

FINAL BILL REPORT

SB 5350

C 189 L 19
Synopsis as Enacted

Brief Description: Concerning the purchase of an optional life annuity benefit for certain public retirement system members.

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

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Retirees of the Teachers' Retirement System (TRS), the Washington State Patrol Retirement System (WSPRS), and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) have the option to purchase an annuity with funds from a government plan such as deferred compensation. This has been available to members of TRS for more than 50 years and was expanded to members of WSPRS and LEOFF in 2014.

In this case the annuity is a contract between a retiree and the retirement system exchanging a lump-sum payment for lifetime benefit payments. Typically, annuities are discussed in the context of the private retirement marketplace as a way to achieve predictable income in retirement. If a retiree with a defined contribution retirement plan purchases an annuity, they are eliminating market risk and receiving consistent income in retirement. However, retirees are also giving up potential for account growth and spending flexibility when they annuitize their savings.

Summary: Similar to the annuity purchase option available to members of TRS, WSPRS, and LEOFF, members of the Public Employees' Retirement System, the Public Safety Employees' Retirement System, and the School Employees' Retirement System may purchase an actuarially equivalent life annuity benefit. A minimum purchase of \$5,000 is required. A member purchasing an annuity must pay all costs related to rollover or transfer funds.

The Legislature reserves the right to amend or repeal this option.

The Select Committee on Pension Policy considered this policy during the 2018 interim.

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.

Votes on Final Passage:

Senate	48	0
House	89	9

Effective: January 1, 2020