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**HOUSE BILL 1642**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Bronoske, Griffey, Couture, Reeves, Bernbaum, Shavers, Rule, Salahuddin, Nance, Reed, Goodman, Parshley, Zahn, Simmons, and Leavitt

Read first time 01/28/25. Referred to Committee on Appropriations.

1 AN ACT Relating to providing additional plan choice to members of  
2 the teachers' retirement system plans 2 and 3, the school employees'  
3 retirement system plans 2 and 3, and the public employees' retirement  
4 systems plans 2 and 3; amending RCW 41.32.835, 41.35.610, and  
5 41.40.785; adding a new section to chapter 41.32 RCW; adding a new  
6 section to chapter 41.35 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.32  
9 RCW under the subchapter heading "plan 3" to read as follows:

10 (1) Any plan 3 member who joined plan 3 between July 1, 1996, and  
11 June 30, 2007, and as a result was never offered the opportunity to  
12 choose between plan 2 and plan 3, may make an irrevocable choice to  
13 transfer to plan 2 during any January after the effective date of  
14 this section for purposes of future service, provided that the member  
15 earns service credit for that month.

16 (2) The legislature reserves the right to modify or discontinue  
17 the right to transfer under this section.

18 (3) Any person previously retired from plan 3 is prohibited from  
19 transferring to plan 2.

1       **Sec. 2.** RCW 41.32.835 and 2019 c 313 s 1 are each amended to  
2 read as follows:

3       (1) All teachers who (~~(first)~~) become employed by an employer in  
4 an eligible position (~~(on or after July 1, 2007,)~~) shall have a  
5 period of ninety days to make an irrevocable choice for the duration  
6 of the employment relationship to become a member of plan 2 or plan  
7 3. At the end of ninety days, if the member has not made a choice to  
8 become a member of plan 2, he or she becomes a member of plan 3 or  
9 plan 2 as follows:

10       (a) (~~(Becomes a member of plan 3 if first employed by an employer~~  
11 ~~in an eligible position on or after July 1, 2007, but prior to July~~  
12 ~~1, 2020;~~

13       ~~(b))~~) Becomes a member of plan 2 (~~(if first employed by an~~  
14 ~~employer in an eligible position on or after July 1, 2020)~~); or

15       (b) Resumes membership in either plan 2 or plan 3 if membership  
16 in either plan was previously established.

17       (2) For administrative efficiency, until a member elects to  
18 become a member of plan 3, or becomes a member of plan 3 by default  
19 under subsection (1) of this section, the member shall be reported to  
20 the department in plan 2, with member and employer contributions.  
21 Upon becoming a member of plan 3 by election or by default, all  
22 service credit shall be transferred to the member's plan 3 defined  
23 benefit, and all employee accumulated contributions shall be  
24 transferred to the member's plan 3 defined contribution account.

25       (3) If a teacher is concurrently employed by two or more  
26 employers and has chosen membership in a plan, a teacher remains an  
27 active member of plan 2 or plan 3.

28       NEW SECTION.   **Sec. 3.** A new section is added to chapter 41.35  
29 RCW under the subchapter heading "plan 3" to read as follows:

30       (1) Any plan 3 member who joined plan 3 between September 1,  
31 2000, and June 30, 2007, and as a result was never offered the  
32 opportunity to choose between plan 2 and plan 3, may make an  
33 irrevocable choice during any January after the effective date of  
34 this section to transfer to plan 3 for purposes of future service.

35       (2) The legislature reserves the right to modify or discontinue  
36 the right to transfer under this section.

37       (3) Any person previously retired from plan 3 is prohibited from  
38 transferring to plan 2.

1       **Sec. 4.** RCW 41.35.610 and 2019 c 313 s 2 are each amended to  
2 read as follows:

3       (1) All classified employees who (~~(first)~~) become employed by an  
4 employer in an eligible position (~~(on or after July 1, 2007,)~~) shall  
5 have a period of ninety days to make an irrevocable choice for the  
6 duration of the employment relationship to become a member of plan 2  
7 or plan 3. At the end of ninety days, if the member has not made a  
8 choice to become a member of plan 2, he or she becomes a member of  
9 plan 3 or plan 2 as follows:

10       (a) (~~Becomes a member of plan 3 if first employed by an employer~~  
11 ~~in an eligible position on or after July 1, 2007, but prior to July~~  
12 ~~1, 2020;~~

13       ~~(b))~~) Becomes a member of plan 2 (~~(if first employed by an~~  
14 ~~employer in an eligible position on or after July 1, 2020)~~); or

15       (b) Resumes membership in either plan 2 or plan 3 if membership  
16 in either plan was previously established.

17       (2) For administrative efficiency, until a member elects to  
18 become a member of plan 3, or becomes a member of plan 3 by default  
19 under subsection (1) of this section, the member shall be reported to  
20 the department in plan 2, with member and employer contributions.  
21 Upon becoming a member of plan 3 by election or by default, all  
22 service credit shall be transferred to the member's plan 3 defined  
23 benefit, and all employee accumulated contributions shall be  
24 transferred to the member's plan 3 defined contribution account.

25       (3) If a classified employee is concurrently employed by two or  
26 more employers and has chosen membership in a plan, an employee  
27 remains an active member of plan 2 or plan 3.

28       **Sec. 5.** RCW 41.40.785 and 2019 c 313 s 3 are each amended to  
29 read as follows:

30       (1) All employees who (~~(first)~~) become employed by an employer in  
31 an eligible position on or after (~~(March 1, 2002)~~) January 1, 2026,  
32 (~~(for state agencies or institutes of higher education, or September~~  
33 ~~1, 2002, for other employers,)~~) shall have a period of ninety days to  
34 make an irrevocable choice for the duration of the employment  
35 relationship to become a member of plan 2 or plan 3. At the end of  
36 ninety days, if the member has not made a choice (~~(to become a member~~  
37 ~~of plan 2,)~~) he or she becomes a member of plan 3 or plan 2 as  
38 follows:

1       (a) (~~Becomes a member of plan 3 if first employed by an employer~~  
2 ~~in an eligible position on or after March 1, 2002, but prior to July~~  
3 ~~1, 2020, for state agencies or institutions of higher education, or~~  
4 ~~on or after September 1, 2002, but prior to July 1, 2020, for other~~  
5 ~~employers;~~

6       ~~(b))~~ Becomes a member of plan 2 (~~if first employed by an~~  
7 ~~employer in an eligible position on or after July 1, 2020)); or~~

8       (b) Resumes membership in either plan 2 or plan 3 if membership  
9 in either plan was previously established.

10       (2) For administrative efficiency, until a member elects to  
11 become a member of plan 3, or becomes a member of plan 3 by default  
12 pursuant to subsection (1) of this section, the member shall be  
13 reported to the department in plan 2, with member and employer  
14 contributions. Upon becoming a member of plan 3 by election or by  
15 default, all service credit shall be transferred to the member's plan  
16 3 defined benefit, and all employee accumulated contributions shall  
17 be transferred to the member's plan 3 defined contribution account.

18       (3) If an employee is concurrently employed by two or more  
19 employers and has chosen membership in a plan, the employee remains  
20 an active member of plan 2 or plan 3.

21       NEW SECTION.   **Sec. 6.** In the event that the state receives a  
22 determination letter or other formal guidance from the federal  
23 internal revenue service that the provisions of this act conflict  
24 with federal law, those provisions are suspended until subsequent  
25 federal internal revenue service guidance is received that any  
26 conflict with federal law has been resolved.

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