Z-0896.2			

SENATE BILL 6645

State of Washington 60th Legislature 2008 Regular Session

By Senators Pridemore, Carrell, Murray, Schoesler, Holmquist, Stevens, Kohl-Welles, Roach, and Rasmussen; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board

Read first time 01/21/08. Referred to Committee on Ways & Means.

AN ACT Relating to interruptive military service credit within plans 2 and 3 of the public employees' retirement system, plans 2 and 3 of the teachers' retirement system, plan 2 of the law enforcement officers' and firefighters' retirement system, plan 2 of the Washington state patrol retirement system, and the public safety employees' retirement system; and amending RCW 41.40.710, 41.40.805, 41.35.470, 41.35.650, 41.32.810, 41.32.865, 41.26.520, 43.43.260, and 41.37.260.

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

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- 9 **Sec. 1.** RCW 41.40.710 and 2005 c 64 s 2 are each amended to read 10 as follows:
- 11 (1) A member who is on a paid leave of absence authorized by a 12 member's employer shall continue to receive service credit as provided 13 for under the provisions of RCW 41.40.610 through 41.40.740.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is

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authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The compensation earnable reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

- (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if:
- (a) The member makes both the plan 2 employer and member contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner; or
- 16 (b) If not within five years of resumption of service but prior to 17 retirement, pay the amount required under RCW 41.50.165(2).

The contributions required under (a) of this subsection shall be based on the average of the member's compensation earnable at both the time the authorized leave of absence was granted and the time the member resumed employment.

- (4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.
- 28 (a) The member qualifies for service credit under this subsection 29 if:
 - (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and
 - (ii) The member makes the employee contributions required under RCW 41.45.061 and 41.45.067 within five years of resumption of service or prior to retirement, whichever comes sooner; or
- 37 (iii) Prior to retirement and not within ninety days of the

member's honorable discharge or five years of resumption of service the member pays the amount required under RCW 41.50.165(2); or

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- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.45.060, 41.45.061, and 41.45.067 for the period of military service, plus interest as determined by the department.
- (c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- (d) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;
- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
 - (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005

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in order to receive up to five years of free service credit. Qualified
members with multiple periods of interruptive military service are
subject to a combined total limit of five years of free retirement
system service credit for interruptive military service.

- (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- **Sec. 2.** RCW 41.40.805 and 2005 c 64 s 3 are each amended to read 28 as follows:
- 29 (1) A member who is on a paid leave of absence authorized by a 30 member's employer shall continue to receive service credit.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the

member retains seniority rights with the employer during the period of leave. The earnable compensation reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

- (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if:
- (a) The member makes the contribution on behalf of the employer, plus interest, as determined by the department; and
- (b) The member makes the employee contribution, plus interest, as determined by the department, to the defined contribution portion.

The contributions required shall be based on the average of the member's earnable compensation at both the time the authorized leave of absence was granted and the time the member resumed employment.

(4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service if within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

The department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.45.060 and 41.45.067 for the period of military service, plus interest as determined by the department. Service credit under this subsection may be obtained only if the member makes the employee contribution to the defined contribution portion as determined by the department, or the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of

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five years of free retirement system service credit for interruptive military service.

The contributions required shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

- (a) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;
 - (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
 - (iii) Pays the employee contributions required under this subsection within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
 - (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
 - (b) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
 - (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- 37 (ii) The member provides to the director proof of honorable 38 discharge from the uniformed services; and

(iii) The member pays the employee contributions required under this subsection within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or

- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- **Sec. 3.** RCW 41.35.470 and 2005 c 64 s 4 are each amended to read 13 as follows:
 - (1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of RCW 41.35.400 through 41.35.599.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The compensation earnable reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.
 - (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if:
 - (a) The member makes both the plan 2 employer and member contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner; or

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1 (b) If not within five years of resumption of service but prior to 2 retirement, pay the amount required under RCW 41.50.165(2).

The contributions required under (a) of this subsection shall be based on the average of the member's compensation earnable at both the time the authorized leave of absence was granted and the time the member resumed employment.

