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HOUSE BILL 2333

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State of Washington

64th Legislature

2016 Regular Session

By Representatives Reykdal, S. Hunt, and Bergquist

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1 AN ACT Relating to providing a choice between membership in the  
2 public employees' retirement system plans 2 and 3 for employees age  
3 twenty-five or less in subsequent terms of employment; and amending  
4 RCW 41.40.785 and 41.54.010.

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

6 **Sec. 1.** RCW 41.40.785 and 2000 c 247 s 302 are each amended to  
7 read as follows:

8 (1) All employees who first become employed by an employer in an  
9 eligible position on or after March 1, 2002, for state agencies or  
10 institutes of higher education, or September 1, 2002, for other  
11 employers, shall have a period of ninety days to make an irrevocable  
12 choice to become a member of plan 2 or plan 3. At the end of ninety  
13 days, if the member has not made a choice to become a member of plan  
14 2, he or she becomes a member of plan 3.

15 (2) For administrative efficiency, until a member elects to  
16 become a member of plan 3, or becomes a member of plan 3 by default  
17 pursuant to subsection (1) of this section, the member shall be  
18 reported to the department in plan 2, with member and employer  
19 contributions. Upon becoming a member of plan 3 by election or by  
20 default, all service credit shall be transferred to the member's plan

1 3 defined benefit, and all employee accumulated contributions shall  
2 be transferred to the member's plan 3 defined contribution account.

3 (3) Employees may choose to earn future service credit as a  
4 member of plan 2 or plan 3 if they are (a) age twenty-five or less,  
5 (b) validly separated from employment from an employer, and (c)  
6 subsequently employed by a different employer in an eligible  
7 position. The member must make the choice of plan 2 or plan 3 during  
8 the same ninety-day period for which contribution rate choice is  
9 available under RCW 41.34.040(3)(d). If the member does not choose to  
10 change membership from the plan in which he or she earned service  
11 prior to the change of employers within this ninety-day period, he or  
12 she shall remain in the plan he or she participated in prior to  
13 changing employers. If the member chooses to change plans, they are  
14 considered a dual member pursuant to chapter 41.54 RCW.

15 (4) For administrative efficiency, until a member elects to  
16 remain in their prior plan, defaults into their prior plan, or elects  
17 a new plan pursuant to subsection (3) of this section, the member  
18 shall be reported to the department in their prior plan, with member  
19 and employer contributions.

20 **Sec. 2.** RCW 41.54.010 and 2007 c 207 s 1 are each amended to  
21 read as follows:

22 The definitions in this section apply throughout this chapter  
23 unless the context clearly requires otherwise.

24 (1) "Base salary" means salaries or wages earned by a member of a  
25 system during a payroll period for personal services and includes  
26 wages and salaries deferred under provisions of the United States  
27 internal revenue code, but shall exclude overtime payments, nonmoney  
28 maintenance compensation, and lump sum payments for deferred annual  
29 sick leave, unused accumulated vacation, unused accumulated annual  
30 leave, any form of severance pay, any bonus for voluntary retirement,  
31 any other form of leave, or any similar lump sum payment; except that  
32 forms of payment which are excluded under this subsection shall be  
33 included in base salary when reportable to the department in all of a  
34 dual member's retirement systems, and when none of the dual member's  
35 retirement systems are the Washington state patrol retirement system.

36 (2) "Department" means the department of retirement systems.

37 (3) "Director" means the director of the department of retirement  
38 systems.

1           (4) "Dual member" means a person who (a) is or becomes a member  
2 of a system on or after July 1, 1988, (b) has been a member of one or  
3 more other systems or plans, and (c) has never been retired for  
4 service from a retirement system and is not receiving a disability  
5 retirement or disability leave benefit from any retirement system  
6 listed in RCW 41.50.030 or subsection (6) of this section.

7           (5) "Service" means the same as it may be defined in each  
8 respective system. For the purposes of RCW 41.54.030, military  
9 service granted under RCW 41.40.170(3) or 43.43.260 may only be based  
10 on service accrued under chapter 41.40 or 43.43 RCW, respectively.

11          (6) "System" means the retirement systems or plans established  
12 under chapters 41.32, 41.40, 41.44, 41.35, 41.37, and 43.43 RCW; plan  
13 2 of the system established under chapter 41.26 RCW; and the city  
14 employee retirement systems for Seattle, Tacoma, and Spokane.

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