

---

## Appropriations Committee

---

### HB 1522

**Brief Description:** Crediting military service to certain employees.

**Sponsors:** Representatives Hunt, Armstrong, O'Brien, Jarrett, P. Sullivan, Grant, Williams, Linville, Appleton, Wood, Green, Campbell, Hudgins, Darneille, Miloscia, Simpson, Morrell, Lovick, Chase, Woods, Kenney, Talcott, Dunshee and Ormsby.

#### Brief Summary of Bill

- Allows military credit to be obtained, after completing military service, if the employee applies for re-employment with the leave-of-absence employer within one year (or is re-employed within 10 years under certain conditions) instead of within 90 days of receiving an honorable discharge under current law.
- Allows any member with 25 years creditable service to take up to five years of military service regardless of whether the member took a leave of absence during the 25 years.
- Exempts the member from paying his or her portion of the plan contribution for the military service credit.

**Hearing Date:** 2/17/05

**Staff:** Charlie Gavigan (786-7340).

#### Background:

There are four primary retirement systems for public employees: 1) the Public Employees' Retirement System (PERS); 2) the Teachers' Retirement System (TRS); 3) the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF); and 4) the School Employees' Retirement System (SERS). The PERS and TRS have three plans that have been established by the Legislature over time (Plans 1, 2 and 3), while LEOFF (Plans 1 and 2) and SERS (Plans 2 and 3) each have two plans. Plans 1 and 2 are defined benefit plans, while Plan 3 consists of a defined benefit portion and a defined contribution portion.

Plan 2 members of the TERS, SERS, and PERS are eligible to receive a maximum service credit of five years for an authorized leave of absence for military service. The credit can be obtained if the employee applies for re-employment with the leave-of-absence employer within 90 days of receiving an honorable discharge, and the employee pays his or her portion of the plan

contribution, for the leave of absence period, within five years of resumption of employment, or prior to retirement, whichever comes sooner.

If the employer does not pay his or her portion within this time period, the employee may still receive service credit by paying the actuarial value of the resulting increase in their benefit, in a manner defined by the department, prior to retirement.

**Summary of Bill:**

Changes are made regarding the eligibility of Plan 2 members of the TERS, SERS, and PERS to receive service credit of up to five years for an authorized leave of absence for military service. After completing military service, the person is eligible for the service credit by applying for resumption of employment within one year of termination of military service. If the person is refused re-employment for reasons beyond his or her control, he or she remains eligible if employment is resumed within 10 years. There is no requirement for the member to pay his or her portion of the plan contribution for this service credit.

In addition, any member with 25 years of creditable service can receive a maximum of five years of military service credit regardless of whether the member took a leave of absence from the employer during that 25 years. The member must still restore all withdrawn accumulated contributions; must be a veteran as defined in law; and must not be receiving full military benefits under federal law. There is no requirement for the member to pay his or her portion of the plan contribution for this service credit.

The definition of veteran is changed to include the military campaigns: Afghanistan, Operation Enduring Freedom; and Iraqi, Operation Iraqi Freedom.

**Appropriation:** None.

**Fiscal Note:** Requested on February 4, 2005.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.