

SENATE BILL REPORT

SB 5033

As Passed Senate, February 10, 2000

Title: An act relating to public employees' retirement system plan 1 members who separate from service without withdrawing their contributions from the retirement system.

Brief Description: Separating from public employees' retirement system plan 1.

Sponsors: Senators Winsley, Fraser, Long, Jacobsen, Bauer, Franklin, Roach and Rasmussen; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/26/99, 2/23/99 [DP]; 1/26/00 [DP].
Passed Senate, 3/12/99, 49-0; 2/10/00, 46-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Pete Cutler (786-7454)

Background: Active members of the Public Employees Retirement System, Plan 1 (PERS 1) can receive an unreduced retirement allowance at any age after 30 years of service, at the age of 55 after 25 years of service, or at age 60 after five years of service. However, if a PERS I member leaves PERS employment prior to retirement, the member may not receive an unreduced retirement allowance until age 65. The only other state retirement plan that provides a higher retirement age for persons who separate employment prior to retirement is the Washington State Patrol Retirement System (WSPRS); in all other plans the retirement age does not differ for active and inactive members.

Inactive PERS 1 members have the option of receiving an actuarially reduced retirement allowance beginning as early as age 60. The actuarial reduction for retirement at age 60 is approximately 40 percent; thus, an inactive PERS 1 member who is eligible for a \$1,000 monthly benefit at age 65 would receive about \$600 if the benefit commenced at age 60.

Summary of Bill: A PERS I member who separates from service after January 1, 1999, is age 50 or older, has at least 20 years of service, and is not retired as of the effective date of the bill, can begin receiving an unreduced retirement allowance at age 60. This new provision does not apply to a member who has withdrawn all or part of the member's contributions.

Appropriation: None.

Fiscal Note: Requested on January 19, 1999.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.