

HOUSE BILL ANALYSIS

HB 1023

Brief Description: Sharing extraordinary investment gains in the teachers' retirement system plan 3.

Background: The 1998 legislation created the Washington School Employee Retirement System (SSE 306) and provided for gain-sharing payments to members of Teachers' Retirement System Plan 3 (TRS Plan 3). Gain-sharing payments are to be made to member accounts with the four-year average rate of return on pension assets exceeding 13%. The four-year average rate of return for fiscal years 1993 through 1997 was 13.07%. A gain-sharing payment of \$134.42 per year of service was paid to eligible members of TRS Plan 3 in July 1998.

Members who were eligible to receive the gain-sharing payment included members with more than \$1,000 in their member accounts by August 31, 1997, retired members and inactive vested members who had purchased an annuity from the trust and had more than \$1,000 in their member accounts.

The Department of Retirement Systems determined that members who transferred from TRS Plan 2 to TRS Plan 3 after August 31, 1997, were not eligible for the July 1998 gain-sharing payment.

Summary: Eligible active and vested members of the Teachers' Retirement System (TRS) Plan 3 who transferred from TRS Plan 2 on or after September 1, 1997, and before February 1, 1998, will receive a payment to their Plan 3 member account equal to the average benefit per year of service paid to members of TRS Plan 3 in 1998. The distribution will be based on service credit earned as of August 31, 1997.

To be eligible for the gain-sharing payment, the TRS Plan 3 member must have