

FINAL BILL REPORT

SSB 5497

C 131 L 05

Synopsis as Enacted

Brief Description: Allowing terminally ill members to remove themselves from their retirement plan.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Delvin, Hewitt, Honeyford, Schoesler, McCaslin, Deccio, Mulliken, Morton, Roach, Swecker and Pflug).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Public Employees', Teachers', and School Employees' Retirement Systems (PERS, TRS, and SERS) each have two types of plans. Plans 1 and 2 are defined benefit plans, while Plan 3 consists of a defined benefit portion and a defined contribution portion.

Until separation from employment, all active members of PERS, TRS, and SERS earn service credit and must make contributions toward their retirement system. Members of PERS 1/2, TRS 1/2, and SERS 2 who leave employment before retirement can either withdraw their own contributions plus investment income, or they can leave their contributions in the retirement system up until reaching retirement age. Members of PERS 3, TRS 3, or SERS 3 may withdraw the amounts in their defined contribution account at any time after separation.

Federal law generally precludes a member from concurrently receiving both a pension benefit and salary from an employer.

Summary: A member of PERS 2/3, TRS 2/3, or SERS 2/3 may voluntarily be removed from membership in the pension plan if: (1) the medical adviser certifies that the member has a terminal illness with a life expectancy of five years or less; and (2) the Director agrees with the recommendation of the medical adviser.

Members who are removed from the retirement system continue their employment but do not make retirement contributions and do not accumulate additional service credit in the retirement plan.

Votes on Final Passage:

Senate	47	0
House	94	0

Effective: April 21, 2005