



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

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STATE OF WASHINGTON
FILED

DATE: June 25, 2020

TIME: 10:18 AM

WSR 20-14-039

Agency: Department of Retirement Systems

Effective date of rule:

Permanent Rules

- 31 days after filing.
 Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes No If Yes, explain:

Purpose: Calculation of the retirement benefit for members with service in more than one retirement plan – RCW 41.54.030(2) allows members with service in more than one plan to use the base salary earned in one plan as the compensation for calculating the retirement benefit from another plan. This rule describes how the retirement benefit will be calculated when there is a break in employment.

Citation of rules affected by this order:

New:
Repealed:
Amended: WAC 415-113-065
Suspended:

Statutory authority for adoption: RCW 41.50.050

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 20-11-083 on May 20, 2020 (date).

Describe any changes other than editing from proposed to adopted version: No changes, the text being adopted is identical to the text as proposed.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Web site:
Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New		Amended	<u>1</u>	Repealed	___
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New		Amended	<u>1</u>	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: June 25, 2020

Name: Tracy Guerin

Title: Director

Signature:



WAC 415-113-065 Can I substitute salary from one system to another? (1) You can substitute base salary between systems.

(a) If you choose to retire with a multiple system benefit, you may substitute your base salary under one dual member system for your includable compensation in a second dual member system for purposes of computing a retirement allowance from the second system.

(b) Your average final compensation (AFC) will be calculated by reviewing all base salary from all periods of dual member employment and determining your highest consecutive AFC period prior to your retirement or death.

(c) Using the substituted salary, the department will compute your average compensation under each system's own requirements.

(Example 6: ~~At retirement, Sandy is a member participant in PERS Plan 2 and has prior creditable service in TRS Plan 1. She earned her highest compensation during her PERS Plan 2 service. Sandy's PERS Plan 2 retirement allowance will be based on her PERS Plan 2 average compensation. For purposes of computing her TRS average compensation and retirement allowance, Sandy may substitute her PERS Plan 2 base salary earned over two consecutive fiscal years for her earnable compensation in TRS.~~

Example 7: ~~At retirement, Pat is a member participant in TRS Plan 1 and has prior creditable service in PERS Plan 1. He earned his highest compensation during his membership in TRS Plan 1 and received a sick-leave cashout. Pat may substitute his base salary earned while a member in TRS Plan 1 for his PERS Plan 1 compensation earnable. However, because Pat may substitute only his base salary from TRS Plan 1 for his compensation earnable in PERS, his PERS average compensation will not include the cashout payments from his TRS employer.~~

~~(b) If you do not have sufficient service credit months in one dual member system to complete an average compensation period under that system, the department will substitute the appropriate number of months of base salary from another system to complete the average compensation period.~~

Example 8: ~~Tim has creditable service in TRS Plan 1 and PERS Plan 2. He retires at age sixty-five after accruing twenty-four months of service in PERS Plan 2. Under PERS Plan 2, a member's average compensation period is the member's highest consecutive sixty-month period of compensation. To compute Tim's PERS Plan 2 retirement allowance, the department will substitute his highest consecutive thirty-six service credit months of TRS base salary to complete the PERS sixty-month average compensation period.)~~

Example: Average final compensation calculation.

Sarah became a member of TRS Plan 2 and earned two years of service credit. After a break in employment, Sarah returned to public service in a PERS Plan 2 position and worked two additional years.

Sarah then returned to a TRS Plan 2 position until retiring at the age sixty-five. Sarah's career earnings were as follows:

TRS Plan 2

81-82 School Year - \$18,000 per year

82-83 School Year - \$20,000 per year

PERS Plan 2

2013 Calendar Year - \$48,000 per year

2014 Calendar Year - \$50,000 per year

TRS Plan 2

14-15 School Year - \$60,000 per year

15-16 School Year - \$64,000 per year

16-17 School Year - \$68,000 per year

As a dual member, Sarah can substitute the PERS salary when calculating the highest sixty months of earnings to be used in the TRS benefit calculation:

$$\frac{\$48,000 + \$50,000 + \$60,000 + \$64,000 + \$68,000}{60 \text{ months}} = \$4,833 \text{ AFC}$$

The same calculation will be used for the PERS average final compensation.

(2) **TRS Plan 1 adjusted full-time salary is not base salary.** A multiple system retiree's adjusted full-time salary under RCW 41.32.345 shall not constitute base salary for purposes of computing the retiree's multiple system benefit.

(3) **Includable compensation defined.** For purposes of this chapter, "includable compensation" means:

(a) Earnable compensation under TRS Plan 1, 2 or 3 as defined in RCW 41.32.010(10);

(b) Compensation earnable under PERS Plan 1, 2 or 3 as defined in RCW 41.40.010(8);

(c) Compensation earnable under PSERS as defined in RCW 41.37.010(6);

(d) Basic salary under LEOFF Plan 2 as defined in RCW 41.26.030(13)(b);

(e) Monthly salary under WSPRS Plan 1 or 2 as defined in RCW 43.43.120(23); and

(f) Compensation earnable under SERS Plan 2 or 3 as defined in RCW 41.35.010(6).

(4) **Defined terms used.** Definitions for the following terms used in this section may be found in the sections listed.

(a) "Average compensation" - WAC 415-113-030.

(b) "Base salary" - RCW 41.54.010(1).

(c) "Dual member system" - WAC 415-113-030.

(d) "Member participant" - WAC 415-113-030.

(e) "Multiple system benefit" - WAC 415-113-030.

(f) "Multiple system retiree" - WAC 415-113-030.