

---

SENATE BILL 5652

---

State of Washington                      63rd Legislature                      2013 Regular Session  
By Senators Roach, Conway, Keiser, Schlicher, McAuliffe, and Hasegawa

1            AN ACT Relating to vesting after five years of service in the  
2 defined benefit portion of the public employees' retirement system, the  
3 school employees' retirement system, and the teachers' retirement  
4 system plan 3; and amending RCW 41.32.875, 41.35.680, and 41.40.820.

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

6            **Sec. 1.** RCW 41.32.875 and 2012 1st sp.s. c 7 s 2 are each amended  
7 to read as follows:

8            (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
9 and who has(~~+~~

10            ~~(a))~~ completed (~~ten~~) five service credit years(~~+~~~~or~~

11            ~~(b) Completed five service credit years, including twelve service~~  
12 ~~credit months after attaining age forty-four; or~~

13            ~~(c))~~ or completed five service credit years by July 1, 1996, under  
14 plan 2 and who transferred to plan 3 under RCW 41.32.817(~~+~~), shall be  
15 eligible to retire and to receive a retirement allowance computed  
16 according to the provisions of RCW 41.32.840.

17            (2) EARLY RETIREMENT. Any member who has attained at least age  
18 fifty-five and has completed at least ten years of service shall be  
19 eligible to retire and to receive a retirement allowance computed

1 according to the provisions of RCW 41.32.840, except that a member  
2 retiring pursuant to this subsection shall have the retirement  
3 allowance actuarially reduced to reflect the difference in the number  
4 of years between age at retirement and the attainment of age sixty-  
5 five.

6 (3) ALTERNATE EARLY RETIREMENT.

7 (a) Any member who has completed at least thirty service credit  
8 years and has attained age fifty-five shall be eligible to retire and  
9 to receive a retirement allowance computed according to the provisions  
10 of RCW 41.32.840, except that a member retiring pursuant to this  
11 subsection shall have the retirement allowance reduced by three percent  
12 per year to reflect the difference in the number of years between age  
13 at retirement and the attainment of age sixty-five.

14 (b) On or after September 1, 2008, any member who has completed at  
15 least thirty service credit years and has attained age fifty-five shall  
16 be eligible to retire and to receive a retirement allowance computed  
17 according to the provisions of RCW 41.32.840, except that a member  
18 retiring pursuant to this subsection shall have the retirement  
19 allowance reduced as follows:

20	Retirement	Percent
21	Age	Reduction
22	55	20%
23	56	17%
24	57	14%
25	58	11%
26	59	8%
27	60	5%
28	61	2%
29	62	0%
30	63	0%
31	64	0%

32 Any member who retires under the provisions of this subsection is  
33 ineligible for the postretirement employment provisions of RCW  
34 41.32.862(2) until the retired member has reached sixty-five years of  
35 age. For purposes of this subsection, employment with an employer also

1 includes any personal service contract, service by an employer as a  
2 temporary or project employee, or any other similar compensated  
3 relationship with any employer included under the provisions of RCW  
4 41.32.860(1).

5 The subsidized reductions for alternate early retirement in this  
6 subsection as set forth in section 4, chapter 491, Laws of 2007 were  
7 intended by the legislature as replacement benefits for gain-sharing.  
8 Until there is legal certainty with respect to the repeal of chapter  
9 41.31A RCW, the right to retire under this subsection is  
10 noncontractual, and the legislature reserves the right to amend or  
11 repeal this subsection. Legal certainty includes, but is not limited  
12 to, the expiration of any: Applicable limitations on actions; and  
13 periods of time for seeking appellate review, up to and including  
14 reconsideration by the Washington supreme court and the supreme court  
15 of the United States. Until that time, eligible members may still  
16 retire under this subsection, and upon receipt of the first installment  
17 of a retirement allowance computed under this subsection, the resulting  
18 benefit becomes contractual for the recipient. If the repeal of  
19 chapter 41.31A RCW is held to be invalid in a final determination of a  
20 court of law, and the court orders reinstatement of gain-sharing or  
21 other alternate benefits as a remedy, then retirement benefits for any  
22 member who has completed at least thirty service credit years and has  
23 attained age fifty-five but has not yet received the first installment  
24 of a retirement allowance under this subsection shall be computed using  
25 the reductions in (a) of this subsection.

26 (c) Members who first become employed by an employer in an eligible  
27 position on or after May 1, 2013, are not eligible for the alternate  
28 early retirement provisions of (a) or (b) of this subsection. Any  
29 member who first becomes employed by an employer in an eligible  
30 position on or after May 1, 2013, and has completed at least thirty  
31 service credit years and has attained age fifty-five shall be eligible  
32 to retire and to receive a retirement allowance computed according to  
33 the provisions of RCW 41.32.840, except that a member retiring pursuant  
34 to this subsection shall have the retirement allowance reduced by five  
35 percent per year to reflect the difference in the number of years  
36 between age at retirement and the attainment of age sixty-five.

