
SENATE BILL 5652

State of Washington

63rd Legislature

2013 Regular Session

By Senators Roach, Conway, Keiser, Schlicher, McAuliffe, Hasegawa, and Chase

Read first time 02/06/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to vesting after five years of service in the
2 defined benefit portion of the public employees' retirement system, the
3 school employees' retirement system, and the teachers' retirement
4 system plan 3; and amending RCW 41.32.875, 41.35.680, and 41.40.820.

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

6 **Sec. 1.** RCW 41.32.875 and 2012 1st sp.s. c 7 s 2 are each amended
7 to read as follows:

8 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five
9 and who has(~~+~~

10 ~~(a))~~ completed (~~ten~~) five service credit years(~~+~~~~or~~

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

13 ~~(c))~~ or completed five service credit years by July 1, 1996, under
14 plan 2 and who transferred to plan 3 under RCW 41.32.817(~~+~~), shall be
15 eligible to retire and to receive a retirement allowance computed
16 according to the provisions of RCW 41.32.840.

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

1 according to the provisions of RCW 41.32.840, except that a member
2 retiring pursuant to this subsection shall have the retirement
3 allowance actuarially reduced to reflect the difference in the number
4 of years between age at retirement and the attainment of age sixty-
5 five.

6 (3) ALTERNATE EARLY RETIREMENT.

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

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

20	Retirement	Percent
21	Age	Reduction
22	55	20%
23	56	17%
24	57	14%
25	58	11%
26	59	8%
27	60	5%
28	61	2%
29	62	0%
30	63	0%
31	64	0%

32 Any member who retires under the provisions of this subsection is
33 ineligible for the postretirement employment provisions of RCW
34 41.32.862(2) until the retired member has reached sixty-five years of
35 age. For purposes of this subsection, employment with an employer also

1 includes any personal service contract, service by an employer as a
2 temporary or project employee, or any other similar compensated
3 relationship with any employer included under the provisions of RCW
4 41.32.860(1).

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

26 (c) Members who first become employed by an employer in an eligible
27 position on or after May 1, 2013, are not eligible for the alternate
28 early retirement provisions of (a) or (b) of this subsection. Any
29 member who first becomes employed by an employer in an eligible
30 position on or after May 1, 2013, and has completed at least thirty
31 service credit years and has attained age fifty-five shall be eligible
32 to retire and to receive a retirement allowance computed according to
33 the provisions of RCW 41.32.840, except that a member retiring pursuant
34 to this subsection shall have the retirement allowance reduced by five
35 percent per year to reflect the difference in the number of years
36 between age at retirement and the attainment of age sixty-five.

1 **Sec. 2.** RCW 41.35.680 and 2012 1st sp.s. c 7 s 4 are each amended
2 to read as follows:

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

5 ~~(a))~~ completed ~~((ten))~~ five service credit years~~((+or~~

6 ~~(b) Completed five service credit years, including twelve service~~
7 ~~credit months after attaining age forty four; or~~

8 ~~(c))~~ or completed five service credit years by September 1, 2000,
9 under the public employees' retirement system plan 2 and who
10 transferred to plan 3 under RCW 41.35.510~~((+))~~ shall be eligible to
11 retire and to receive a retirement allowance computed according to the
12 provisions of RCW 41.35.620.

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

21 (3) ALTERNATE EARLY RETIREMENT.

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

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

Retirement	Percent
Age	Reduction

1	55	20%
2	56	17%
3	57	14%
4	58	11%
5	59	8%
6	60	5%
7	61	2%
8	62	0%
9	63	0%
10	64	0%

11 Any member who retires under the provisions of this subsection is
12 ineligible for the postretirement employment provisions of RCW
13 41.35.060(2) until the retired member has reached sixty-five years of
14 age. For purposes of this subsection, employment with an employer also
15 includes any personal service contract, service by an employer as a
16 temporary or project employee, or any other similar compensated
17 relationship with any employer included under the provisions of RCW
18 41.35.230(1).

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

1 attained age fifty-five but has not yet received the first installment
2 of a retirement allowance under this subsection shall be computed using
3 the reductions in (a) of this subsection.

