
Appropriations Committee

SB 5522

Brief Description: Purchasing service credit lost due to injury.

Sponsors: Senators Franklin, Weinstein, Keiser, Kastama, Zarelli, Rasmussen, Hewitt, Kline, Schmidt and Rockefeller.

Brief Summary of Bill

- Permits members of the Public Employees' Retirement System Plans 1, 2 and 3 to purchase up to two years of service credit for periods not worked due to an injury incurred in the course of employment.
- Requires injured members to be receiving a benefit from the Department of Labor and Industries for the period of lost service credit.
- Requires members to make employee contributions based on the salary that the member would have earned had the member not been injured within five years of the member's return to employment.
- Requires members who do not return to employment, or do not purchase the injury service credit within five years, to pay the full actuarial cost to purchase the service credit.

Hearing Date: 3/22/05

Staff: David Pringle (786-7310).

Background:

The Public Employees' Retirement System (PERS) Plans 1, 2 and 3 provide retirement benefits to most Washington state and local government employees. Each plan provides a number of options for members to purchase service credit for periods of leave from employment, such as temporary leave for disabilities and for periods of state service interrupted by periods of military service. These provisions are generally referred to as "optional service," and depending on the plan and the type of optional service a member has earned, the member may have to make contributions to the retirement systems to claim the service credit.

Members of the PERS Plans 1, 2 and 3 who become disabled in the line of duty and are receiving benefits from the Department of Labor and Industries can continue to earn service credit for up to

12 months if they pay employee contributions based upon the regular compensation the member would have received had the disability not occurred. Employer contributions will be collected by the Department of Retirement Systems (DRS) for the service related to contributions made by the disabled employee. If contributions are made retroactively, interest is charged on both the employee and employer contributions at a rate determined by the Director of DRS. This provision is not available to members who separate from employment, or who separate without leave of absence.

Summary of Bill:

Members of PERS Plans 1, 2 and 3 who become disabled in the line of duty and are receiving disability benefits from the Department of Labor and Industries can purchase up to two years of lost service credit for a period that they are not employed in a covered position and are receiving a disability benefit.

Within 90 days of cessation of disability benefits, the member must apply for re-employment with the employer who employed the member immediately prior to the member's injury. The member must then make employee contributions based on the contributions that the member would have made, if not injured, within five years.

If a member does not apply for re-employment within 90 days, or does not complete payment of the required contributions within five years, the member must contribute an amount equal to the full actuarial value of the service credit.

Appropriation: None.

Fiscal Note: Available.

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