

SENATE BILL REPORT

SB 5985

As of March 8, 1999

Title: An act relating to retirement under the law enforcement officers' and fire fighters' retirement system.

Brief Description: Retiring under the law enforcement officers' and fire fighters' retirement system, plan 2.

Sponsors: Senators Kline, Goings, Roach, Benton, Patterson, Eide, Costa, Gardner, Rasmussen, B. Sheldon, Shin, Haugen, Heavey, Kohl-Welles, Fairley and Brown.

Brief History:

Committee Activity: Ways & Means: 3/8/99.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Pete Cutler (786-7454)

Background: The normal retirement age for members of the Law Enforcement Officers and Fire Fighters Retirement System, Plan 2 (LEOFF 2) is age 55. A member who has reached age 50 and has at least 20 years of service may retire and receive a service retirement allowance that has been actuarially reduced. The actuarial reduction varies by the member's age, ranging from 10 percent for a member who retires at age 54 to 39 percent for a member who retires at age 50.

LEOFF 2 members may collect a disability retirement allowance if they are totally incapacitated for continued employment. The surviving spouse or dependent children of a deceased LEOFF 2 member who has at least ten years of service may receive a survivor allowance. Both the disability retirement allowance and the survivor allowance are also subject to an actuarial reduction if the member is under the age of 55 at the time of disability or death.

The service retirement, disability, and survivor allowances paid to LEOFF 2 members and survivors are calculated using the member's "final average salary" (FAS). The FAS is the monthly average of the member's basic salary for the highest consecutive 60 months (five years) of service.

Members of the Public Employees Retirement System, Plan 2 (PERS 2), and the Teachers Retirement System, Plan 2 and Plan 3 (TRS 2 and TRS 3) have early retirement actuarial reduction provisions, and final average compensation provisions that are almost identical to LEOFF 2. One major difference is that those plans provide for normal retirement at age 65, and PERS 2 and TRS 2 permit early retirement at age 55 with 20 years of service, while TRS 3 permits early retirement at age 55 with 10 years of service.

Summary of Bill: Members of LEOFF 2 who have completed at least 15 years of service and have reached age 50 may receive a early service retirement allowance. The early retirement allowance is the normal service retirement allowance, reduced by 2 percent for each year that the member was under age 55. LEOFF 2 survivor allowances paid on behalf of a member who died prior to age 55 would also be calculated using a 2 percent per year reduction instead of the current actuarial reduction. The period for calculating a LEOFF 2 member's final average salary is reduced from 60 months to 24 months (two years).

Appropriation: None.

Fiscal Note: Available.

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