credit years by the transfer payment
11 date specified in RCW 41.40.795, under the public employees' retirement
12 system plan 2 and who transferred to plan 3 under RCW 41.40.795;
13 shall be eligible to retire and to receive a retirement allowance
14 computed according to the provisions of RCW 41.40.790.

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

23 (3) ALTERNATE EARLY RETIREMENT.

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

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

	Retirement	Percent
2	Age	Reduction
3	55	20%
4	56	17%
5	57	14%
6	58	11%
7	59	8%
8	60	5%
9	61	2%
10	62	0%
11	63	0%
12	64	0%

13 Any member who retires under the provisions of this subsection is
14 ineligible for the postretirement employment provisions of RCW
15 41.40.037(2)((~~d~~)) until the retired member has reached sixty-five
16 years of age. For purposes of this subsection, employment with an
17 employer also includes any personal service contract, service by an
18 employer as a temporary or project employee, or any other similar
19 compensated relationship with any employer included under the
20 provisions of RCW 41.40.850(1).

21 The subsidized reductions for alternate early retirement in this
22 subsection as set forth in section 10, chapter 491, Laws of 2007 were
23 intended by the legislature as replacement benefits for gain-sharing.
24 Until there is legal certainty with respect to the repeal of chapter
25 41.31A RCW, the right to retire under this subsection is
26 noncontractual, and the legislature reserves the right to amend or
27 repeal this subsection. Legal certainty includes, but is not limited
28 to, the expiration of any: Applicable limitations on actions; and
29 periods of time for seeking appellate review, up to and including
30 reconsideration by the Washington supreme court and the supreme court
31 of the United States. Until that time, eligible members may still
32 retire under this subsection, and upon receipt of the first installment
33 of a retirement allowance computed under this subsection, the resulting
34 benefit becomes contractual for the recipient. If the repeal of
35 chapter 41.31A RCW is held to be invalid in a final determination of a

1 court of law, and the court orders reinstatement of gain-sharing or
2 other alternate benefits as a remedy, then retirement benefits for any
3 member who has completed at least thirty service credit years and has
4 attained age fifty-five but has not yet received the first installment
5 of a retirement allowance under this subsection shall be computed using
6 the reductions in (a) of this subsection.

7 (c) Members who first become employed by an employer in an eligible
8 position on or after July 1, 2012, are not eligible for the alternate
9 early retirement provisions of (b) of this subsection.

10 NEW SECTION. Sec. 7. The select committee on pension policy shall
11 study the issue of job classifications in the Washington state
12 retirement systems that entail either high degrees of physical risk to
13 the members' own personal safety or unusually high physical
14 requirements that result in elevated risks of injury or disablement for
15 older employees. The study shall identify such groups and evaluate
16 them for inclusion in the public safety employees' retirement system,
17 or the creation of other early retirement or disability benefits within
18 the public employees' retirement system, the teachers' retirement
19 system, and the school employees' retirement system. The select
20 committee on pension policy shall report the findings and
21 recommendations of its study to the legislative fiscal committees by no
22 later than December 15, 2012.

23 NEW SECTION. Sec. 8. This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and takes effect
26 July 1, 2012.

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