

SENATE BILL REPORT

SB 6383

As Passed Senate, February 15, 2002

Title: An act relating to allowing a member who is at least age seventy and one-half or a member holding state elective office or directly appointed by the governor who wishes to be eligible for a retirement allowance the option of ending his or her membership in the teachers' retirement system, the school employees' retirement system, and the public employees' retirement system.

Brief Description: Allowing a member who is at least age seventy and one-half or a member holding state elective office or directly appointed by the governor who wishes to be eligible for a retirement allowance the option of ending his or her membership in the teachers' retirement system, the school employees' retirement system, and the public employees' retirement system.

Sponsors: Senators Spanel, Carlson, Regala, Fraser, Winsley, Jacobsen, Rasmussen and McAuliffe; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/4/02, 2/5/02 [DP].
Passed Senate: 2/15/02, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Poulsen, Rasmussen, Rossi, B. Sheldon, Spanel, Thibaudeau and Zarelli.

Staff: Erin Hannan (786-7708)

Background: In order to begin receiving a retirement allowance, a member must be eligible for benefits under their plan, leave active membership and become a retiree, and apply to the Department of Retirement Systems to start their allowance. The requirement that a member separate from service exists regardless of age. Federal law requires private plans to allow members to terminate active membership and begin receiving retirement benefits at age 70 ½ without leaving employment. However, the federal law does not apply to the Washington State retirement systems.

Legislators and state appointed officials can choose to begin or resume membership during any term of elected office, but the decision to begin or resume is irrevocable until they separate from all eligible public employment.

Summary of Bill: Vested members of PERS, SERS, and TRS may begin receiving retirement benefits at age 70 ½ without separating from service. Upon retiring, the employee

no longer makes contributions or receives service credit but they may work and receive their retirement benefit without any reductions.

Legislators and state appointed officials have the option of entering or leaving membership at the beginning of each term of office. If they opt out of service, the legislator or state-appointed official may apply to begin their benefit if otherwise eligible.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill allows legislators to retire and collect benefits without a reduction or separation from service.

Testimony Against: None.

Testified: Senator Spanel (pro).