

SENATE BILL REPORT

HB 2536

As of February 16, 2004

Title: An act relating to permitting members of the public employees' retirement system plan 2 and plan 3 and the school employees' retirement system plan 2 and plan 3 to buy down the early retirement reduction amounts.

Brief Description: Permitting members of the public employees' retirement system plan 2 and plan 3 and the school employees' retirement system plan 2 and plan 3 to buy down the early retirement reduction amounts.

Sponsors: Representatives Alexander, Fromhold, Conway, Rockefeller, G. Simpson, Moeller, Chase, Bush and Armstrong; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The normal retirement age under Plan 2 or Plan 3 of either the Public Employees' Retirement System or the School Employees' Retirement System is 65 years. Members of these plans who have at least 20 years of service become eligible for early retirement at age 55. Those who exercise this option have their retirement benefit actuarially reduced to reflect the years of difference between their age at retirement and age 65, except that members having at least 30 years of service are only subject to a benefit reduction of 3 percent per year of difference between their age at retirement and age 65.

Summary of Bill: Members of Plans 2 or 3 of PERS or SERS who are eligible for early retirement are allowed to buy down all or part of the early retirement benefit reduction. Members opting to buy down the early retirement reduction pay the full actuarial cost of the buydown. Payment may be made in a lump sum, by rollover, and/or through a trustee-to-trustee transfer from an eligible retirement plan.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For: (From companion SB 6252) This is a good bill that would be even better if the Teachers' Retirement System were included along with the Public Employees' and School Employees' Retirement Systems.

Testimony Against: None.

Testified: (From companion SB 6252) Sherry Appleton, Amalgamated Transit Union Legislative Council (pro); Don Briscoe, International Federation of Professional and Technical Engineers Local 17 (pro); Janice Greer, Tacoma Federation of Teachers (pro); Bev Hermanson, Washington Federation of State Employees (pro); Bruce and Martha Karr, Washington State Jail Association (pro); John Kvamme, Washington Association of School Administrators and Association of Washington School Principals (pro); Randy Parr, Washington Education Association (concerns); Paul Pastor, Pierce County Sheriff's Department (pro); J. Pat Thompson, Washington State Council of County and City Employees (pro).