

# SENATE BILL REPORT

## SB 5497

---

---

As Reported By Senate Committee On:  
Ways & Means, March 2, 2005

**Title:** An act relating to allowing terminally ill members to remove themselves from their retirement plan.

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

**Sponsors:** Senators Delvin, Hewitt, Honeyford, Schoesler, McCaslin, Deccio, Mulliken, Morton, Roach, Swecker and Pflug.

**Brief History:**

**Committee Activity:** Ways & Means: 3/1/05, 3/2/05 [DPS].

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5497 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Hewitt, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Erik Sund (786-7454)

**Background:** The Public Employees', Teachers', and School Employees' Retirement Systems (PERS, TRS, and SERS) 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.

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 2, TRS 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 receiving both a pension benefit and salary from an employer.

**Summary of Substitute Bill:** 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 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.

**Substitute Bill Compared to Original Bill:** Language that was inadvertently left in two of the six sections of the bill from an earlier draft relating to withdrawal of member contributions was removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** This is a good bill that would help retirement system members who are seriously ill and find themselves in a very difficult situation.

**Testimony Against:** None.

**Who Testified:** PRO: Senator Jerome Delvin, prime sponsor.