
SENATE BILL 5668

State of Washington 60th Legislature 2007 Regular Session

By Senators Fraser, Rasmussen, Jacobsen, Kohl-Welles and Shin

Read first time 01/29/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to modifying gain-sharing benefits for the
2 teachers', school employees', and public employees' retirement systems
3 and providing alternative benefits; amending RCW 41.31A.020, 41.32.835,
4 and 41.35.610; decodifying RCW 41.31A.030 and 41.31A.040; providing an
5 effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 41.31A.020 and 2003 c 294 s 4 are each amended to read
8 as follows:

9 (1) On January 1, 2004, and on January 1st of even-numbered years
10 thereafter, the member account of a person meeting the requirements of
11 this section shall be credited by the extraordinary investment gain
12 amount.

13 (2) The following persons, if hired prior to July 1, 2007, shall be
14 eligible for the benefit provided in subsection (1) of this section:

15 (a) Any member of the teachers' retirement system plan 3, the
16 Washington school employees' retirement system plan 3, or the public
17 employees' retirement system plan 3 who earned service credit during
18 the twelve-month period from September 1st to August 31st immediately

1 preceding the distribution and had a balance of at least one thousand
2 dollars in their member account on August 31st of the year immediately
3 preceding the distribution; or

4 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,
5 41.35.680, or 41.40.820; or

6 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and
7 who:

8 (i) Completed ten service credit years; or

9 (ii) Completed five service credit years, including twelve service
10 months after attaining age fifty-four; or

11 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
12 who has completed five service credit years by July 1, 1996, under plan
13 2 and who transferred to plan 3 under RCW 41.32.817; or

14 (e) Any classified employee who is a retiree pursuant to RCW
15 41.34.020(8) and who has completed five service credit years by
16 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
17 or

18 (f) Any public employee who is a retiree pursuant to RCW
19 41.34.020(8) and who has completed five service credit years by March
20 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

21 (g) Any person who had a balance of at least one thousand dollars
22 in their member account on August 31st of the year immediately
23 preceding the distribution and who:

24 (i) Completed ten service credit years; or

25 (ii) Completed five service credit years, including twelve service
26 months after attaining age fifty-four; or

27 (h) Any teacher who had a balance of at least one thousand dollars
28 in their member account on August 31st of the year immediately
29 preceding the distribution and who has completed five service credit
30 years by July 1, 1996, under plan 2 and who transferred to plan 3 under
31 RCW 41.32.817; or

32 (i) Any classified employee who had a balance of at least one
33 thousand dollars in their member account on August 31st of the year
34 immediately preceding the distribution and who has completed five
35 service credit years by September 1, 2000, and who transferred to plan
36 3 under RCW 41.35.510; or

37 (j) Any public employee who had a balance of at least one thousand
38 dollars in their member account on August 31st of the year immediately

1 preceding the distribution and who has completed five service credit
2 years by March 1, 2002, and who transferred to plan 3 under RCW
3 41.40.795.

4 (3) The extraordinary investment gain amount shall be calculated as
5 follows:

6 (a) One-half of the sum of the value of the net assets held in
7 trust for pension benefits in the teachers' retirement system combined
8 plan 2 and 3 fund, the Washington school employees' retirement system
9 combined plan 2 and 3 fund, and the public employees' retirement system
10 combined plan 2 and 3 fund at the close of the previous state fiscal
11 year not including the amount attributable to member accounts;

12 (b) Multiplied by the amount which the compound average of
13 investment returns on those assets over the previous four state fiscal
14 years exceeds ten percent;

15 (c) Multiplied by the proportion of:

16 (i) The sum of the service credit on August 31st of the previous
17 year of all persons eligible for the benefit provided in subsection (1)
18 of this section; to

19 (ii) The sum of the service credit on August 31st of the previous
20 year of:

21 (A) All persons eligible for the benefit provided in subsection (1)
22 of this section;

23 (B) Any person who earned service credit in the teachers'
24 retirement system plan 2, the Washington school employees' retirement
25 system plan 2, or the public employees' retirement system plan 2 during
26 the twelve-month period from September 1st to August 31st immediately
27 preceding the distribution;

28 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,
29 41.35.420, or 41.40.630; and

30 (D) Any person with five or more years of service in the teachers'
31 retirement system plan 2, the Washington school employees' retirement
32 system plan 2, or the public employees' retirement system plan 2;

33 (d) Divided proportionally among persons eligible for the benefit
34 provided in subsection (1) of this section on the basis of their
35 service credit total on August 31st of the previous year.

36 (4) The legislature reserves the right to amend or repeal this
37 section in the future and no member or beneficiary has a contractual
38 right to receive this distribution not granted prior to that time.

1 **Sec. 2.** RCW 41.32.835 and 1995 c 239 s 105 are each amended to
2 read as follows:

3 (1) All teachers who first become employed by an employer in an
4 eligible position on or after ((July 1, 1996, shall be members of plan
5 3)) July 1, 2007, shall have a period of ninety days to make an
6 irrevocable choice to become a member of plan 2 or plan 3. At the end
7 of ninety days, if the member has not made a choice to become a member
8 of plan 2, he or she becomes a member of plan 3.

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

17 **Sec. 3.** RCW 41.35.610 and 1998 c 341 s 202 are each amended to
18 read as follows:

19 (1) All classified employees who first become employed by an
20 employer in an eligible position on or after ((September 1, 2000, shall
21 be members of plan 3)) July 1, 2007, shall have a period of ninety days
22 to make an irrevocable choice to become a member of plan 2 or plan 3.
23 At the end of ninety days, if the member has not made a choice to
24 become a member of plan 2, he or she becomes a member of plan 3.

25 (2) For administrative efficiency, until a member elects to become
26 a member of plan 3, or becomes a member of plan 3 by default under
27 subsection (1) of this section, the member shall be reported to the
28 department in plan 2, with member and employer contributions. Upon
29 becoming a member of plan 3 by election or by default, all service
30 credit shall be transferred to the member's plan 3 defined benefit, and
31 all employee accumulated contributions shall be transferred to the
32 member's plan 3 defined contribution account.

33 NEW SECTION. **Sec. 4.** RCW 41.31A.030 and 41.31A.040 are
34 decodified.

1 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 July 1, 2007.

--- END ---