

HOUSE BILL REPORT

HB 2259

*As Reported By House Committee on:
Appropriations*

Title: An act relating to simplification of the designation of funds established for use by the teachers' retirement systems and the public employees' retirement system.

Brief Description: Simplifying the designation of pension funds.

Sponsor(s): Representatives Spanel, McLean, Hine, Wineberry, D. Sommers, Wynne, May and Basich; by request of Joint Committee on Pension Policy.

Brief History:

Reported by House Committee on:
Appropriations, January 30, 1992, DP.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *Do pass.* Signed by 23 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Belcher; Bowman; Brekke; Carlson; Ebersole; Ferguson; Fuhrman; Hine; May; Nealey; Peery; Pruitt; Rust; D. Sommers; Sprengle; Valle; Wang; and Wineberry.

Staff: Barbara McLain (786-7153).

Background: The two primary funds in the Teachers' Retirement System (TRS) are the member reserve fund, which holds employee contributions, and the pension fund, which holds employer contributions and other moneys necessary to meet pension obligations. In the Public Employees' Retirement System (PERS), these funds are called the employees' savings fund and the benefit account fund.

Statutes for both systems create additional funds for various purposes, and require money to be transferred between funds, creating administrative burdens. For example, statutes create income funds in TRS and PERS to be used to credit interest from other funds, when in practice such credits are done through accounting mechanisms without need for separate statutory funds.

In addition, Plan I of TRS pays for certain ancillary, or auxiliary, benefits through the transfer of funds from the member reserve fund to designated auxiliary funds. The ancillary benefits provide temporary disability, lump-sum death, and survivor's benefits. Because the ancillary funds are outside the normal pension funding process and are not part of regular valuations of pension funds, they have tended to be overlooked.

The Joint Committee on Pension Policy studied ancillary funds in 1991, and recommended simplification and consideration of retirement system funds.

Summary of Bill: Various funds in the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) are eliminated, including income funds in both TRS and PERS, and ancillary benefit funds in TRS. The director of the Department of Retirement Systems has authority to create such funds as are necessary to administer pension benefits. The ancillary benefits, such as temporary disability, lump-sum death, and survivor's benefits, continue to be provided, but without specific funds designated for each. References to eliminated funds, and to requirements relating to transfer of money between funds, are deleted.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Witnesses: None.