

HOUSE BILL REPORT

SB 6303

As Passed House:
February 27, 1998

Title: An act relating to restrictions on the restoration of service credit.

Brief Description: Restoring retirement service credit.

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

Brief History:

Committee Activity:

Appropriations: 2/19/98 [DP].

Floor Activity:

Passed House: 2/27/98, 95-0.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 29 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Denise Graham (786-7137).

Background:

Washington State University (WSU). Prior to 1973, classified employees of state colleges and universities participated in the same retirement plan provided for faculty, the Teacher's Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). WSU employees had a two-year period after they were hired during which membership in TIAA-CREF was optional. In 1973, legislation was enacted that transferred the membership of classified employees hired after April 24, 1973, to the Public Employees' Retirement System (PERS). Classified employees hired before that date had the option of remaining in TIAA-CREF or transferring to PERS. Employees transferring to PERS had the option of purchasing PERS service credit for the months they had been eligible to be contributory members of TIAA-CREF but had chosen not

to contribute. Those who chose to purchase the service credit had five years to pay the necessary contributions to establish this service. Some employees chose to do this and some did not.

Repurchasing Service Credit. Members of state-run retirement systems can purchase or repurchase certain types of service credit by paying the required contributions plus interest within specified time periods. Legislation enacted in 1994 allows members who miss the restoration deadlines to purchase service credit by paying the full actuarial cost of the additional benefits they receive from the additional service. This 1994 legislation did not include those WSU classified staff who transferred from TIAA-CREF to PERS because the statutes transferring those employees had been decodified in 1993.

Summary of Bill: Washington State University classified employees who transferred from TIAA-CREF to PERS after 1973 may purchase service credit for prior service in TIAA-CREF-eligible positions by paying the full actuarial cost of the service credit.

All members of the Law Enforcement Officers' and Fire Fighters' Retirement System, the Teachers' Retirement System, and the Public Employees' Retirement System who fail to restore or purchase allowable service credit before the deadline established in statute may do so by paying the full actuarial cost of the benefit represented by the restored or purchased service credit.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This issue was brought to our attention by WSU employees. This bill will allow them to purchase past service credit by paying the full actuarial value.

Testimony Against: None.

Testified: Larry Ganders, Washington State University.