

FINAL BILL REPORT

SB 5210

C 111 L 15

Synopsis as Enacted

Brief Description: Authorizing an optional life annuity benefit for members of the Washington state patrol retirement system.

Sponsors: Senators Bailey, Conway, Hobbs, Schoesler, Angel, Keiser and Benton; by request of Select Committee on Pension Policy.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. There are two tiers of benefits in WSPRS: Plan 1, which was closed on December 31, 2002, and Plan 2, which has covered all new fully commissioned officers of WSP that received their commissions after that date.

Members of the WSPRS have the opportunity to participate in the Department of Retirement Systems (DRS)-administered deferred compensation program consistent with the requirements of section 457 of the federal Internal Revenue Code, commonly called a 457 Plan. The DRS 457 Plan allows state employees to place a portion of salary, on a pre-tax basis, into a deferred compensation account. Counties, municipalities, and other political subdivisions may participate in the DRS-administered deferred compensation program, or they may offer other deferred compensation plans.

Members and survivors of the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement Systems Plans 3 may convert some or all of the funds from their Plan 3 member account to a life annuity.

The 2006 Legislature provided the opportunity for members of the WSPRS and other DRS-administered retirement systems to purchase up to five years of additional service credit at the time of retirement. The increase in the retiree's monthly benefit resulting from the additional years of service credit is a type of life annuity. The cost of the additional service credit is the actuarial equivalent value of the resulting increase in the member's benefit. The member may pay all or part of the cost of the additional service credit with an eligible transfer from a qualified retirement plan.

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.

In 2014 the Legislature provided retirees from the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) with an option to also purchase an actuarially equivalent life annuity at retirement. Annuity purchases from LEOFF 2 require a minimum purchase of \$25,000 from a tax-qualified plan offered by a governmental employer.

Summary: WSPRS members are permitted to purchase actuarially equivalent life annuity benefits from the WSPRS retirement fund at the time of retirement. Annuity purchases must be made with \$25,000 or more, and the funds used for the purchase must be from a tax-qualified plan offered by a governmental employer.

Votes on Final Passage:

Senate	47	0
House	97	0

Effective: July 24, 2015