

SENATE BILL REPORT

SB 5303

As of January 27, 2009

Title: An act relating to the transfer of public employees' retirement system plan 2 members to the school employees' retirement system plan 2.

Brief Description: Transferring public employees' retirement system plan 2 members to the school employees' retirement system plan 2.

Sponsors: Senators Hobbs, Schoesler, Holmquist, Kilmer, Fraser and Roach; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/26/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The Public Employees' Retirement System Plans 2 and 3 (PERS 2/3) provides the broadest eligibility rules of Washington State retirement system plans. All regularly compensated employees and appointed and elected officials of included employers first employed on or after October 1, 1977, are members of PERS 2/3 unless they fall under a specific exemption. Covered employers include all state agencies and subdivisions and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane. If public employees normally work enough to meet the minimum eligibility standards, at least five months in which 70 or more hours are worked, per year, and are not members of another Washington State plan they generally enter PERS 2/3.

The School Employees' Retirement System (SERS) opened on September 1, 2000. At that date, all employees of a school district or an educational service district (educational employees) that were previously in PERS Plan 2 became members of SERS Plan 2, and automatically had their service and account history transferred into SERS Plan 2. The provision that automatically transfers service credit and account history remains in effect, so that an individual that has worked in a PERS Plan 2 eligible position prior to September 1, 2000, will have his or her service credit transferred to SERS Plan 2 if the individual works in an eligible position for a SERS employer, even on a part-time basis.

The provisions of SERS Plan 2 and PERS Plan 2 are similar. However, if the plans develop

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different features in the future, a conflict may arise if a PERS Plan 2 member with service dating back before the creation of SERS Plan 2 does not wish to have service automatically transferred because of the differences between the plans.

Summary of Bill: The transfer of service credit from PERS Plan 2 to SERS Plan 2 upon a member's employment in a SERS Plan 2 eligible position ends August 1, 2000. Members of Plan 2 that have had service credit transferred from PERS Plan 2 to SERS Plan 2, but did not earn service credit for employment with an educational employer prior to September 1, 2000, have the option of applying to the Department of Retirement Systems between September 1, 2009, and November 30, 2009, to move service transferred to SERS Plan 2 back into PERS Plan 2.

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: None.

Persons Testifying: No one.