

SENATE BILL REPORT

SB 5510

AS PASSED SENATE, JANUARY 27, 1992

**Brief Description:** Allowing for restoration of withdrawn contributions in annual installments to the Washington public employees' retirement system.

**SPONSORS:** Senators Rasmussen, Moore, Nelson, Bauer, Saling and L. Smith.

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Cantu, Gaspard, Johnson, L. Kreidler, Matson, Metcalf, Murray, Newhouse, Niemi, Rinehart, Saling, L. Smith, West, and Wojahn.

**Staff:** Denise Graham (786-7715)

**Hearing Dates:** March 7, 1991; March 8, 1991

**HOUSE COMMITTEE ON APPROPRIATIONS**

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covered by the same retirement system, the member may receive credit for the previously covered service if the withdrawn contributions, with interest, are restored within five years of the member's resumption of employment.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

Members of the public employees' retirement system may restore withdrawn contributions in annual installments.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

This is a question of equity.

**TESTIMONY AGAINST:**

If employees use payroll deductions to accumulate the payment, there would be no costs to the state.

**TESTIFIED:** Senator Rasmussen (pro); Dave Westberg, Operating Engineers (pro); John Thompson, Operating Engineers Local 286 (pro); Sam Kinville, County and City Employees (pro); Paul Neal, George Northcroft, Dept. of Retirement Systems

**HOUSE AMENDMENT(S):**

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.