1       **Sec. 2.** RCW 41.35.680 and 2012 1st sp.s. c 7 s 4 are each amended  
2 to read as follows:

3       (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
4 and who has( (+

5       ~~(a))~~ completed (~~(ten))~~ five service credit years(~~(+or~~

6       ~~(b) Completed five service credit years, including twelve service~~  
7 ~~credit months after attaining age forty four; or~~

8       ~~(c))~~ or completed five service credit years by September 1, 2000,  
9 under the public employees' retirement system plan 2 and who  
10 transferred to plan 3 under RCW 41.35.510(~~(+))~~  shall be eligible to  
11 retire and to receive a retirement allowance computed according to the  
12 provisions of RCW 41.35.620.

13       (2) EARLY RETIREMENT. Any member who has attained at least age  
14 fifty-five and has completed at least ten years of service shall be  
15 eligible to retire and to receive a retirement allowance computed  
16 according to the provisions of RCW 41.35.620, except that a member  
17 retiring pursuant to this subsection shall have the retirement  
18 allowance actuarially reduced to reflect the difference in the number  
19 of years between age at retirement and the attainment of age sixty-  
20 five.

21       (3) ALTERNATE EARLY RETIREMENT.

22       (a) Any member who has completed at least thirty service credit  
23 years and has attained age fifty-five shall be eligible to retire and  
24 to receive a retirement allowance computed according to the provisions  
25 of RCW 41.35.620, except that a member retiring pursuant to this  
26 subsection shall have the retirement allowance reduced by three percent  
27 per year to reflect the difference in the number of years between age  
28 at retirement and the attainment of age sixty-five.

29       (b) On or after September 1, 2008, any member who has completed at  
30 least thirty service credit years and has attained age fifty-five shall  
31 be eligible to retire and to receive a retirement allowance computed  
32 according to the provisions of RCW 41.35.620, except that a member  
33 retiring pursuant to this subsection shall have the retirement  
34 allowance reduced as follows:

Retirement	Percent
Age	Reduction

1	55	20%
2	56	17%
3	57	14%
4	58	11%
5	59	8%
6	60	5%
7	61	2%
8	62	0%
9	63	0%
10	64	0%

11 Any member who retires under the provisions of this subsection is  
12 ineligible for the postretirement employment provisions of RCW  
13 41.35.060(2) until the retired member has reached sixty-five years of  
14 age. For purposes of this subsection, employment with an employer also  
15 includes any personal service contract, service by an employer as a  
16 temporary or project employee, or any other similar compensated  
17 relationship with any employer included under the provisions of RCW  
18 41.35.230(1).

19 The subsidized reductions for alternate early retirement in this  
20 subsection as set forth in section 8, chapter 491, Laws of 2007 were  
21 intended by the legislature as replacement benefits for gain-sharing.  
22 Until there is legal certainty with respect to the repeal of chapter  
23 41.31A RCW, the right to retire under this subsection is  
24 noncontractual, and the legislature reserves the right to amend or  
25 repeal this subsection. Legal certainty includes, but is not limited  
26 to, the expiration of any: Applicable limitations on actions; and  
27 periods of time for seeking appellate review, up to and including  
28 reconsideration by the Washington supreme court and the supreme court  
29 of the United States. Until that time, eligible members may still  
30 retire under this subsection, and upon receipt of the first installment  
31 of a retirement allowance computed under this subsection, the resulting  
32 benefit becomes contractual for the recipient. If the repeal of  
33 chapter 41.31A RCW is held to be invalid in a final determination of a  
34 court of law, and the court orders reinstatement of gain-sharing or  
35 other alternate benefits as a remedy, then retirement benefits for any  
36 member who has completed at least thirty service credit years and has

1 attained age fifty-five but has not yet received the first installment  
2 of a retirement allowance under this subsection shall be computed using  
3 the reductions in (a) of this subsection.

4 (c) Members who first become employed by an employer in an eligible  
5 position on or after May 1, 2013, are not eligible for the alternate  
6 early retirement provisions of (a) or (b) of this subsection. Any  
7 member who first becomes employed by an employer in an eligible  
8 position on or after May 1, 2013, and has completed at least thirty  
9 service credit years and has attained age fifty-five shall be eligible  
10 to retire and to receive a retirement allowance computed according to  
11 the provisions of RCW 41.35.620, except that a member retiring pursuant  
12 to this subsection shall have the retirement allowance reduced by five  
13 percent per year to reflect the difference in the number of years  
14 between age at retirement and the attainment of age sixty-five.

