

SENATE BILL REPORT

ESSB 5510

AS PASSED SENATE, MARCH 15, 1993

Brief Description: Notifying reentering state employees of their ability to restore previously withdrawn contributions.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senator Niemi)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5510 be substituted therefor, and the substitute bill do pass.

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

Staff: Denise Graham (786-7715)

Hearing Dates: March 1, 1993; March 2, 1993

BACKGROUND:

A public employee who leaves public employment can withdraw his or her contributions to the state's retirement systems. If that employee later decides to reenter public employment, he or she can restore previously earned service credit by repaying the withdrawn contributions, plus interest, within five years of reemployment.

Plan I of the Teachers' and Public Employees' Retirement Systems (PERS and TRS) require the Department of Retirement Systems to notify a returning employee 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 completed.

There is no requirement that the Department of Retirement Systems notify returning employees in Plan II of the state retirement systems of their ability to restore withdrawn contributions and service credit.

During the 1980s, members of PERS and TRS who had failed to repay their withdrawn contributions during the five-year time period were given additional windows of time during which they could restore their contributions.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 Service credit for former members who had quit and withdrawn their contributions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1984 and 1987, former members of SWCERS who later became members of PERS were given an opportunity (1) to reestablish withdrawn service credit by repaying the withdrawn contributions with interest, and (2) to establish probationary service credit by paying the employer contributions.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 Department of Retirement Systems is required to notify a member of any state-run retirement system who is eligible to restore withdrawn contributions of his or her ability to make the restoration, the potential service that can be restored, the cost of the restoration and the date by which it must be accomplished.

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:

Since the members of Plan I systems receive notification that they can restore withdrawn retirement contributions, members of Plan II should also receive this notification.

TESTIMONY AGAINST: None

TESTIFIED: Gary Moore, Washington Federation of State Employees
(pro)