

CERTIFICATION OF ENROLLMENT
SECOND ENGROSSED SENATE BILL 6378

62nd Legislature
2012 1st Special Session

Passed by the Senate April 10, 2012
YEAS 27 NAYS 22

President of the Senate

Passed by the House April 10, 2012
YEAS 56 NAYS 42

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND ENGROSSED SENATE BILL 6378** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SECOND ENGROSSED SENATE BILL 6378

Passed Legislature - 2012 1st Special Session

State of Washington 62nd Legislature 2012 1st Special Session

By Senators Zarelli, Baumgartner, Parlette, Hill, and Tom

Read first time 01/19/12. 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, 41.40.820, and
5 41.45.035; and creating a new section.

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

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

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

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

1 of years between age at retirement and the attainment of age sixty-
2 five.

3 (3) ALTERNATE EARLY RETIREMENT.

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

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

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

29 Any member who retires under the provisions of this subsection is
30 ineligible for the postretirement employment provisions of RCW
31 41.32.802(2) until the retired member has reached sixty-five years of
32 age. For purposes of this subsection, employment with an employer also
33 includes any personal service contract, service by an employer as a
34 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 May 1, 2013, are not eligible for the alternate
26 early retirement provisions of (a) or (b) of this subsection. Any
27 member who first becomes employed by an employer in an eligible
28 position on or after May 1, 2013, and has completed at least thirty
29 service credit years and has attained age fifty-five shall be eligible
30 to retire and to receive a retirement allowance computed according to
31 the provisions of RCW 41.32.760, except that a member retiring pursuant
32 to this subsection shall have the retirement allowance reduced by five
33 percent per year to reflect the difference in the number of years
34 between age at retirement and the attainment of age sixty-five.

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

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

3 (a) Completed ten service credit years; or

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

6 (c) Completed five service credit years by July 1, 1996, under plan
7 2 and who transferred to plan 3 under RCW 41.32.817;

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

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

18 (3) ALTERNATE EARLY RETIREMENT.

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

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

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

1	58	11%
2	59	8%
3	60	5%
4	61	2%
5	62	0%
6	63	0%
7	64	0%

8 Any member who retires under the provisions of this subsection is
9 ineligible for the postretirement employment provisions of RCW
10 41.32.862(2) until the retired member has reached sixty-five years of
11 age. For purposes of this subsection, employment with an employer also
12 includes any personal service contract, service by an employer as a
13 temporary or project employee, or any other similar compensated
14 relationship with any employer included under the provisions of RCW
15 41.32.860(1).

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

1 (c) Members who first become employed by an employer in an eligible
2 position on or after May 1, 2013, are not eligible for the alternate
3 early retirement provisions of (a) or (b) of this subsection. Any
4 member who first becomes employed by an employer in an eligible
5 position on or after May 1, 2013, and has completed at least thirty
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 41.32.840, except that a member retiring pursuant
9 to this subsection shall have the retirement allowance reduced by five
10 percent per year to reflect the difference in the number of years
11 between age at retirement and the attainment of age sixty-five.

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

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

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

25 (3) ALTERNATE EARLY RETIREMENT.

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

33 (b) On or after September 1, 2008, any member who has completed at
34 least thirty service credit years and has attained age fifty-five shall
35 be eligible to retire and to receive a retirement allowance computed
36 according to the provisions of RCW 41.35.400, except that a member

1 retiring pursuant to this subsection shall have the retirement
2 allowance reduced as follows:

3	Retirement	Percent
4	Age	Reduction
5	55	20%
6	56	17%
7	57	14%
8	58	11%
9	59	8%
10	60	5%
11	61	2%
12	62	0%
13	63	0%
14	64	0%

15 Any member who retires under the provisions of this subsection is
16 ineligible for the postretirement employment provisions of RCW
17 41.35.060(2) until the retired member has reached sixty-five years of
18 age. For purposes of this subsection, employment with an employer also
19 includes any personal service contract, service by an employer as a
20 temporary or project employee, or any other similar compensated
21 relationship with any employer included under the provisions of RCW
22 41.35.230(1).

23 The subsidized reductions for alternate early retirement in this
24 subsection as set forth in section 6, chapter 491, Laws of 2007 were
25 intended by the legislature as replacement benefits for gain-sharing.
26 Until there is legal certainty with respect to the repeal of chapter
27 41.31A RCW, the right to retire under this subsection is
28 noncontractual, and the legislature reserves the right to amend or
29 repeal this subsection. Legal certainty includes, but is not limited
30 to, the expiration of any: Applicable limitations on actions; and
31 periods of time for seeking appellate review, up to and including
32 reconsideration by the Washington supreme court and the supreme court
33 of the United States. Until that time, eligible members may still
34 retire under this subsection, and upon receipt of the first installment
35 of a retirement allowance computed under this subsection, the resulting

1 benefit becomes contractual for the recipient. If the repeal of
2 chapter 41.31A RCW is held to be invalid in a final determination of a
3 court of law, and the court orders reinstatement of gain-sharing or
4 other alternate benefits as a remedy, then retirement benefits for any
5 member who has completed at least thirty service credit years and has
6 attained age fifty-five but has not yet received the first installment
7 of a retirement allowance under this subsection shall be computed using
8 the reductions in (a) of this subsection.