- (4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.
- 13 (a) The member qualifies for service credit under this subsection 14 if:
 - (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and
 - (ii) The member makes the employee contributions required under RCW 41.35.430 within five years of resumption of service or prior to retirement, whichever comes sooner; or
 - (iii) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW 41.50.165(2); or
 - (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- 32 (b) Upon receipt of member contributions under (a)(ii), (d)(iii),
 33 or (e)(iii) of this subsection, or adequate proof under (a)(iv),
 34 (d)(iv), or (e)(iv) of this subsection, the department shall establish
 35 the member's service credit and shall bill the employer for its
 36 contribution required under RCW 41.35.430 for the period of military
 37 service, plus interest as determined by the department.

(c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

- (d) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;
 - (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
 - (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
 - (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
 - (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
 - (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and

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- (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- 12 **Sec. 4.** RCW 41.35.650 and 2005 c 64 s 5 are each amended to read 13 as follows:
- 14 (1) A member who is on a paid leave of absence authorized by a 15 member's employer shall continue to receive service credit.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The earnable compensation reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.
 - (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if:
 - (a) The member makes the contribution on behalf of the employer, plus interest, as determined by the department; and
- 35 (b) The member makes the employee contribution, plus interest, as 36 determined by the department, to the defined contribution portion.

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The contributions required shall be based on the average of the member's earnable compensation at both the time the authorized leave of absence was granted and the time the member resumed employment.

(4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service if within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

The department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.35.720 for the period of military service, plus interest as determined by the department. Service credit under this subsection may be obtained only if the member makes the employee contribution to the defined contribution portion as determined by the department, or the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

The contributions required shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

- (a) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;

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1 (ii) Provides to the director proof of the member's honorable 2 service in the uniformed services prior to the date of death; and

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- (iii) Pays the employee contributions required under this subsection within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (b) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under this subsection within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- 27 (iv) The member provides to the director proof that the member's
 28 interruptive military service was during a period of war as defined in
 29 RCW 41.04.005 in order to receive up to five years of free service
 30 credit. Qualified members with multiple periods of interruptive
 31 military service are subject to a combined total limit of five years of
 32 free retirement system service credit for interruptive military
 33 service.
- 34 **Sec. 5.** RCW 41.32.810 and 2005 c 64 s 7 are each amended to read as follows:
- 36 (1) A member who is on a paid leave of absence authorized by a

member's employer shall continue to receive service credit as provided for under the provisions of RCW 41.32.755 through 41.32.825.

- (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The earnable compensation reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.
- (3) Except as specified in subsection (6) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes both the employer and member contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.
- (4) If a member fails to meet the time limitations of subsection (3) of this section, the member may receive a maximum of two years of service credit during a member's working career for those periods when a member is on unpaid leave of absence authorized by an employer. This may be done by paying the amount required under RCW 41.50.165(2) prior to retirement.
- (5) For the purpose of subsection (3) of this section, the contribution shall not include the contribution for the unfunded supplemental present value as required by RCW 41.32.775. The contributions required shall be based on the average of the member's earnable compensation at both the time the authorized leave of absence was granted and the time the member resumed employment.
- (6) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This

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subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

- (a) The member qualifies for service credit under this subsection if:
- (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and
- (ii) The member makes the employee contributions required under RCW 41.32.775 within five years of resumption of service or prior to retirement, whichever comes sooner; or
- (iii) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW 41.50.165(2); or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.32.775 for the period of military service, plus interest as determined by the department.
- (c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- (d) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in

the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:

- (i) Provides to the director proof of the member's death while serving in the uniformed services;
- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

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Sec. 6. RCW 41.32.865 and 2005 c 64 s 8 are each amended to read 2 as follows:

- (1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit.
- (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The earnable compensation reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.
- (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if:
- (a) The member makes the contribution on behalf of the employer, plus interest, as determined by the department; and
- (b) The member makes the employee contribution, plus interest, as determined by the department, to the defined contribution portion.

The contributions required shall be based on the average of the member's earnable compensation at both the time the authorized leave of absence was granted and the time the member resumed employment.

