

SENATE BILL REPORT

HB 2028

AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 5, 1993

Brief Description: Requiring notice to retirement system members who are eligible to restore contributions.

SPONSORS: Representatives Orr and Wolfe

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Anderson, Bauer, Bluechel, Cantu, Gaspard, Hargrove, Hochstatter, Jesernig, McDonald, Moyer, Niemi, Owen, Quigley, Roach, L. Smith, Snyder, Sutherland, Talmadge, Williams, and Wojahn.

Staff: Denise Graham (786-7715)

Hearing Dates: April 5, 1993

BACKGROUND:

An employee who returns to public employment can restore any previously earned service credit in the state's retirement systems by repaying the amount of his or her withdrawn employee contributions, plus interest, within a specified time period of returning to work.

Plan I of the Teachers' and the Public Employees' Retirement Systems require the Department of Retirement Systems to notify such a returning employee, through the employer, of the amount of potential service credit that can be restored, the amount of funds required for restoration, and the date when the restoration must be accomplished.

There is no requirement that the Department of Retirement Systems notify returning employees in Plan II of the state retirement systems.

During the 1980s, members of PERS and TRS who had failed to repay their withdrawn contributions during the five-year time period were given additional windows of time during which they could restore their contributions. Elected officials, however, were excluded from the open windows.

In 1972, the State-Wide Employees' Retirement System (SWCERS) was abolished and its responsibilities, assets, and liabilities were transferred to PERS. Service credit for former members who had quit and withdrawn their contributions was not transferred. In 1984 and 1987, former members of

SWCERS who later became members of PERS were given an opportunity (1) to reestablish withdrawn service credit by repaying the withdrawn contributions with interest, and (2) to establish probationary service credit by paying the employer contributions.

SUMMARY:

The director of the Department of Retirement Systems is to notify a member of any of the state's retirement systems of the employee's ability to restore withdrawn retirement contributions. The director will send a statement to the member's employer of the potential service credit to be restored, the amount of funds required, the date by when the restoration must be accomplished, and the options for repayment. The employer will provide the statement to the member and place a copy in the member's personnel file.

The bill is null and void unless an appropriation in the operating budget is made to carry out its purposes.

SUMMARY OF PROPOSED SENATE AMENDMENT:

Nothing in this bill or in existing statute authorizes the extension of statutory restoration deadlines for employees who do not receive notice of their eligibility to restore contributions. This is applied retroactively to restoration periods which expired prior to the effective date of the bill.

Members of the Public Employees' Retirement System who were not eligible to restore contributions during the open window period offered in 1986 solely because they were elected judges are permitted to restore withdrawn contributions, along with interest, for periods of nonelected service by June 30, 1994.

Former members of the State-Wide City Employees' Retirement System who quit and withdrew their contributions and who later became members of the Public Employees' Retirement System may (1) reestablish withdrawn service credit by repaying the withdrawn contributions with interest by December 31, 1993, and (2) establish probationary service credit by paying the employer contributions by December 31, 1993.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one