9 (c) Members who first become employed by an employer in an eligible
10 position on or after May 1, 2013, are not eligible for the alternate
11 early retirement provisions of (a) or (b) of this subsection. Any
12 member who first becomes employed by an employer in an eligible
13 position on or after May 1, 2013, and has completed at least thirty
14 service credit years and has attained age fifty-five shall be eligible
15 to retire and to receive a retirement allowance computed according to
16 the provisions of RCW 41.35.400, except that a member retiring pursuant
17 to this subsection shall have the retirement allowance reduced by five
18 percent per year to reflect the difference in the number of years
19 between age at retirement and the attainment of age sixty-five.

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

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

24 (a) Completed ten service credit years; or

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

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

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

32 (2) EARLY RETIREMENT. Any member who has attained at least age
33 fifty-five and has completed at least ten years of service shall be
34 eligible to retire and to receive a retirement allowance computed
35 according to the provisions of RCW 41.35.620, except that a member
36 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 41.35.620, 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 41.35.620, 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 41.35.060(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 41.35.230(1).

4 The subsidized reductions for alternate early retirement in this
5 subsection as set forth in section 8, 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 May 1, 2013, are not eligible for the alternate
27 early retirement provisions of (a) or (b) of this subsection. Any
28 member who first becomes employed by an employer in an eligible
29 position on or after May 1, 2013, and has completed at least thirty
30 service credit years and has attained age fifty-five shall be eligible
31 to retire and to receive a retirement allowance computed according to
32 the provisions of RCW 41.35.620, except that a member retiring pursuant
33 to this subsection shall have the retirement allowance reduced by five
34 percent per year to reflect the difference in the number of years
35 between age at retirement and the attainment of age sixty-five.

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%

2 Any member who retires under the provisions of this subsection is
 3 ineligible for the postretirement employment provisions of RCW
 4 41.40.037(2)(d) until the retired member has reached sixty-five years
 5 of age. For purposes of this subsection, employment with an employer
 6 also includes any personal service contract, service by an employer as
 7 a temporary or project employee, or any other similar compensated
 8 relationship with any employer included under the provisions of RCW
 9 41.40.690(1).

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

31 (c) Members who first become employed by an employer in an eligible
 32 position on or after May 1, 2013, are not eligible for the alternate
 33 early retirement provisions of (a) or (b) of this subsection. Any
 34 member who first becomes employed by an employer in an eligible
 35 position on or after May 1, 2013, and has completed at least thirty
 36 service credit years and has attained age fifty-five shall be eligible
 37 to retire and to receive a retirement allowance computed according to

1 the provisions of RCW 41.40.620, except that a member retiring pursuant
2 to this subsection shall have the retirement allowance reduced by five
3 percent per year to reflect the difference in the number of years
4 between age at retirement and the attainment of age sixty-five.

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

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

9 (a) Completed ten service credit years; or

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

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

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

25 (3) ALTERNATE EARLY RETIREMENT.

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

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

1 retiring pursuant to this subsection shall have the retirement
2 allowance reduced as follows:

3	Retirement	Percent
4	Age	Reduction
5	55	20%
6	56	17%
7	57	14%
8	58	11%
9	59	8%
10	60	5%
11	61	2%
12	62	0%
13	63	0%
14	64	0%

15 Any member who retires under the provisions of this subsection is
16 ineligible for the postretirement employment provisions of RCW
17 41.40.037(2)(d) until the retired member has reached sixty-five years
18 of age. For purposes of this subsection, employment with an employer
19 also includes any personal service contract, service by an employer as
20 a temporary or project employee, or any other similar compensated
21 relationship with any employer included under the provisions of RCW
22 41.40.850(1).

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

1 benefit becomes contractual for the recipient. If the repeal of
2 chapter 41.31A RCW is held to be invalid in a final determination of a
3 court of law, and the court orders reinstatement of gain-sharing or
4 other alternate benefits as a remedy, then retirement benefits for any
5 member who has completed at least thirty service credit years and has
6 attained age fifty-five but has not yet received the first installment
7 of a retirement allowance under this subsection shall be computed using
8 the reductions in (a) of this subsection.