15 **Sec. 3.** RCW 41.40.820 and 2012 1st sp.s. c 7 s 6 are each amended  
16 to read as follows:

17 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
18 and who has( (+

19 ~~(a))~~ completed (~~(ten))~~ five service credit years(~~(+or~~

20 ~~(b) Completed five service credit years, including twelve service~~  
21 ~~credit months after attaining age forty four; or~~

22 ~~(c))~~ or completed five service credit years by the transfer  
23 payment date specified in RCW 41.40.795, under the public employees'  
24 retirement system plan 2 and who transferred to plan 3 under RCW  
25 41.40.795(~~(+))~~ ), shall be eligible to retire and to receive a retirement  
26 allowance computed according to the provisions of RCW 41.40.790.

27 (2) EARLY RETIREMENT. Any member who has attained at least age  
28 fifty-five and has completed at least ten years of service shall be  
29 eligible to retire and to receive a retirement allowance computed  
30 according to the provisions of RCW 41.40.790, except that a member  
31 retiring pursuant to this subsection shall have the retirement  
32 allowance actuarially reduced to reflect the difference in the number  
33 of years between age at retirement and the attainment of age sixty-  
34 five.

35 (3) ALTERNATE EARLY RETIREMENT.

36 (a) Any member who has completed at least thirty service credit  
37 years and has attained age fifty-five shall be eligible to retire and

1 to receive a retirement allowance computed according to the provisions  
2 of RCW 41.40.790, except that a member retiring pursuant to this  
3 subsection shall have the retirement allowance reduced by three percent  
4 per year to reflect the difference in the number of years between age  
5 at retirement and the attainment of age sixty-five.

6 (b) On or after July 1, 2008, any member who has completed at least  
7 thirty service credit years and has attained age fifty-five shall be  
8 eligible to retire and to receive a retirement allowance computed  
9 according to the provisions of RCW 41.40.790, except that a member  
10 retiring pursuant to this subsection shall have the retirement  
11 allowance reduced as follows:

12	Retirement	Percent
13	Age	Reduction
14	55	20%
15	56	17%
16	57	14%
17	58	11%
18	59	8%
19	60	5%
20	61	2%
21	62	0%
22	63	0%
23	64	0%

24 Any member who retires under the provisions of this subsection is  
25 ineligible for the postretirement employment provisions of RCW  
26 41.40.037(2)(d) until the retired member has reached sixty-five years  
27 of age. For purposes of this subsection, employment with an employer  
28 also includes any personal service contract, service by an employer as  
29 a temporary or project employee, or any other similar compensated  
30 relationship with any employer included under the provisions of RCW  
31 41.40.850(1).

32 The subsidized reductions for alternate early retirement in this  
33 subsection as set forth in section 10, chapter 491, Laws of 2007 were  
34 intended by the legislature as replacement benefits for gain-sharing.  
35 Until there is legal certainty with respect to the repeal of chapter

1 41.31A RCW, the right to retire under this subsection is  
2 noncontractual, and the legislature reserves the right to amend or  
3 repeal this subsection. Legal certainty includes, but is not limited  
4 to, the expiration of any: Applicable limitations on actions; and  
5 periods of time for seeking appellate review, up to and including  
6 reconsideration by the Washington supreme court and the supreme court  
7 of the United States. Until that time, eligible members may still  
8 retire under this subsection, and upon receipt of the first installment  
9 of a retirement allowance computed under this subsection, the resulting  
10 benefit becomes contractual for the recipient. If the repeal of  
11 chapter 41.31A RCW is held to be invalid in a final determination of a  
12 court of law, and the court orders reinstatement of gain-sharing or  
13 other alternate benefits as a remedy, then retirement benefits for any  
14 member who has completed at least thirty service credit years and has  
15 attained age fifty-five but has not yet received the first installment  
16 of a retirement allowance under this subsection shall be computed using  
17 the reductions in (a) of this subsection.

18 (c) Members who first become employed by an employer in an eligible  
19 position on or after May 1, 2013, are not eligible for the alternate  
20 early retirement provisions of (a) or (b) of this subsection. Any  
21 member who first becomes employed by an employer in an eligible  
22 position on or after May 1, 2013, and has completed at least thirty  
23 service credit years and has attained age fifty-five shall be eligible  
24 to retire and to receive a retirement allowance computed according to  
25 the provisions of RCW 41.40.790, except that a member retiring pursuant  
26 to this subsection shall have the retirement allowance reduced by five  
27 percent per year to reflect the difference in the number of years  
28 between age at retirement and the attainment of age sixty-five.

--- END ---