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## Appropriations Committee

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### SB 6453

**Brief Description:** Establishing a one thousand dollar minimum monthly benefit for certain plan 1 members of the public employees' retirement system and certain plan 1 members of the teachers' retirement system.

**Sponsors:** Senators Mulliken, Pridemore, Fraser, Rockefeller, Franklin and Spanel; by request of Select Committee on Pension Policy.

Brief Summary of Bill
<ul style="list-style-type: none"><li>Expands eligibility for the \$1,000 minimum benefit to Public Employees' Retirement System Plan 1 and Teachers Retirement System Plan 1 members who have at least 20 years of service, and who have been retired for at least 25 years.</li></ul>



**Hearing Date:** 2/16/06

**Staff:** David Pringle (786-7310).

**Background:**

The basic retirement allowance of a member Plan 1 of the Public Employees' Retirement System (PERS 1) or the Teachers' Retirement System (TRS 1) is equal to 2 percent of the member's average final compensation for each year of service credit. There is also a minimum benefit level of \$32.71 per month per year of service. A member with 25 years of service is therefore eligible for a minimum benefit of \$817.75 per month and with 30 years of service, the minimum benefit is \$981.30 per month. The minimum benefit that applies to all members of PERS 1 and TRS 1 increases by at least 3 percent per year.

An alternative minimum benefit of \$1,000 per month was established in 2004 for members of PERS 1 and TRS 1 members who have at least 25 years of service credit and have been retired for at least 20 years. The \$1,000 minimum monthly benefit, which is also subject to reductions if the member selects the enhanced cost-of-living adjustment or survivor benefit options, is not increased annually.

The actual benefit amount a retiree or beneficiary is entitled to receive may be less than either the regular or the alternative minimum allowances if the member selects enhanced cost-of-living adjustments or survivor benefit options or, in TRS 1, elects to withdraw employee contributions and take a reduced retirement benefit at retirement.

**Summary of Bill:**

The \$1,000 alternative minimum benefit in PERS 1 and TRS 1 is extended to members who have at least 20 years of service and who have been retired for at least 25 years. A 3 percent annual increase is added to the \$1,000 minimum benefit.

**Appropriation:** None.

**Fiscal Note:** Available.

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