

SENATE BILL REPORT

SSB 5359

AS PASSED SENATE, MARCH 18, 1991

Brief Description: Allowing the transfer of certain retirement credits from out-of-state teacher retirement plans.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators Craswell, Conner, Rinehart, Gaspard, Murray, Bailey and Bauer).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5359 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Gaspard, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

Staff: Denise Graham (786-7715)

Hearing Dates: February 28, 1991; March 7, 1991

BACKGROUND:

Neither Plan I nor Plan II of the Teachers' Retirement System (TRS) allows service credit for credit earned as a teacher in out-of-state retirement systems prior to becoming a teacher in this state.

TRS Plan I members may retire at any age once they have 30 years of service credit, at age 55 if they have 25 years of service credit, or at age 60 if they have five years of service credit. Upon retiring, Plan I members may withdraw all retirement contributions they have made.

TRS Plan II members may retire at age 55 if they have 20 years of service, or at age 65 if they have five years of service. Plan II members who retire before age 65, however, have their benefit actuarially reduced.

SUMMARY:

Service in an out-of-state teachers' public school retirement system may be used in determining the age at which a member of the Teachers' Retirement System may retire. The benefit a member receives will be actuarially reduced to take into account the difference between the age the member would have been able to retire and the actual retirement age.

Any teacher may purchase additional benefit by making a contribution to an annuity fund. The contribution would be actuarially converted into a monthly benefit at the time of

retirement. The member must pay all administrative and clerical costs.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This bill would provide a good recruitment tool and allow the state to attract more teachers with experience from out-of-state. It would also allow teachers to retire after 30 years of service, even if some of those years were spent teaching in another state.

TESTIMONY AGAINST:

There are technical and constitutional problems with the bill. In addition, since the employee must pay all of the costs, it would be too expensive for a teacher coming in from out of state to take advantage of the provisions of the bill.

TESTIFIED: Dale Vincent (pro); Walter Ball, Association of Washington School Principals (pro); Gerald Allard, State Actuary; Paul Neal, Department of Retirement Systems; Kris Van Gorkom, Washington Association of School Administrators (pro); Ed Heiser, Jay Pearson, Guy Holt, Washington School Districts (pro); Karen Davis, Rich Matzen, Washington Education Association (pro); Wayne Eirish (pro)