(4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service if within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

The department shall establish the member's service credit and shall bill the employer for its contribution required under chapter 239, Laws of 1995 for the period of military service, plus interest as determined by the department. Service credit under this subsection may be obtained only if the member makes the employee contribution to the defined contribution portion as determined by the department, or the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

The contributions required shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

- (a) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;
- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under this subsection within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

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(b) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:

- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under this subsection within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- **Sec. 7.** RCW 41.26.520 and 2005 c 64 s 9 are each amended to read 24 as follows:
 - (1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of RCW 41.26.410 through 41.26.550.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The basic salary reported for a member who establishes service

credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

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- (3) Except as specified in subsection (7) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.
- (4) A law enforcement member may be authorized by an employer to work part time and to go on a part-time leave of absence. During a part-time leave of absence a member is prohibited from any other employment with their employer. A member is eligible to receive credit for any portion of service credit not earned during a month of part-time leave of absence if the member makes the employer, member, and state contributions, plus interest, as determined by the department for the period of the authorized leave within five years of resumption of full-time service or prior to retirement whichever comes sooner. Any service credit purchased for a part-time leave of absence is included in the two-year maximum provided in subsection (3) of this section.
- (5) If a member fails to meet the time limitations of subsection (3) or (4) of this section, the member may receive a maximum of two years of service credit during a member's working career for those periods when a member is on unpaid leave of absence authorized by an employer. This may be done by paying the amount required under RCW 41.50.165(2) prior to retirement.
- (6) For the purpose of subsection (3) or (4) of this section the contribution shall not include the contribution for the unfunded supplemental present value as required by RCW 41.45.060, 41.45.061, and 41.45.067. The contributions required shall be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment.
- (7) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This

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subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

- (a) The member qualifies for service credit under this subsection if:
- (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and
- (ii) The member makes the employee contributions required under RCW 41.45.060, 41.45.061, and 41.45.067 within five years of resumption of service or prior to retirement, whichever comes sooner; or
- (iii) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW 41.50.165(2); or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer and the state for their respective contributions required under RCW 41.26.450 for the period of military service, plus interest as determined by the department.
- (c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- 35 (d) The surviving spouse or eligible child or children of a member 36 who left the employ of an employer to enter the uniformed services of 37 the United States and died while serving in the uniformed services may, 38 on behalf of the deceased member, apply for retirement system service

credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:

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- (i) Provides to the director proof of the member's death while serving in the uniformed services;
- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of

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1 <u>free retirement system service credit for interruptive military</u> 2 service.

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- (8) A member receiving benefits under Title 51 RCW who is not receiving benefits under this chapter shall be deemed to be on unpaid, authorized leave of absence.
- 6 **Sec. 8.** RCW 43.43.260 and 2005 c 64 s 10 are each amended to read 7 as follows:
- 8 Upon retirement from service as provided in RCW 43.43.250, a member 9 shall be granted a retirement allowance which shall consist of:
 - (1) A prior service allowance which shall be equal to two percent of the member's average final salary multiplied by the number of years of prior service rendered by the member.
 - (2) A current service allowance which shall be equal to two percent of the member's average final salary multiplied by the number of years of service rendered while a member of the retirement system.
 - (3)(a) Any member commissioned prior to January 1, 2003, with twenty-five years service in the Washington state patrol may have the member's service in the uniformed services credited as a member whether or not the individual left the employ of the Washington state patrol to enter such uniformed services: PROVIDED, That in no instance shall military service in excess of five years be credited: AND PROVIDED FURTHER, That in each instance, a member must restore all withdrawn accumulated contributions, which restoration must be completed on the date of the member's retirement, or as provided under RCW 43.43.130, whichever occurs first: AND PROVIDED FURTHER, That this section shall not apply to any individual, not a veteran within the meaning of RCW 41.06.150.
 - (b) A member who leaves the Washington state patrol to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.
- (i) The member qualifies for service credit under this subsection
 if:
- 36 (A) Within ninety days of the member's honorable discharge from the

uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and

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- (B) The member makes the employee contributions required under RCW 41.45.0631 and 41.45.067 within five years of resumption of service or prior to retirement, whichever comes sooner; or
- (C) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW 41.50.165(2); or
- (D) The member was commissioned on or after January 1, 2003, and provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (ii) Upon receipt of member contributions under (b)(i)(B), (b)(iv)(C), and (b)(v)(C) of this subsection, or adequate proof under (b)(i)(D), (b)(iv)(D), or (b)(v)(D) of this subsection, the department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.45.060 for the period of military service, plus interest as determined by the department.
- (iii) The contributions required under (b)(i)(B), (b)(iv)(C), and (b)(v)(C) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- (iv) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (A) Provides to the director proof of the member's death while serving in the uniformed services;

