

SENATE BILL REPORT

SHB 1200

As of March 31, 2007

Title: An act relating to purchasing service credit in plan 2 and plan 3 of the teachers' retirement system for public education experience performed as a teacher in a public school in another state or with the federal government.

Brief Description: Purchasing service credit in plan 2 and plan 3 of the teachers' retirement system for public education experience performed as a teacher in a public school in another state or with the federal government.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Conway, Darneille, Haler, Simpson, Hasegawa and Haigh).

Brief History: Passed House: 2/05/07, 95-0.

Committee Activity: Ways & Means: 4/02/07.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The Teachers' Retirement System Plans 2 and 3 (TRS 2/3) provide retirement benefits to employees certificated by the Superintendent of Public Instruction to teach for educational service or school districts, as well as to state educational service and school district superintendents and assistant superintendents. The TRS 2/3 provides for full retirement benefits at age 65 and early retirement benefits beginning at age 55, following the completion of 10 years of service in TRS Plan 3 and 20 years of service in TRS Plan 2.

Members of TRS 2/3 may make a one-time purchase of up to seven years of service credit for public education experience outside Washington's retirement systems. The education experience must have been covered by a government retirement plan, and the member must have earned at least five years of service credit in TRS 2/3. In addition, the member must not be receiving, or be eligible to receive, a retirement benefit from the other plan.

The service credit purchased is considered membership service in TRS 2/3, and it thus may be used to qualify the member for retirement or early retirement. The member must pay a cost for the service credit equal to the actuarial value of the increase in value of the member's benefits. A member that purchases out-of-state service credit may not use credit in other state's retirement systems for the purposes of qualifying for retirement in Washington.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Substitute Bill: The required service credit that must be earned in TRS 2/3 before a member can purchase out-of-state service credit at full actuarial cost is reduced from five years to two.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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