9 (c) Members who first become employed by an employer in an eligible
10 position on or after May 1, 2013, are not eligible for the alternate
11 early retirement provisions of (a) or (b) of this subsection. Any
12 member who first becomes employed by an employer in an eligible
13 position on or after May 1, 2013, and has completed at least thirty
14 service credit years and has attained age fifty-five shall be eligible
15 to retire and to receive a retirement allowance computed according to
16 the provisions of RCW 41.40.790, except that a member retiring pursuant
17 to this subsection shall have the retirement allowance reduced by five
18 percent per year to reflect the difference in the number of years
19 between age at retirement and the attainment of age sixty-five.

20 **Sec. 7.** RCW 41.45.035 and 2009 c 561 s 2 are each amended to read
21 as follows:

22 (1) Beginning July 1, 2001, the following long-term economic
23 assumptions shall be used by the state actuary for the purposes of RCW
24 41.45.030:

25 (a) The growth in inflation assumption shall be 3.5 percent;

26 (b) The growth in salaries assumption, exclusive of merit or
27 longevity increases, shall be 4.5 percent;

28 (c) The investment rate of return assumption shall be 8 percent;
29 and

30 (d) The growth in system membership assumption shall be 1.25
31 percent for the public employees' retirement system, the public safety
32 employees' retirement system, the school employees' retirement system,
33 and the law enforcement officers' and firefighters' retirement system.
34 The assumption shall be .90 percent for the teachers' retirement
35 system.

36 (2) Beginning July 1, 2009, the growth in salaries assumption for
37 the public employees' retirement system, the public safety employees'

1 retirement system, the teachers' retirement system, the school
2 employees' retirement system, plan 1 of the law enforcement officers'
3 and firefighters' retirement system, and the Washington state patrol
4 retirement system, exclusive of merit or longevity increases, shall be
5 the sum of:

6 (a) The growth in inflation assumption in subsection (1)(a) of this
7 section; and

8 (b) The productivity growth assumption of 0.5 percent.

9 (3) The following investment rate of return assumptions for the
10 public employees' retirement system, the public safety employees'
11 retirement system, the teachers' retirement system, the school
12 employees' retirement system, plan 1 of the law enforcement officers'
13 and firefighters' retirement system, and the Washington state patrol
14 retirement system, shall be used by the state actuary for the purposes
15 of RCW 41.45.030:

16 (a) Beginning July 1, 2013, the investment rate of return
17 assumption shall be 7.9 percent.

18 (b) Beginning July 1, 2015, the investment rate of return
19 assumption shall be 7.8 percent.

20 (c) Beginning July 1, 2017, the investment rate of return
21 assumption shall be 7.7 percent.

22 (d) For valuation purposes, the state actuary shall only use the
23 assumptions in (a) through (c) of this subsection after the effective
24 date in (a) through (c) of this subsection.

25 (e) By June 1, 2017, the state actuary shall submit to the council
26 information regarding the experience and financial condition of each
27 state retirement system, and make recommendations regarding the long-
28 term investment rate of return assumptions set forth in this
29 subsection. The council shall review this and such other information
30 as it may require.

31 (4)(a) Beginning with actuarial studies done after July 1, 2003,
32 changes to plan asset values that vary from the long-term investment
33 rate of return assumption shall be recognized in the actuarial value of
34 assets over a period that varies up to eight years depending on the
35 magnitude of the deviation of each year's investment rate of return
36 relative to the long-term rate of return assumption. Beginning with
37 actuarial studies performed after July 1, 2004, the actuarial value of
38 assets shall not be greater than one hundred thirty percent of the

1 market value of assets as of the valuation date or less than seventy
2 percent of the market value of assets as of the valuation date.
3 Beginning April 1, 2004, the council, by affirmative vote of four
4 councilmembers, may adopt changes to this asset value smoothing
5 technique. Any changes adopted by the council shall be subject to
6 revision by the legislature.

7 (b) The state actuary shall periodically review the appropriateness
8 of the asset smoothing method in this section and recommend changes to
9 the council as necessary. Any changes adopted by the council shall be
10 subject to revision by the legislature.

11 NEW SECTION. **Sec. 8.** The select committee on pension policy, with
12 the assistance of the department of labor and industries, shall study
13 the issue of risk classifications of employees in the Washington state
14 retirement systems that entail either high degrees of physical or
15 psychological risk to the members' own safety or unusually high
16 physical requirements that result in elevated risks of injury or
17 disablement for older employees. The select committee on pension
18 policy, with the assistance of the office of the superintendent of
19 public instruction, shall also study existing early retirement factors
20 and job requirements that may limit the effectiveness of the older
21 classroom employee. The study shall identify groups and evaluate them
22 for inclusion in the public safety employees' retirement system or the
23 creation of other early retirement factors in the teachers' or school
24 employees' retirement systems. The select committee on pension policy
25 shall report the findings and recommendations of its study to the
26 legislative fiscal committees by no later than December 15, 2012.

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