
Appropriations Committee

HB 2687

Brief Description: Establishing a one thousand dollar minimum monthly benefit for certain plan 1 members of the public employees' retirement system and certain plan 1 members of the teachers' retirement system.

Sponsors: Representatives Bailey, Conway, Fromhold, Lovick, Hunt, Nixon, Kenney, Quall, Simpson, Ormsby, Moeller, Morrell, Upthegrove and Hinkle; by request of Select Committee on Pension Policy.

Brief Summary of Bill

- Expands eligibility for the \$1,000 minimum benefit to Public Employees' Retirement System Plan 1 and Teachers Retirement System Plan 1 members who have at least 20 years of service, and who have been retired for at least 25 years.
- Adjusts the \$1,000 minimum benefit upwards by 3 percent each year.

Hearing Date: 1/30/06

Staff: David Pringle (786-7310).

Background:

The basic retirement allowance of a member Plan 1 of the Public Employees' Retirement System (PERS 1) or the Teachers' Retirement System (TRS 1) is equal to 2 percent of the member's average final compensation for each year of service credit. There is also a minimum benefit level of \$32.71 per month per year of service. A member with 25 years of service is therefore eligible for a minimum benefit of \$817.75 per month and with 30 years of service, the minimum benefit is \$981.30 per month. The minimum benefit that applies to all members of PERS 1 and TRS 1 increases by at least 3 percent per year.

An alternative minimum benefit of \$1,000 per month was established in 2004 for members of PERS 1 and TRS 1 members who have at least 25 years of service credit and have been retired for at least 20 years. The \$1,000 minimum monthly benefit, which is also subject to reductions if the member selects the enhanced cost-of-living adjustment or survivor benefit options, is not increased annually.

The actual benefit amount a retiree or beneficiary is entitled to receive may be less than either the regular or the alternative minimum allowances if the member selects enhanced cost-of-living

adjustments or survivor benefit options or, in TRS 1, elects to withdraw employee contributions and take a reduced retirement benefit at retirement.

Summary of Bill:

The \$1,000 alternative minimum benefit in PERS 1 and TRS 1 is extended to members who have at least 20 years of service and who have been retired for at least 25 years. A 3 percent annual increase is added to the \$1,000 minimum benefit.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2006.