

SENATE BILL REPORT

SB 6247

As Passed Senate, February 16, 2004

Title: An act relating to vesting after five years of service in the defined benefit portion of the public employees' retirement system, the school employees' retirement system, and the teachers' retirement system plan 3.

Brief Description: Vesting after five years of service in the defined benefit portion of the public employees' retirement system, the school employees' retirement system, and the teachers' retirement system plan 3.

Sponsors: Senators Winsley, Fraser, Regala, Carlson, Keiser and McAuliffe; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/21/04, 1/29/04 [DP].

Passed Senate: 2/16/04, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Prentice, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Erik Sund (786-7454)

Background: A member of a pension plan, including the plans of the Washington State retirement systems, must accumulate a specific amount of service credit before he or she is entitled to a pension benefit. This period of service requirement is called "vesting." Members who separate before they are vested are entitled only to a refund of their pension contributions.

In the Public Employees' Retirement System (PERS) Plans 1 and 2, the School Employees' Retirement System (SERS) Plan 2, and the Teachers' Retirement System (TRS) Plans 1 and 2, the vesting period for employees is five years.

In PERS 3, SERS 3, and TRS 3, the vesting period for employees is 10 years, or five years including at least one year after age 54. Members who were already vested in Plan 2 when they transferred to PERS 3, SERS 3, or TRS 3 remain vested members.

Summary of Bill: The vesting period for PERS 3, SERS 3, and TRS 3 is reduced to five years of qualified service at any age.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Changing the vesting period in the various Plans 3 from ten years to five years is important for reasons of fairness. Also, many members of TRS 3 work on a part-time basis and may never accumulate enough service credit to vest under a ten-year requirement.

Testimony Against: None.

Testified: Tami L. Edwards, Thurston County Sheriff's Office Corrections (pro); Gene Forrester, Washington Senior Citizens' Lobby (pro); Ed Gonion, Washington State School Retirees' Association (pro); Janice Greer, Washington Federation of Paraeducators (pro); Bev Hermanson, Washington Federation of State Employees (pro); John Kvamme, Washington Association of School Administrators and Association of Washington School Principals (pro); Jan Leth, Washington Education Association (pro); Leslie Main, Washington State School Retirees' Association (pro); Ellie Menzies, Service Employees International Union (pro); Randy Parr, Washington Education Association (pro); Wendy Rader-Konofalksi, Washington Federation of Teachers (pro); Todd Thoma, Thurston County Sheriff's Office Corrections (pro); J. Pat Thompson, Washington State Council of County and City Employees (pro); Bill Vogler, Washington State Association of Counties (con); David Westberg, Stationary Engineers (pro).