

FINAL BILL REPORT

HB 2142

C 282 L 91
Synopsis As Enacted

Brief Description: Providing a schedule for notification to public employees of accumulated service credit.

By Representatives Spanel and Winsley; by request of Department of Retirement Systems.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Department of Retirement Systems (DRS) administers six public retirement systems: the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS), Judicial Retirement System (JRS), and the Judges' Retirement Fund (JUDGES).

In all systems, a member's retirement benefit is based upon the number of months of service credit the member has accumulated and the final annual average salary received by the member.

Service Credit: Service credit is based on the amount of compensated time employers reported for each member. Requirements for earning service credit vary between systems. For example, members of PERS, Plan 2, are credited with one month of service credit if they work 90 or more hours during a calendar month. Members of WSPRS are credited with one month of service credit if they work 70 or more hours during a calendar month.

With the exception of members of TRS, DRS does not systematically notify retirement system members of the amount of service credit they have earned. DRS calculates a member's earned service credit only upon request or when the member prepares to retire.

During the 1990 Session, a bill passed requiring DRS to annually notify each retirement system member of the amount of service credit earned within the previous year, and the total service credit accumulated by the member. The bill directed DRS to begin notifying members no later than October 1, 1993, and to concentrate on members who were within five years of being eligible to retire.

Accuracy of Service Credit Data: Sample audits conducted by DRS indicate that approximately 50 percent of service credit data stored within current computer systems either overstates or understates members' actual service credit. To avoid sending out inaccurate data, DRS is planning to reconfigure its computer systems and conduct systematic audits of member files.

Summary: The bill establishes a new schedule for member notification of retirement service credit. Instead of annual notification of accumulated service credit and service credit earned within the preceding year for all members of all retirement systems by October 1, 1993, DRS must notify members as follows:

- 1) DRS must annually notify TRS members of accumulated service credit and service credit earned within the preceding calendar or school year by January 1, 1991;
- 2) DRS must annually notify all members of public retirement systems other than TRS of service credit earned within the preceding calendar or school year by June 30, 1992;
- 3) DRS must annually notify all members who are within five years of being eligible for retirement of total accumulated service credit by October 1, 1993;
- 4) DRS must annually notify LEOFF, WSPRS, JRS, and JUDGES members of total accumulated service credit by August 30, 1993;
- 5) DRS must annually notify PERS state employee members of total accumulated service credit by August 30, 1994;
- 6) DRS must annually notify PERS political subdivision employees of total accumulated service credit by January 31, 1995;
- 7) DRS must annually notify PERS higher education institution employees of total accumulated service credit by June 30, 1995; and
- 8) DRS must annually notify PERS school district employees of total accumulated service credit by April 30, 1996.

Votes on Final Passage:

House	98	0
Senate	44	0

Effective: July 28, 1991