

# HOUSE BILL REPORT

## SB 5365

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### As Reported by House Committee On: Ways & Means

**Title:** An act relating to the purchase of retirement pension coverage by certain volunteer firefighters and reserve officers.

**Brief Description:** Authorizing the purchase of retirement pension coverage by certain volunteer firefighters and reserve officers.

**Sponsors:** Senators Nelson and Kohl-Welles.

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 2/25/12, 2/27/12 [DP].

#### **Brief Summary of Bill**

- Permits members of the Volunteer Firefighters' and Reserve Officers' Relief and Pension System (VFFRORPS) to purchase pension credit for years prior to the enrollment in the pension system and to repurchase withdrawn service credit and contributions prior to retirement.
- Sets the cost of repurchasing withdrawn service at the actuarial value of the resulting benefit increase.
- Permits the cost of the purchase to be paid by the member and the employing municipality in a manner defined by the VFFRORPS Board.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

**Staff:** David Pringle (786-7310).

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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.*

**Background:**

The Volunteer Firefighters' and Reserve Officers' Relief and Pension System (VFFRORPS) provides death, disability, medical, and retirement benefits to volunteer firefighters and reserve officers in cities, towns, and fire protection districts. The VFFRORPS is funded by member and employer contributions and a portion of the fire insurance premium tax.

Employers are required to participate in the death, disability, and medical benefit plans (collectively referred to as the "relief benefits") offered by the VFFRORPS, but participation in the pension component is optional and participants must enroll to be covered by the plan. Around 18,000 members are covered by the death, disability, and medical benefits, and 12,000 members are covered by the pension benefits.

Relief benefits are available to members covered under the relief provisions of the Volunteer Firefighters' and Reserve Officers' Relief and Pension Act who are injured in the performance of duty. Eligibility for retirement pension benefits from the VFFRORPS begins after 10 years of service as a member. The amount of the pension increases for each five years of service beyond the minimum 10 years and for payments made into the pension portion of the VFFRORPS. The maximum pension is vested with 25 years of service and 25 payments into the pension fund. Full retirement benefits are available at age 65, and early retirement benefits are available to members with 25 years of service on an actuarially reduced basis beginning at age 60. The maximum pension benefit is \$300 per month.

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**Summary of Bill:**

At any time prior to retirement or at the time of retirement, a member of the VFFRORPS may purchase retirement pension coverage for years of eligible service prior to the member's enrollment in the system, or for years of service credit lost due to the withdrawal of the member's pension contributions. A member choosing to purchase such retirement pension coverage must make a contribution to the system equal to the actuarial value of the resulting benefit increase. The municipality that the member serves may contribute some or all of the amount required to purchase coverage.

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**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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

**Staff Summary of Public Testimony:**

(In support) This bill has been percolating for a number of years to deal with the situation where a volunteer did not enroll in the pension portion of the benefits upon initiation of

volunteer firefighting service. Several of the firefighters in the Vashon Island district did not initially enroll for various reasons, but have now worked substantial volunteer careers and have no way to buy back their past service under current law. This bill has no fiscal impact on the system. The bill has been broadly supported, and provides a full measure of the modest benefits provided by the volunteer firefighter retirement plan for a career of volunteer service.

(Opposed) None.

**Persons Testifying:** Rex Stratton, Vashon Island Fire and Rescue.

**Persons Signed In To Testify But Not Testifying:** None.