

SENATE BILL REPORT

SB 6446

As of January 25, 2006

Title: An act relating to contribution rates in the Washington state patrol retirement system.

Brief Description: Setting contribution rates in the Washington state patrol retirement system.

Sponsors: Senators Fraser, Pridemore, Franklin, Rasmussen and Roach; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/23/06.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: Employee contribution rates in the Washington State Patrol Retirement System (WSPRS) are equal to half of the required total contribution level or 2 percent, whichever is greater. The State Patrol is responsible for the remainder of the required contributions. This cost-sharing relationship is similar to the arrangements in Plan 2 of the Public Employees', Teachers', School Employees', and Public Safety Employees' Retirement Systems (PERS, TRS, SERS, and PSERS) except that only WSPRS has a minimum employee contribution rate. Costs in Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System are shared by employees (50 percent), employers (30 percent), and the state (20 percent).

Prior to 1999, employee contributions in WSPRS were fixed at 7 percent of pay.

Summary of Bill: Employee contributions in the Washington State Patrol Retirement System are set at one-third of the total required contribution rate, with a maximum contribution of 7 percent of pay. The State Patrol is responsible for the balance of required contributions. Contribution rates for fiscal year 2007 are set at 3.01 percent of pay for employees and 6.01 percent of pay for the State Patrol.

A minimum combined employer and employee contribution level equal to 70 percent of the WSPRS actuarially determined normal cost is established. The normal cost is to be calculated using the entry age normal method.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: The Washington State Patrol Retirement System is a small retirement system and so is more vulnerable to rate fluctuations than the other retirement systems. WSPRS

members do not participate in Social Security, and would receive a reduced benefit if they did due to the government pension offset in that program. The members would not have agreed to variable contribution rates if they had known that rates would rise so much and so quickly. This bill would help the State Patrol with recruitment and retention of staff. The most important part of the bill is the rate floor, which will protect the fund against investment fluctuations.

Testimony Against: None.

Who Testified: PRO: Rick Jensen, Washington State Troopers Association; Tom Pillow, Washington State Troopers Association; Steve Sutton, Washington State Patrol Lieutenants' Association.