

SENATE BILL REPORT

SB 5365

As of Second Reading

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: 2/10/11, 2/25/11 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

Background: The Volunteer Fire Fighters' 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 injured in the performance of duty. Eligibility for retirement pension benefits from the VFFRORPS begins after ten years of

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service as a member. The amount of the pension vested increases for each five years of service beyond the minimum ten 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.

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 fee 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.

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 legislation clears up an oversight, as these provisions should have been included in the plan when it was created. While the option to buy coverage for past service isn't needed often, you can imagine what it's like to reach the end of a career of service and discover that your pension isn't going to be as large as you expected. Sometimes members aren't enrolled at the time they commence service due to miscommunications or errors in paperwork that are not the fault of the member. This corrective measure will help fire departments recruit, retain, and take care of our volunteer fire fighters.

Persons Testifying: PRO: Senator Nelson, prime sponsor; T.J. Nedruw, Washington State Fire Fighters; Rex Stratton, Vashon Island Fire & Rescue.