

HOUSE BILL REPORT

SB 5748

As Reported by House Committee On:
Appropriations

Title: An act relating to disability benefits in the public safety employees' retirement system.

Brief Description: Concerning disability benefits in the public safety employees' retirement system.

Sponsors: Senators Schoesler, Brown, Conway, Dozier, Hasegawa, Holy, Honeyford, Hunt, Lovick, Robinson and Short; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/22/22, 2/24/22 [DP].

Brief Summary of Bill

- Creates a disability benefit for members of the Public Safety Employees' Retirement System totally disabled in the line of duty.
- Provides that disabled members must be unable to perform any substantial gainful activity to qualify.
- Provides the totally disabled member with a benefit of up to 70 percent of final average salary.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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Staff: David Pringle (786-7310).

Background:

The Public Safety Employees' Retirement System (PSERS) provides retirement benefits for certain limited law enforcement authority employees who are not eligible for membership in the Law Enforcement Officers' and Firefighters' Retirement System Plan 2 (LEOFF 2), and for certain public employees whose jobs present a high degree of physical risk to their own safety.

Membership eligibility is determined by a member's job duties and their employer. The PSERS membership notably includes state and local government corrections officers, probation officers, jailers, limited authority peace officers, and positions that provide nursing care to offender and patient populations in corrections facilities, the Department of Social and Health Services, Veterans Affairs, and the Department of Children, Youth, and Families institutions.

Members of the PSERS may retire at an earlier age than members of the Public Employees' Retirement System Plans 2 and 3 (PERS 2/3). The PSERS provides full retirement at age 60 with 10 years of service rather than at age 65 with 10 years of service in the PERS, and the PSERS members may retire early beginning at age 53. Members with 20 years of service may retire early beginning at age 53 with a 3 percent per year reduction in benefits.

Members of the PSERS who become disabled may access their accrued benefits, actuarially reduced from age 60. If a member has attained age 53, the disability benefit is equivalent to the retirement benefit available to the member. The disability benefit in the PERS 2/3 is effectively the same, except that the higher PERS 2/3 retirement ages apply to the actuarial reductions made to benefits.

The LEOFF 2, in contrast, provides two different line-of-duty benefits to members who become disabled. One is that the members disabled from employment may receive a disability benefit based upon their earned or accrued benefits, not actuarially reduced for the difference between the age of the member and retirement age, with a minimum 10 percent of average final salary. The other LEOFF 2 disability benefit is for members totally disabled from substantial gainful activity—effectively the federal Social Security disability standard. This total disability benefit provides up to 70 percent of average final salary, reduced if in combination with workers' compensation benefits and Social Security disability benefits a member would receive more than 100 percent of average final salary. A totally disabled member is subject to ongoing medical and financial examinations and disclosures to the Department of Retirement Systems to ensure continued eligibility for the benefit. If a member is later able to engage in substantial gainful activity, the benefit reverts to the lower earned duty disability benefit.

Summary of Bill:

A disability benefit for members of the PSERS totally disabled in the line of duty is created. The total disability benefit provides up to 70 percent of average final salary, reduced if in combination with workers' compensation benefits and Social Security disability benefits a member would receive more than 100 percent of average final salary. A totally disabled member is subject to medical and financial examinations and disclosures to the Department of Retirement Systems to ensure continued eligibility for the benefit. If a member is later able to engage in substantial gainful activity, the benefit reverts to the actuarially reduced earned disability benefit currently available in the PSERS.

Appropriation: None.

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 was recommended unanimously by the Select Committee on Pension Policy and the Senate. It is an excellent improvement to the plan. The bill checks all the boxes, giving PSERS members the same benefit as LEOFF 2 for those that sacrificed all in the line of duty.

(Opposed) None.

Persons Testifying: Senator Mark Schoesler, prime sponsor; and Matt Zuvich, Washington Federation of State Employees.

Persons Signed In To Testify But Not Testifying: None.