

SENATE BILL REPORT

SB 6253

As Reported By Senate Committee On:
Ways & Means, January 29, 2004

Title: An act relating to establishing a one thousand dollar minimum monthly benefit for public employees' retirement system plan 1 members and teachers' retirement system plan 1 members who have at least twenty-five years of service and who have been retired at least twenty years.

Brief Description: Establishing a one thousand dollar minimum monthly benefit for public employees' retirement system plan 1 members and teachers' retirement system plan 1 members who have at least twenty-five years of service and who have been retired at least twenty years.

Sponsors: Senators Winsley, Fraser, Regala, Carlson, Keiser, Roach, Pflug, Spanel, Rasmussen and Eide; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/21/04, 1/29/04 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6253 be substituted therefor, and the substitute bill do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Prentice, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Erik Sund (786-7454)

Background: The basic retirement allowance of a member Plan 1 of the Public Employees' Retirement System (PERS) or the Teachers' Retirement System (TRS) is equal to 2 percent of the member's average final compensation for each year of service credit. There is also a minimum benefit level of \$31.76 per month per year of service. A member with 25 years of service is therefore eligible for a minimum benefit of \$794 per month. With 30 years of service, the minimum benefit is \$952.80 per month. These minimum benefits increase by at least 3 percent per year. The actual benefit amount received may be less than the minimum allowance if the member selects enhanced cost-of-living adjustment or survivor benefit options.

Summary of Substitute Bill: An alternative minimum benefit of \$1,000 per month is established for members of PERS Plan 1 or TRS Plan 1 who have at least 25 years of service credit and have been retired for at least 20 years.

Language is added to make it clear that the \$1,000 minimum benefit is not subject to the annual increase amount provided in PERS 1 and TRS 1.

Substitute Bill Compared to Original Bill: Language is added to make it clear that the \$1,000 minimum benefit is not subject to the annual increase amount provided in PERS 1 and TRS 1.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This is a good bill. Many retirees belonging to PERS 1 and TRS 1 have been retired for over 20 years and their retirement allowances have lost a significant amount of their purchasing power, making it difficult to get by. Some members of these plans are not even eligible for a Social Security benefit. Enrollment in Social Security was not common for teachers until the 1960s.

Testimony Against: None.

Testified: Virginia Fitzgerald, Washington State School Retirees' Association (pro); Gene Forrester, Washington Senior Citizens' Lobby (pro); Ed Gonion, Washington State School Retirees' Association (pro); Bev Hermanson, Washington Federation of State Employees (pro); John Kvamme, Washington Association of School Administrators and Association of Washington School Principals (pro); Jan Leth, Washington Education Association (pro); Leslie Main, Washington State School Retirees' Association (pro); Lucille Messer, Washington State School Retirees' Association (pro); Cassandra de la Rosa, Retired Public Employees Council (pro); J. Pat Thompson, Washington State Council of County and City Employees (pro); Tim Valencia, Department of Retirement Systems.