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SENATE BILL 6321

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State of Washington

63rd Legislature

2014 Regular Session

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

Read first time 01/21/14. Referred to Committee on Ways & Means.

1 AN ACT Relating to removing the statutory provision that allows  
2 members of plan 3 of the public employees' retirement system, school  
3 employees' retirement system, and teachers' retirement system to select  
4 a new contribution rate option each year; and amending RCW 41.34.040.

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

6 **Sec. 1.** RCW 41.34.040 and 2010 1st sp.s. c 7 s 32 are each amended  
7 to read as follows:

8 (1) A member shall contribute from his or her compensation  
9 according to one of the following rate structures in addition to the  
10 mandatory minimum five percent:

11	Option A	Contribution Rate
12	All Ages	0.0% fixed
13	Option B	
14	Up to Age 35	0.0%
15	Age 35 to 44	1.0%
16	Age 45 and above	2.5%

1	Option C	
2	Up to Age 35	1.0%
3	Age 35 to 44	2.5%
4	Age 45 and above	3.5%
5	Option D	
6	All Ages	2.0%
7	Option E	
8	All Ages	5.0%
9	Option F	
10	All Ages	10.0%

11 (2) The department shall have the right to offer contribution rate  
12 options in addition to those listed in subsection (1) of this section,  
13 provided that no significant additional administrative costs are  
14 created. All options offered by the department shall conform to the  
15 requirements stated in subsections (3) and (5) of this section.

16 (3)(a) For members of the teachers' retirement system entering plan  
17 3 under RCW 41.32.835 or members of the school employees' retirement  
18 system entering plan 3 under RCW 41.35.610, within ninety days of  
19 becoming a member he or she has an option to choose one of the above  
20 contribution rate structures. If the member does not select an option  
21 within the ninety-day period, he or she shall be assigned option A.

22 (b) For members of the public employees' retirement system entering  
23 plan 3 under RCW 41.40.785, within the ninety days described in RCW  
24 41.40.785 an employee who irrevocably chooses plan 3 shall select one  
25 of the above contribution rate structures. If the member does not  
26 select an option within the ninety-day period, he or she shall be  
27 assigned option A.

28 (c) For members of the teachers' retirement system transferring to  
29 plan 3 under RCW 41.32.817, members of the school employees' retirement  
30 system transferring to plan 3 under RCW 41.35.510, or members of the  
31 public employees' retirement system transferring to plan 3 under RCW  
32 41.40.795, upon election to plan 3 he or she must choose one of the  
33 above contribution rate structures.

34 (d) Within ninety days of the date that an employee changes  
35 employers, he or she has an option to choose one of the above  
36 contribution rate structures. If the member does not select an option  
37 within this ninety-day period, he or she shall be assigned option A.

1           (4) Each year, through January of 2015, members of plan 3 of the  
2 teachers' retirement system may change their contribution rate option  
3 by notifying their employer in writing during the month of January.  
4 After January of 2015, a member of plan 3 of the teachers' retirement  
5 system may only change their contribution rate option under subsection  
6 (3)(d) of this section. The termination of this annual contribution  
7 rate change option in January 2015 is required to meet the plan  
8 qualification requirements in section 401(a) of the internal revenue  
9 code. Consistent with plan qualification requirements in the internal  
10 revenue code, this annual contribution rate change has never been  
11 available to plan 3 members of the public employees' retirement system  
12 and the school employees' retirement system.

13           (5) Contributions shall begin the first day of the pay cycle in  
14 which the rate option is made, or the first day of the pay cycle in  
15 which the end of the ninety-day period occurs.

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