
SENATE BILL 5178

State of Washington

66th Legislature

2019 Regular Session

By Senators Hunt and Saldaña

Read first time 01/15/19. Referred to Committee on Ways & Means.

1 AN ACT Relating to early retirement options for members of the
2 teachers' retirement system and school employees' retirement system
3 plans 2 and 3; amending RCW 41.32.765, 41.32.875, 41.35.420, and
4 41.35.680; providing an effective date; and declaring an emergency.

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

6 **Sec. 1.** RCW 41.32.765 and 2012 1st sp.s. c 7 s 1 are each
7 amended to read as follows:

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

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

20 (3) ALTERNATE EARLY RETIREMENT.

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

8 (b) (i) On or after September 1, 2008, any member who has
9 completed at least thirty service credit years and has attained age
10 fifty-five shall be eligible to retire and to receive a retirement
11 allowance computed according to the provisions of RCW 41.32.760,
12 except that a member retiring pursuant to this subsection shall have
13 the retirement 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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26 (ii) On or after July 1, 2019, any member who has completed at
27 least thirty service credit years and has attained age fifty-five
28 shall be eligible to retire and to receive a retirement allowance
29 computed according to the provisions of RCW 41.32.760, except that a
30 member retiring pursuant to this subsection shall have the retirement
31 allowance reduced as follows:

| <u>Retirement</u> | <u>Percent</u> |
|-------------------|------------------|
| <u>Age</u> | <u>Reduction</u> |
| <u>55</u> | <u>20%</u> |
| <u>56</u> | <u>17%</u> |

| | | |
|---|-----------|------------|
| 1 | <u>57</u> | <u>14%</u> |
| 2 | <u>58</u> | <u>11%</u> |
| 3 | <u>59</u> | <u>8%</u> |
| 4 | <u>60</u> | <u>0%</u> |
| 5 | <u>61</u> | <u>0%</u> |
| 6 | <u>62</u> | <u>0%</u> |
| 7 | <u>63</u> | <u>0%</u> |
| 8 | <u>64</u> | <u>0%</u> |

9 (iii)(A) Any member who retires under the provisions of this
10 subsection is ineligible for the postretirement employment provisions
11 of RCW 41.32.802(2) until the retired member has reached sixty-five
12 years of age. For purposes of this subsection, employment with an
13 employer also includes any personal service contract, service by an
14 employer as a temporary or project employee, or any other similar
15 compensated relationship with any employer included under the
16 provisions of RCW 41.32.800(1).

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

1 (c) Members who first become employed by an employer in an
2 eligible position on or after May 1, 2013, are not eligible for the
3 alternate early retirement provisions of (a) or (b) of this
4 subsection. Any member who first becomes employed by an employer in
5 an eligible position on or after May 1, 2013, and has completed at
6 least thirty service credit years and has attained age fifty-five
7 shall be eligible to retire and to receive a retirement allowance
8 computed according to the provisions of RCW 41.32.760, except that a
9 member retiring pursuant to this subsection shall have the retirement
10 allowance reduced by five percent per year to reflect the difference
11 in the number of years between age at retirement and the attainment
12 of age sixty-five.

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

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

17 (a) Completed ten service credit years; or

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

20 (c) Completed five service credit years by July 1, 1996, under
21 plan 2 and who transferred to plan 3 under RCW 41.32.817;
22 shall be eligible to retire and to receive a retirement allowance
23 computed according to the provisions of RCW 41.32.840.

24 (2) EARLY RETIREMENT. Any member who has attained at least age
25 fifty-five and has completed at least ten years of service shall be
26 eligible to retire and to receive a retirement allowance computed
27 according to the provisions of RCW 41.32.840, except that a member
28 retiring pursuant to this subsection shall have the retirement
29 allowance actuarially reduced to reflect the difference in the number
30 of years between age at retirement and the attainment of age sixty-
31 five.

32 (3) ALTERNATE EARLY RETIREMENT.

