

FINAL BILL REPORT

SB 6167

C 493 L 07
Synopsis as Enacted

Brief Description: Clarifying the director's authority to determine interest in certain public retirement systems.

Sponsors: Senators Pridemore, Zarelli and Prentice; by request of Department of Retirement Systems.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The public retirement systems of the state are administered by the Department of Retirement Systems, the administrative head of which is the Director of Retirement Systems.

In 1992, the Legislature enacted legislation to simplify the funds established for the administration of the Teachers' Retirement System and the Public Employees' Retirement System. The legislation abolished the Public Employees' Income Fund and the Teachers' Retirement System Income Fund, funds which had been used to credit interest to members' accumulated retirement contributions. With the repeal of these two funds, language was also repealed that expressly established the discretion of the Director to determine the interest "amounts to be credited and the methods for distribution." Since 1992, the Director has continued to make these determinations pursuant to a more general statutory authority to credit interest "as the Director may determine."

Recent litigation has challenged the Director's discretion to determine the method and amount of interest to be credited to members' retirement contributions.

Summary: Statutory language is reinstated to expressly establish the authority of the Director of Retirement Systems to determine the method and amount of interest to be credited to members' retirement contributions. If interest is to be credited, it must be done at least quarterly.

Votes on Final Passage:

Senate	47	0
House	98	0

Effective: July 22, 2007