

# SENATE BILL REPORT

## SB 5982

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As of March 10, 2015

**Title:** An act relating to retirement age provisions for new members of the state retirement systems administered by the department of retirement systems.

**Brief Description:** Addressing retirement age provisions for new members of the state retirement systems administered by the department of retirement systems.

**Sponsors:** Senator Braun.

**Brief History:**

**Committee Activity:** Ways & Means: 3/24/15.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Pete Cutler (786-7474)

**Background:** The normal retirement age for a defined benefit retirement plan is generally the age at which a member can begin receiving an unreduced retirement allowance. The normal retirement ages for the state retirement plans administered by the Department of Retirement Systems (DRS) that are open to new members are as follows:

- age 65 for members of the Public Employees' Retirement System Plans 2 and 3 (PERS 2 & 3);
- age 65 for members of the Teachers' Retirement System Plans 2 and 3 (TRS 2 & 3);
- age 65 for members of the School Employees' Retirement System Plans 2 and 3 (SERS 2 & 3);
- age 60 for members of the Public Safety Employees' Retirement System Plan 2 (PSERS 2) who have ten or more years of service, and age 65 for those with less than ten years;
- age 53 for members of the Law Enforcement Officers and Fire Fighters' Retirement System Plan 2 (LEOFF 2); and
- any age for members of the Washington State Patrol Retirement System (WSPRS) who have 25 or more years of service and age 55 for those with less than 25 years.

Most state retirement plans also permit members to retire prior to the normal retirement age and receive a reduced retirement allowance. The early retirement ages for DRS plans open to new members are as follows:

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- age 55 for PERS 2 & 3 members who have 20 or more years of service in Plan 2 or ten or more years of service in Plan 3, with reductions based on the difference between the member's age at retirement and age 65, and smaller reductions for members with 30 or more years of service;
- age 55 for TRS 2 & 3 members who have 20 or more years of service in Plan 2 or ten or more years of service in Plan 3, with reductions based on the difference between the member's age at retirement and age 65, and smaller reductions for members with 30 or more years of service;
- age 55 for SERS 2 & 3 members who have 20 or more years of service in Plan 2 or ten or more years of service in Plan 3, with reductions based on the difference between the member's age at retirement and age 65, and smaller reductions for members with 30 or more years of service;
- age 53 for PSERS 2 members who have 20 or more years of service, with reductions based on the difference between the member's age at retirement and age 60; and
- age 50 for LEOFF 2 members with 20 or more years of service, with reductions based on the difference between the member's age at retirement and age 53.

Members of PERS 2 & 3, TRS 2 & 3, SERS 2 & 3, PSERS 2, and LEOFF 2 who become disabled are eligible to receive a retirement allowance that is reduced to reflect the difference between the member's age at disability and the plans' normal retirement age.

In 2012 the Society of Actuaries published the Mortality Improvement Scale BB Report, an updated table of annual mortality improvement rates. The new table documents increases in average life spans and includes projections for future additional increases. The updated table was used by the State Actuary in conducting the 2013 actuarial valuations for the state retirement plans.

**Summary of Bill:** The normal retirement ages for PERS 2 & 3, TRS 2 & 3, SERS 2 & 3, PSERS 2, LEOFF 2, and WSPRS members are each increased by two years for persons who first become members of the retirement plan on or after July 1, 2015.

The reductions for early retirement and for disability retirement for persons who first become members on or after July 1, 2015, are calculated based on the difference between the member's age at retirement or disability and the new plans' normal retirement ages.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2015.