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**Ways & Means Committee**

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**SSB 5846**

**Brief Description:** Offering health benefit subsidies for certain retired public employees.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Brown, McAuliffe, Tom, Fraser, Hobbs, Conway, Harper, Nelson, Rockefeller, Keiser, Kilmer, Litzow, Hatfield, Prentice, Shin, Kohl-Welles and White).

**Brief Summary of Substitute Bill**

- Provides a \$250 per month subsidy for health benefits for Teachers' Retirement System Plan 1 members that apply for retirement between June 1, 2011, and August 31, 2011, and begin retirement benefits by October 1, 2011.

**Hearing Date:** 5/23/11

**Staff:** David Pringle (786-7310).

**Background:**

Plan 1 of the Teachers' Retirement System (TRS) provides benefits for certificated employees who first entered eligible employment with school districts, educational service districts, and other public educational employers prior to October 1, 1977. Members of TRS 1 are eligible to retire from age 60 with five years of service, from age 55 with 25 years of service, or at any age with 30 years of service. A member's basic retirement allowance is equal to 2 percent of the member's average final compensation for each year of service credit.

Retired members of TRS may choose to purchase health benefits through the Public Employee Benefits Board (PEBB). In order to do so, a member must begin to collect a retirement allowance immediately upon separation from service and must also elect PEBB coverage within 60 days. Retirees of TRS who are not eligible for Medicare are placed in the same insurance pool as active and retired state employees; however, they are responsible for paying both the active employee premium contribution and the premium contribution that would be made by an

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employer. Retirees of TRS who are eligible for Medicare are placed in a separate pool with Medicare-eligible retired state employees and are eligible for a state subsidy.

**Summary of Bill:**

From September 1, 2011, through August 31, 2014, a subsidy of \$250 per month is available for health benefits for retired members of TRS 1 who are ineligible for Medicare. In order to receive the subsidy, a member must apply for retirement between June 1, 2011, and August 31, 2011, and receive the first installment of a TRS 1 retirement allowance by October 31, 2011. A member who is receiving the \$250 per month subsidy may not work more than 867 hours per year in a retirement-system covered position.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.