
Appropriations Committee

SB 6167

Brief Description: Clarifying the director's authority to determine interest in certain public retirement systems.

Sponsors: Senators Pridemore, Zarelli and Prentice; by request of Department of Retirement Systems.

Brief Summary of Bill

- Reinstates statutory language that expressly establishes the authority of the Director of the Department of Retirement Systems to determine the method and amount of interest that is credited to member retirement contributions.
- Requires interest, if credited, to be credited at least quarterly.

Hearing Date: 4/16/07

Staff: David Pringle (786-7310).

Background:

The public retirement systems of the state are administered by the Department of Retirement Systems (DRS), the administrative head of which is the Director of the DRS (Director). In 1992, the Legislature enacted legislation to simplify the funds established for the administration of the Teachers' Retirement System and the Public Employees' Retirement System. The legislation abolished the Public Employees' Income Fund and the Teachers' Retirement System Income Fund, funds which had been used to credit interest to members' accumulated retirement contributions. With the repeal of these two funds, language was also repealed that expressly established the discretion of the Director to determine the interest "amounts to be credited and the methods for distribution." Since 1992, the Director has continued to make these determinations pursuant to a more general statutory authority to credit interest "as the Director may determine."

Recent litigation has challenged the Director's discretion to determine the method and amount of interest to be credited to members' retirement contributions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

Statutory language is reinstated to expressly establish the authority of the Director of DRS to determine the method and amount of interest to be credited to member's retirement contributions. If interest is to be credited, it must be done at least quarterly. The reinstatement of the language is affirmation of the authority of the Director, and is curative and retroactive in effect.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.