

# SENATE BILL REPORT

## SB 5616

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As Reported By Senate Committee On:  
Ways & Means, March 1, 2005

**Title:** An act relating to permitting members of the law enforcement officers' and fire fighters' retirement system plan 2 to make a one-time purchase of additional service credit.

**Brief Description:** Permitting members of the law enforcement officers' and fire fighters' retirement system plan 2 to make a one-time purchase of additional service credit.

**Sponsors:** Senators Parlette, Kohl-Welles, Delvin, Doumit, Brown, Schmidt, Berkey, McAuliffe and Schoesler; by request of LEOFF Plan 2 Retirement Board.

**Brief History:**

**Committee Activity:** Ways & Means: 2/28/05, 3/1/05 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Hewitt, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Erik Sund (786-7454)

**Background:** A vested member of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2) may retire with an unreduced benefit at age 53. At retirement in LEOFF 2 a member receives 2 percent of the member's final average salary for each year of service credit.

A member of LEOFF 2 who has earned at least 20 years of service credit may apply for early retirement beginning at age 50. A member who retires early has his or her benefit reduced by 3 percent per year for each year that the member is retiring prior to age 53.

The 2004 Legislature enacted House Bill 2535, which provided the opportunity for members of the Public Employees' Retirement System and the School Employees' Retirement Systems Plans 2 and 3 to purchase up to five years of additional service credit at the time of retirement. The cost of the additional service credit is the actuarially equivalent value of the resulting increase in the members' benefit.

**Summary of Bill:** Members of LEOFF 2 who are eligible for retirement are allowed to purchase up to five years of additional service credit at full actuarial cost at the time of retirement. Additional service credit purchased in this way is used in the calculation of retirement benefits, and the portion of a member's retirement benefit that results from this purchased credit is not subject to an early retirement reduction. Such additional credit may not, however, be used to qualify for retirement.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2006.

**Testimony For:** This is a good bill that would assist LEOFF 2 members with their retirement planning by providing them with the option of enhancing a secure stream of income at their cost.

**Testimony Against:** None.

**Who Testified:** PRO: Steve Nelsen, Executive Director, Law Enforcement Officers' and Fire Fighters Plan 2 Retirement Board.