4 (c) Members who first become employed by an employer in an eligible
5 position on or after May 1, 2013, are not eligible for the alternate
6 early retirement provisions of (a) or (b) of this subsection. Any
7 member who first becomes employed by an employer in an eligible
8 position on or after May 1, 2013, and has completed at least thirty
9 service credit years and has attained age fifty-five shall be eligible
10 to retire and to receive a retirement allowance computed according to
11 the provisions of RCW 41.35.620, except that a member retiring pursuant
12 to this subsection shall have the retirement allowance reduced by five
13 percent per year to reflect the difference in the number of years
14 between age at retirement and the attainment of age sixty-five.

15 **Sec. 3.** RCW 41.40.820 and 2012 1st sp.s. c 7 s 6 are each amended
16 to read as follows:

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

19 ~~(a))~~ completed (~~(ten))~~ five service credit years(~~(+or~~

20 ~~(b) Completed five service credit years, including twelve service~~
21 ~~credit months after attaining age forty four; or~~

22 ~~(c))~~ or completed five service credit years by the transfer
23 payment date specified in RCW 41.40.795, under the public employees'
24 retirement system plan 2 and who transferred to plan 3 under RCW
25 41.40.795(~~(+))~~), shall be eligible to retire and to receive a retirement
26 allowance computed according to the provisions of RCW 41.40.790.

27 (2) EARLY RETIREMENT. Any member who has attained at least age
28 fifty-five and has completed at least ten years of service shall be
29 eligible to retire and to receive a retirement allowance computed
30 according to the provisions of RCW 41.40.790, except that a member
31 retiring pursuant to this subsection shall have the retirement
32 allowance actuarially reduced to reflect the difference in the number
33 of years between age at retirement and the attainment of age sixty-
34 five.

35 (3) ALTERNATE EARLY RETIREMENT.

36 (a) Any member who has completed at least thirty service credit
37 years and has attained age fifty-five shall be eligible to retire and

1 to receive a retirement allowance computed according to the provisions
2 of RCW 41.40.790, except that a member retiring pursuant to this
3 subsection shall have the retirement allowance reduced by three percent
4 per year to reflect the difference in the number of years between age
5 at retirement and the attainment of age sixty-five.

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

12	Retirement	Percent
13	Age	Reduction
14	55	20%
15	56	17%
16	57	14%
17	58	11%
18	59	8%
19	60	5%
20	61	2%
21	62	0%
22	63	0%
23	64	0%

24 Any member who retires under the provisions of this subsection is
25 ineligible for the postretirement employment provisions of RCW
26 41.40.037(2)(d) until the retired member has reached sixty-five years
27 of age. For purposes of this subsection, employment with an employer
28 also includes any personal service contract, service by an employer as
29 a temporary or project employee, or any other similar compensated
30 relationship with any employer included under the provisions of RCW
31 41.40.850(1).

32 The subsidized reductions for alternate early retirement in this
33 subsection as set forth in section 10, chapter 491, Laws of 2007 were
34 intended by the legislature as replacement benefits for gain-sharing.
35 Until there is legal certainty with respect to the repeal of chapter

1 41.31A RCW, the right to retire under this subsection is
2 noncontractual, and the legislature reserves the right to amend or
3 repeal this subsection. Legal certainty includes, but is not limited
4 to, the expiration of any: Applicable limitations on actions; and
5 periods of time for seeking appellate review, up to and including
6 reconsideration by the Washington supreme court and the supreme court
7 of the United States. Until that time, eligible members may still
8 retire under this subsection, and upon receipt of the first installment
9 of a retirement allowance computed under this subsection, the resulting
10 benefit becomes contractual for the recipient. If the repeal of
11 chapter 41.31A RCW is held to be invalid in a final determination of a
12 court of law, and the court orders reinstatement of gain-sharing or
13 other alternate benefits as a remedy, then retirement benefits for any
14 member who has completed at least thirty service credit years and has
15 attained age fifty-five but has not yet received the first installment
16 of a retirement allowance under this subsection shall be computed using
17 the reductions in (a) of this subsection.

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

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