

# HOUSE BILL ANALYSIS

## HB 3053

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

**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:** HB 3053 allows a TRS III member who has a terminal illness and who has terminated employment to 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.

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

**Fiscal Note:** Requested on February 3, 1998.