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

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

| 7 | Retirement | Percent |
|----|------------|-----------|
| 8 | Age | Reduction |
| 9 | 55 | 20% |
| 10 | 56 | 17% |
| 11 | 57 | 14% |
| 12 | 58 | 11% |
| 13 | 59 | 8% |
| 14 | 60 | 5% |
| 15 | 61 | 2% |
| 16 | 62 | 0% |
| 17 | 63 | 0% |
| 18 | 64 | 0% |

19 (ii) On or after July 1, 2019, any member who has completed at
20 least thirty service credit years and has attained age fifty-five
21 shall be eligible to retire and to receive a retirement allowance
22 computed according to the provisions of RCW 41.32.760, except that a
23 member retiring pursuant to this subsection shall have the retirement
24 allowance reduced as follows:

| 25 | <u>Retirement</u> | <u>Percent</u> |
|----|-------------------|------------------|
| 26 | <u>Age</u> | <u>Reduction</u> |
| 27 | <u>55</u> | <u>20%</u> |
| 28 | <u>56</u> | <u>17%</u> |
| 29 | <u>57</u> | <u>14%</u> |
| 30 | <u>58</u> | <u>11%</u> |
| 31 | <u>59</u> | <u>8%</u> |
| 32 | <u>60</u> | <u>0%</u> |
| 33 | <u>61</u> | <u>0%</u> |
| 34 | <u>62</u> | <u>0%</u> |

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(iii)(A) Any member who retires under the provisions of this subsection is ineligible for the postretirement employment provisions of RCW 41.32.862(2) 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 41.32.860(1).

(B) The subsidized reductions for alternate early retirement in this subsection as set forth in section 4, 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 May 1, 2013, are not eligible for the alternate early retirement provisions of (a) or (b) of this subsection. Any member who first becomes employed by an employer in an eligible position on or after May 1, 2013, and has completed at least thirty service credit years and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance

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

6 **Sec. 3.** RCW 41.35.420 and 2012 1st sp.s. c 7 s 3 are each
7 amended to read as follows:

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

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

20 (3) ALTERNATE EARLY RETIREMENT.

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

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

| 34 | Retirement | Percent |
|----|------------|-----------|
| 35 | Age | Reduction |
| 36 | 55 | 20% |
| 37 | 56 | 17% |

| | | |
|---|----|-----|
| 1 | 57 | 14% |
| 2 | 58 | 11% |
| 3 | 59 | 8% |
| 4 | 60 | 5% |
| 5 | 61 | 2% |
| 6 | 62 | 0% |
| 7 | 63 | 0% |
| 8 | 64 | 0% |

9 (ii) On or after July 1, 2019, any member who has completed at
10 least thirty service credit years and has attained age fifty-five
11 shall be eligible to retire and to receive a retirement allowance
12 computed according to the provisions of RCW 41.32.760, except that a
13 member retiring pursuant to this subsection shall have the retirement
14 allowance reduced as follows:

| | <u>Retirement</u> | <u>Percent</u> |
|----|-------------------|------------------|
| | <u>Age</u> | <u>Reduction</u> |
| 15 | | |
| 16 | | |
| 17 | <u>55</u> | <u>20%</u> |
| 18 | <u>56</u> | <u>17%</u> |
| 19 | <u>57</u> | <u>14%</u> |
| 20 | <u>58</u> | <u>11%</u> |
| 21 | <u>59</u> | <u>8%</u> |
| 22 | <u>60</u> | <u>0%</u> |
| 23 | <u>61</u> | <u>0%</u> |
| 24 | <u>62</u> | <u>0%</u> |
| 25 | <u>63</u> | <u>0%</u> |
| 26 | <u>64</u> | <u>0%</u> |

27 (iii) (A) Any member who retires under the provisions of this
28 subsection is ineligible for the postretirement employment provisions
29 of RCW 41.35.060(2) until the retired member has reached sixty-five
30 years of age. For purposes of this subsection, employment with an
31 employer also includes any personal service contract, service by an
32 employer as a temporary or project employee, or any other similar
33 compensated relationship with any employer included under the
34 provisions of RCW 41.35.230(1).

