

# SENATE BILL REPORT

## SB 6013

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As Reported By Senate Committee On:  
Ways & Means, March 10, 2003

**Title:** An act relating to making an irrevocable choice to waive rights to the defined benefit under the plan 3 retirement systems.

**Brief Description:** Making an irrevocable choice to waive rights to the defined benefit under the plan 3 retirement systems.

**Sponsors:** Senators Parlette and Carlson.

**Brief History:**

**Committee Activity:** Ways & Means: 3/10/03 [DPS].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6013 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Poulsen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

**Staff:** Erik Sund (786-7454)

**Background:** Members of Plan 3 of the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System receive both a defined contribution account and a defined benefit based on their years of service and average final compensation. Upon leaving the eligible employment, members are immediately eligible to receive the funds in their defined contribution account and may also begin to receive defined benefit payments if they are at least 55 and have enough years of service.

Plan 3 members who move to another state may be able to transfer their PERS, TRS, or SERS service credit into their new pension system; however, some of the plans that provide this option require that members waive their right to receive benefits in other systems before making a transfer. Currently, there is no way for Plan 3 members to waive their right to their defined benefit.

**Summary of Substitute Bill:** Inactive members of Plan 3 of PERS, TRS, and SERS are allowed to waive rights to their defined benefit. Members' rights to the funds in their defined contribution accounts are unaffected.

**Substitute Bill Compared to Original Bill:** An emergency clause is added changing the effective date from ninety days after the adjournment of the current session to immediately upon enactment.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Under current law, there is no way for members of plan 3 retirement systems to waive their right to their defined benefit. This can prevent separated members from transferring service credit to retirement systems in other states. This bill would remove that barrier at no cost to the state. The addition of an emergency clause would help separated members by allowing them to purchase service credit sooner and at lower cost.

**Testimony Against:** None.

**Testified:** Randy Parr, Washington Education Association (pro).