
Appropriations Committee

HB 1298

Brief Description: Vesting after five years of service in the defined benefit portion of the public employees' retirement system, the school employees' retirement system, and the teachers' retirement system plan 3.

Sponsors: Representatives Sommers, Alexander, Fromhold, Conway and Benson.

Brief Summary of Bill
<ul style="list-style-type: none">Reduces the required length of service for vesting in the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System Plans 3 from 10 years to five years.

Hearing Date: 2/11/03

Staff: David Pringle (786-7310).

Background:

A member of a pension plan, including the plans of the Washington state retirement systems, must complete specific amounts of qualified employment before he or she is entitled to a pension benefit. This period of service requirement is called "vesting."

In the Public Employees' Retirement System (PERS) Plans 1 and 2, the School Employees' Retirement System (SERS) Plan 2, and the Teachers' Retirement System (TRS) Plans 1 and 2, the vesting period for employees is five years. After five years of service in a plan 1 or plan 2, members' defined benefits are based in part upon the number of qualified years of service they have worked multiplied by 2 percent of their final average salaries. The method of calculating final average salary varies by plan.

In PERS 3, SERS 3, and TRS 3, the vesting period for employees is 10 years, or five years including one year after age 54. After 10 years of service, a Plan 3 member's defined benefit is based upon the number of qualified years of service he or she has worked multiplied by 1 percent of final average salary. Members who were already vested in Plan 2 when they transferred to PERS 3, SERS 3, or TRS 3 remain vested members.

Summary of Bill:

The vesting period for PERS 3, SERS 3, and TRS 3 is reduced to five years of qualified service at any age.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.