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

23 (c) Members who first become employed by an employer in an
24 eligible position on or after May 1, 2013, are not eligible for the
25 alternate early retirement provisions of (a) or (b) of this
26 subsection. Any member who first becomes employed by an employer in
27 an eligible position on or after May 1, 2013, and has completed at
28 least thirty service credit years and has attained age fifty-five
29 shall be eligible to retire and to receive a retirement allowance
30 computed according to the provisions of RCW 41.35.400, except that a
31 member retiring pursuant to this subsection shall have the retirement
32 allowance reduced by five percent per year to reflect the difference
33 in the number of years between age at retirement and the attainment
34 of age sixty-five.

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

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

39 (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,
4 under the public employees' retirement system plan 2 and who
5 transferred to 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
20 provisions of RCW 41.35.620, except that a member retiring pursuant
21 to this subsection shall have the retirement allowance reduced by
22 three percent per year to reflect the difference in the number of
23 years between age at retirement and the attainment of age sixty-five.

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

| Retirement Age | Percent 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 (ii) On or after July 1, 2019, any member who has completed at
5 least thirty service credit years and has attained age fifty-five
6 shall be eligible to retire and to receive a retirement allowance
7 computed according to the provisions of RCW 41.32.760, except that a
8 member retiring pursuant to this subsection shall have the retirement
9 allowance reduced as follows:

| 10 | <u>Retirement</u> | <u>Percent</u> |
|----|-------------------|------------------|
| 11 | <u>Age</u> | <u>Reduction</u> |
| 12 | <u>55</u> | <u>20%</u> |
| 13 | <u>56</u> | <u>17%</u> |
| 14 | <u>57</u> | <u>14%</u> |
| 15 | <u>58</u> | <u>11%</u> |
| 16 | <u>59</u> | <u>8%</u> |
| 17 | <u>60</u> | <u>0%</u> |
| 18 | <u>61</u> | <u>0%</u> |
| 19 | <u>62</u> | <u>0%</u> |
| 20 | <u>63</u> | <u>0%</u> |
| 21 | <u>64</u> | <u>0%</u> |

22 (iii)(A) Any member who retires under the provisions of this
23 subsection is ineligible for the postretirement employment provisions
24 of RCW 41.35.060(2) until the retired member has reached sixty-five
25 years of age. For purposes of this subsection, employment with an
26 employer also includes any personal service contract, service by an
27 employer as a temporary or project employee, or any other similar
28 compensated relationship with any employer included under the
29 provisions of RCW 41.35.230(1).

30 (B) The subsidized reductions for alternate early retirement in
31 this subsection as set forth in section 8, chapter 491, Laws of 2007
32 were intended by the legislature as replacement benefits for gain-
33 sharing. Until there is legal certainty with respect to the repeal of
34 chapter 41.31A RCW, the right to retire under this subsection is
35 noncontractual, and the legislature reserves the right to amend or

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

17 (c) Members who first become employed by an employer in an
18 eligible position on or after May 1, 2013, are not eligible for the
19 alternate early retirement provisions of (a) or (b) of this
20 subsection. Any member who first becomes employed by an employer in
21 an eligible position on or after May 1, 2013, and has completed at
22 least thirty service credit years and has attained age fifty-five
23 shall be eligible to retire and to receive a retirement allowance
24 computed according to the provisions of RCW 41.35.620, except that a
25 member retiring pursuant to this subsection shall have the retirement
26 allowance reduced by five percent per year to reflect the difference
27 in the number of years between age at retirement and the attainment
28 of age sixty-five.

29 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of
31 the state government and its existing public institutions, and takes
32 effect July 1, 2019.

--- END ---