

HOUSE BILL REPORT

SB 5510

*As Reported By House Committee on:
Appropriations*

Title: An act relating to Washington public employees' retirement system.

Brief Description: Allowing for restoration of withdrawn contributions in annual installments to the Washington public employees' retirement system.

Sponsor(s): Senators Rasmussen, Moore, Nelson, Bauer, Saling and L. Smith.

Brief History:

Reported by House Committee on:
Appropriations, February 26, 1992, DPA.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *Do pass as amended.* Signed by 25 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Belcher; Bowman; Brekke; Carlson; Dorn; Ferguson; Fuhrman; Hine; Lisk; May; Nealey; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Valle; Vance; Wang; and Wineberry.

Staff: Barbara McLain (786-7153).

Background: When a member of one of the state's retirement systems separates from service, the member may withdraw his or her retirement contributions. Withdrawal signifies termination of membership in the retirement system and waiver of any rights to a pension allowance.

If the member later resumes employment covered by the same retirement system, the member may receive credit for the previously covered service if the withdrawn contributions, with interest, are restored within five years of the member's resumption of employment.

In Plan I of the Teachers' Retirement System, members may restore the contributions in annual installments, as long as they begin the installments within five years of

reemployment and complete them four years after the first installment.

For the other state retirement systems, there is no requirement in statute or rule that the restoration be paid in one lump sum, but the Department of Retirement Systems has required a lump sum payment because it is not currently able to administer a large number of individual accounts receivable for members.

Summary of Amended Bill: Effective January 1, 1994, members of Plan I of the Public Employees' Retirement System have the option to restore withdrawn contributions in one lump sum or in annual installments. The Department of Retirement Systems will incorporate development of member accounts receivable into its information systems projects for the next two years, so that by January 1994, members of other retirement systems have the option to restore withdrawn contributions in annual installments.

Amended Bill Compared to Original Bill: An effective date of January 1, 1994, is added to the authorization for members of PERS I to make restorations in annual installments. The department is required to develop its information systems so that by January 1994, members of other retirement systems have the option to make restorations in annual installments.

Fiscal Note: Available.

Effective Date of Amended Bill: The section allowing members of PERS I to restore withdrawn contributions in annual installments takes effect January 1, 1994. The remainder of the bill takes effect 90 days after adjournment of the session in which it is passed.

Testimony For: Allowing annual installments for PERS I would give these employees the same options as employees in TRS I already have. This is an equity issue.

Testimony Against: None.

Witnesses: Dave Westberg, Washington Joint Council of Stationary Engineers.