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1 (B) Provides to the director proof of the member's honorable 2 service in the uniformed services prior to the date of death; and

- (C) If the member was commissioned on or after January 1, 2003, pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (D) If the member was commissioned on of after January 1, 2003, provides to the director proof that the member's' interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- (v) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (A) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (B) The member provides to the director proof of honorable discharge from the uniformed services; and
- (C) If the member was commissioned on or after January 1, 2003, the member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (D) If the member was commissioned on or after January 1, 2003, the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.
- 36 (4) In no event shall the total retirement benefits from 37 subsections (1), (2), and (3) of this section, of any member exceed 38 seventy-five percent of the member's average final salary.

- 1 (5) Beginning July 1, 2001, and every year thereafter, the 2 department shall determine the following information for each retired 3 member or beneficiary whose retirement allowance has been in effect for 4 at least one year:
 - (a) The original dollar amount of the retirement allowance;

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- 6 (b) The index for the calendar year prior to the effective date of 7 the retirement allowance, to be known as "index A";
- 8 (c) The index for the calendar year prior to the date of determination, to be known as "index B"; and
 - (d) The ratio obtained when index B is divided by index A.

11 The value of the ratio obtained shall be the annual adjustment to 12 the original retirement allowance and shall be applied beginning with 13 the July payment. In no event, however, shall the annual adjustment:

- 14 (i) Produce a retirement allowance which is lower than the original retirement allowance;
 - (ii) Exceed three percent in the initial annual adjustment; or
- 17 (iii) Differ from the previous year's annual adjustment by more 18 than three percent.

For the purposes of this section, "index" means, for any calendar year, that year's average consumer price index for the Seattle-Tacoma-Bremerton Washington area for urban wage earners and clerical workers, all items, compiled by the bureau of labor statistics, United States department of labor.

24 The provisions of this section shall apply to all members presently 25 retired and to all members who shall retire in the future.

- Sec. 9. RCW 41.37.260 and 2005 c 64 s 11 are each amended to read as follows:
 - (1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under RCW 41.37.190 through 41.37.290.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the

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member retains seniority rights with the employer during the period of leave. The compensation earnable reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

- (3) Except as specified in subsection (4) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. This credit may be obtained only if:
- (a) The member makes both the employer and member contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner; or
- 15 (b) If not within five years of resumption of service but prior to 16 retirement, pay the amount required under RCW 41.50.165(2).

The contributions required under (a) of this subsection shall be based on the average of the member's compensation earnable at both the time the authorized leave of absence was granted and the time the member resumed employment.

- (4) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.
- 27 (a) The member qualifies for service credit under this subsection 28 if:
 - (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and
 - (ii) The member makes the employee contributions required under RCW 41.37.220 within five years of resumption of service or prior to retirement, whichever comes sooner; or
- 36 (iii) Prior to retirement and not within ninety days of the 37 member's honorable discharge or five years of resumption of service the 38 member pays the amount required under RCW 41.50.165(2); or

(iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

- (b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer for its contribution required under RCW 41.37.220 for the period of military service, plus interest as determined by the department.
- (c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- (d) The surviving spouse or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:
- (i) Provides to the director proof of the member's death while serving in the uniformed services;
- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) Provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are

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subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

- (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
- (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- (ii) The member provides to the director proof of honorable discharge from the uniformed services; and
- (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
- (iv) The member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005 in order to receive up to five years of free service credit. Qualified members with multiple periods of interruptive military service are subject to a combined total limit of five years of free retirement system service credit for interruptive military service.

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