
SENATE BILL 5350

State of Washington

66th Legislature

2019 Regular Session

By Senators Conway, Bailey, and Schoesler; by request of Select Committee on Pension Policy

1 AN ACT Relating to an optional life annuity benefit for members
2 of the public employees' retirement system, school employees'
3 retirement system, and public safety employees' retirement system;
4 adding a new section to chapter 41.40 RCW; adding a new section to
5 chapter 41.37 RCW; adding a new section to chapter 41.35 RCW; and
6 providing an effective date.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.40
9 RCW to read as follows:

10 (1) At the time of retirement, a plan 1 member may purchase an
11 optional actuarially equivalent life annuity benefit from the public
12 employees' retirement system plan 1 fund established in RCW
13 41.50.075. A minimum payment of five thousand dollars is required.

14 (2) At the time of retirement, a plan 2 or plan 3 member may
15 purchase an optional actuarially equivalent life annuity benefit from
16 the public employees' retirement system combined plan 2 and plan 3
17 fund established in RCW 41.50.075. A minimum payment of five thousand
18 dollars is required.

19 (3) Subject to rules adopted by the department, a member
20 purchasing an annuity under this section must pay all of the cost

1 with an eligible rollover, direct rollover, or trustee-to-trustee
2 transfer from an eligible retirement plan.

3 (a) The department shall adopt rules to ensure that all eligible
4 rollovers and transfers comply with the requirements of the internal
5 revenue code and regulations adopted by the internal revenue service.
6 The rules adopted by the department may condition the acceptance of a
7 rollover or transfer from another plan on the receipt of information
8 necessary to enable the department to determine the eligibility of
9 any transferred funds for tax-free rollover treatment or other
10 treatment under federal income tax law.

11 (b) For the purposes of this subsection (3), "eligible retirement
12 plan" means a tax qualified plan offered by a governmental employer.

13 (4) The legislature reserves the right to amend or repeal this
14 section in the future.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.37
16 RCW to read as follows:

17 (1) At the time of retirement, a plan 2 member may purchase an
18 optional actuarially equivalent life annuity benefit from the public
19 safety employees' retirement system plan 2 fund established in RCW
20 41.50.075. A minimum payment of five thousand dollars is required.

21 (2) Subject to rules adopted by the department, a member
22 purchasing an annuity under this section must pay all of the cost
23 with an eligible rollover, direct rollover, or trustee-to-trustee
24 transfer from an eligible retirement plan.

25 (a) The department shall adopt rules to ensure that all eligible
26 rollovers and transfers comply with the requirements of the internal
27 revenue code and regulations adopted by the internal revenue service.
28 The rules adopted by the department may condition the acceptance of a
29 rollover or transfer from another plan on the receipt of information
30 necessary to enable the department to determine the eligibility of
31 any transferred funds for tax-free rollover treatment or other
32 treatment under federal income tax law.

33 (b) For the purposes of this subsection (2), "eligible retirement
34 plan" means a tax qualified plan offered by a governmental employer.

35 (3) The legislature reserves the right to amend or repeal this
36 section in the future.

37 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.35
38 RCW to read as follows:

1 (1) At the time of retirement, a plan 2 or plan 3 member may
2 purchase an optional actuarially equivalent life annuity benefit from
3 the school employees' retirement system combined plan 2 and 3 fund
4 established in RCW 41.50.075. A minimum payment of five thousand
5 dollars is required.

6 (2) Subject to rules adopted by the department, a member
7 purchasing an annuity under this section must pay all of the cost
8 with an eligible rollover, direct rollover, or trustee-to-trustee
9 transfer from an eligible retirement plan.

10 (a) The department shall adopt rules to ensure that all eligible
11 rollovers and transfers comply with the requirements of the internal
12 revenue code and regulations adopted by the internal revenue service.
13 The rules adopted by the department may condition the acceptance of a
14 rollover or transfer from another plan on the receipt of information
15 necessary to enable the department to determine the eligibility of
16 any transferred funds for tax-free rollover treatment or other
17 treatment under federal income tax law.

18 (b) For the purposes of this subsection (2), "eligible retirement
19 plan" means a tax qualified plan offered by a governmental employer.

20 (3) The legislature reserves the right to amend or repeal this
21 section in the future.

22 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2020.

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