

# SENATE BILL REPORT

## SB 6455

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As Reported By Senate Committee On:  
Ways & Means, January 26, 2006

**Title:** An act relating to public retirement benefits for justices and judges.

**Brief Description:** Creating optional public retirement benefits for justices and judges.

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

**Brief History:**

**Committee Activity:** Ways & Means: 1/23/06, 1/26/06 [DPS].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6455 be substituted therefor, and the substitute bill do pass.

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

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

**Background:** Since 1988, newly elected or appointed judges have been enrolled in the Public Employees' Retirement System (PERS). A retired member of PERS Plan 1 or 2 receives a base retirement allowance equal to 2 percent of his or her average final compensation (AFC) for each year of service. A member of PERS 3 receives a base allowance equal to 1 percent of his or her average final compensation for each year of service and is eligible to receive the funds in his or her defined contribution account.

In addition to a PERS benefit, state-employed judges are eligible for a supplemental defined contribution benefit through the Judicial Retirement Account program (JRA). The state and the employee each contribute 2.5 percent of pay to the JRA. Upon retirement, the JRA funds are distributed in addition to the member's PERS benefits.

Judges employed by local governments to serve in a District Court or Municipal Court are not eligible to participate in the JRA program.

**Summary of Substitute Bill:** Instead of participating in the Judicial Retirement Account program, Supreme Court Justices, Court of Appeals Judges, and Superior Court Judges may choose to establish an enhanced PERS benefit. Members who choose this option forfeit future contributions to their Judicial Retirement Accounts. PERS Plan 1 and Plan 2 members choosing this option accrue a benefit of 3.5 percent of average final compensation (AFC) per year of service on a prospective basis, with a maximum benefit of 75 percent of AFC.

Members of Plan 3 earn a 1.6 percent benefit for each year of service after making the election, with a maximum allowance of 37.5 percent of AFC.

Participating PERS 2 members' contributions are made at 250 percent of the standard PERS 2 member rate, less 2.5 percent to account for the employer contribution that is redirected from the JRA plan. Plan 3 members continue to make their standard contributions to the defined contribution portion of PERS, plus the 2.5 percent that they would have paid into their JRAs.

District Court and Municipal Court Judges belonging to PERS may also elect the improved benefit; however, they are responsible for funding the full cost of the benefit enhancement. Local government employers do not make contributions in excess of the standard PERS employer rates.

Members participating in the enhanced PERS benefit program may purchase an upgrade of benefit multiplier for prior service as judges in PERS.

Newly elected or appointed judges are enrolled in PERS 2 and are eligible for the 3.5 percent benefit multiplier.

**Substitute Bill Compared to Original Bill:** The original bill provided for voluntary contributions of up to 2.5 percent of pay for local government employers that chose to contribute towards the funding of judges' enhanced PERS benefit.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill takes effect on January 1, 2007.

**Testimony For:** Since judges begin their court service in the middle or later portions of their careers, they have less time to build an adequate defined benefit retirement allowance. This bill would allow participating judges to build an improved defined benefit without cost to the state. This is a good bill except that the provisions for optional local government contributions should be removed.

**Testimony Against:** None.

**Who Testified:** PRO: Judge Rick Batham, Washington District and Municipal Court Judges' Association; Sophia Byrd McSherry, Association of Washington Counties; Leonard Costello, Superior Court Judges' Association; Judge Mike Trickey, Superior Court Judges' Association.