
Appropriations Committee

SSB 5497

Brief Description: Allowing terminally ill members to remove themselves from their retirement plan.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Delvin, Hewitt, Honeyford, Schoesler, McCaslin, Deccio, Mulliken, Morton, Roach, Swecker and Pflug).

Brief Summary of Substitute Bill

- Allows a member of Plans 2 or 3 in the Public Employees' Retirement System, the Teachers' Retirement System, or the School Employees' Retirement System to be voluntarily removed from membership in the pension plan if the member has a terminal illness with a life expectancy of five years or less.

Hearing Date: 3/21/05

Staff: David Pringle (786-7310).

Background:

There are four primary retirement systems for public employees: 1) the Public Employees' Retirement System (PERS); 2) the Teachers' Retirement System (TRS); 3) the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF); 4) and the School Employees' Retirement System (SERS). The PERS and TRS have 3 plans that have been established by the Legislature over time (Plans 1, 2 and 3), while LEOFF (Plans 1 and 2) and the SERS (Plans 2 and 3) each have two plans. Plans 1 and 2 are defined benefit plans, while Plan 3 consists of a defined benefit portion and a defined contribution portion. The plans generally have various provisions that allow for early retirement, typically with an actuarially reduced benefit the earlier the retirement.

Federal law generally precludes a member from receiving both a pension benefit and salary from an employer. Members of the TRS, PERS, SERS and LEOFF Plan 2 who leave employment before retirement can either withdraw their own contributions plus investment income, or they can leave their contributions in the retirement system up until reaching retirement age.

Summary of Bill:

A member of Plans 2 or 3 in the PERS, the TRS, or the SERS may voluntarily be removed from membership in the pension plan if: (1) the medical adviser certifies that the member has a

terminal illness with a life expectancy of five years or less; and (2) the director agrees with the recommendation of the medical adviser.

Members who are removed from the retirement system continue their employment but do not make retirement contributions and do not accumulate additional service credit in the retirement plan.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.