

# SENATE BILL REPORT

## SB 6009

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As of February 21, 2007

**Title:** An act relating to military service credit.

**Brief Description:** Granting military service credit to certain employees.

**Sponsors:** Senators Rasmussen, Hatfield, Shin, Morton, Tom, Kohl-Welles, Roach and Hobbs.

**Brief History:**

**Committee Activity:** Ways & Means: 2/20/07.

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### SENATE COMMITTEE ON WAYS & MEANS

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

**Background:** There are four primary retirement systems for public employees: the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF ), and the School Employees' Retirement System (SERS). PERS and TRS have three plans that have been established by the Legislature over time (Plans 1, 2 and 3), while LEOFF (Plans 1 and 2) and SERS (Plans 2 and 3) each have two plans. Plans 1 and 2 are defined benefit plans in which a member earns a monthly retirement allowance based on years of service and salary, while Plan 3 consists of a defined benefit portion and a defined contribution portion.

Plan 2 members of TERS, SERS, and PERS are eligible to receive retirement system service credit for a maximum of five years spent on authorized leave of absence while rendering military service. The credit can be obtained if the employee applies for re-employment with the leave-of-absence employer within 90 days of receiving an honorable discharge, and the employee pays the member contributions that he or she would have otherwise made during time spent in the military. Payment must be made within five years of resumption of employment, or prior to retirement, whichever comes sooner. If the employee does not pay his or her portion within this time period, he or she may still purchase the service credit prior to retirement at full actuarial cost.

Members of PERS Plan 1 are eligible for up to 5 years of service credit for time spent in military service before or after joining PERS, provided that the service was rendered in a time of war or conflict. In order to receive credit for prior military service a member must first earn 25 years of service credit within PERS. No contributions are required of members eligible for such service credit.

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*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:** Plan 2 members of TERS, SERS, and PERS may receive up to 5 years of retirement system service credit for an authorized leave of absence for military service. After completing military service, the person is eligible for the service credit by applying for resumption of employment within one year of termination of military service. If the person is refused re-employment for reasons beyond his or her control, he or she remains eligible if employment is resumed within 10 years. There is no requirement for the member to pay his or her portion of the plan contribution for this service credit.

In addition, any member with 25 years of creditable service can receive a maximum of five years of credit for military service regardless of whether the member took a leave of absence from the employer during that 25 years. The member must restore any withdrawn accumulated contributions and must be a veteran of a war or conflict as defined in law. There is no requirement for the member to pay his or her portion of the plan contribution for this service credit.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This is a good bill that will improve equity between plans. The same provisions for military service should be extended to the Plans 3, and TRS Plan 1 as well.

**Persons Testifying:** PRO: John Kvamme, Washington Association of School Administrators, Association of Washington School Principals.