

FINAL BILL REPORT

SB 6157

C 55 L 96

Synopsis as Enacted

Brief Description: Providing portable benefits for dual members.

Sponsors: Senators Long, Fraser, Bauer and Winsley; by request of Joint Committee on Pension Policy.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: There is portability between the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2), Washington State Patrol Retirement System (WSPRS), and the First Class City Retirement System.

If an employee leaves employment in one retirement system and moves to another, service credit is split between the two systems. Portability allows a dual member to use the highest base salary from any system to calculate the retirement allowance in both systems. In addition, portability permits a dual member to combined service credit in all systems for purposes of determining eligibility for retirement benefits, though the actual calculation of retirement benefits is done in accordance with rules of each system and years of service within each system.

Portability does not, however, apply to death or disability benefits. In addition, the total pension benefit cannot exceed the smallest amount a member would receive if all service were in one system. Finally, dual members with prior service in PERS Plan 1 cannot retire from PERS Plan 1 without an unreduced benefit before age 65.

Summary: For dual members with service credit in more than one covered system, the total benefit cannot exceed the largest amount that the member receives if all service were in one system.

Dual members may combine service credit to become eligible for a disability benefit from their current system. The member may choose to retire from the prior system. The benefit is actuarially reduced if retirement eligibility requirements are not met.

A dual member's survivor may combine the member's service credit to become eligible for a death benefit in the current and prior systems. The highest average final compensation is used to calculate the death benefit.

Dual members with prior PERS 1 service can retire from PERS 1 before age 65 with an unreduced benefit if they meet the retirement eligibility standards for active PERS 1 members.

Votes on Final Passage:

Senate 49 0

House 85 0

Effective: June 6, 1996