

HOUSE BILL REPORT

HB 3053

As Passed Legislature

Title: An act relating to distribution options for members of teachers' retirement system, plan III.

Brief Description: Providing a lump sum distribution option for certain members of the teachers' retirement system, plan III.

Sponsors: Representatives Clements and Skinner.

Brief History:

Committee Activity:

Appropriations: 2/3/98, 2/6/98 [DP].

Floor Activity:

Passed House: 2/16/98, 98-0.

Passed Legislature.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Denise Graham (786-7137).

Background: Under the defined contribution portion of TRS Plan III, a member may withdraw the accumulated contributions and interest in the member's account whenever he or she terminates employment. How quickly a member can receive this payment from the Department of Retirement Systems (DRS) depends in part on which of two investment options the member has chosen. Members may choose to self-direct their investments by selecting among options provided by the Employee Retirement Benefits Board (ERBB), or they may choose to invest through the State Investment Board (SIB) in the same portfolio the SIB invests all other TRS Plan II and III monies. Those who choose to self-direct their investments receive their money rather quickly upon leaving employment, because those member accounts are valued daily. Those who choose to

invest through the SIB must wait from 60 to 90 days to receive their money because those accounts are valued monthly with a month's lag in the valuations. The monthly valuations are due to the fact that the SIB portfolio includes real estate investments, venture capital and leveraged buy-outs, which do not lend themselves to daily valuations.

Summary of Bill: A TRS III member who has a terminal illness and who has terminated employment may choose to have the balance in the member's account distributed as a lump-sum payment based on the most recent asset valuation in order to expedite the payment. The Department of Retirement Systems is required to make the payment within 10 working days after receiving notice of termination of employment, documentation verifying the terminal illness, and an application for payment.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This bill will help someone with a terminal disease. Affected persons can withdraw their money and use it however they want or need.

Testimony Against: None.

Testified: Representative Jim Clements, prime sponsor.