
Ways & Means Committee

HB 1549

Brief Description: Studying disability benefit options for members of the public employees' retirement system plan 2 and plan 3, the teachers' retirement system plan 2 and plan 3, and the school employees' retirement system plan 2 and plan 3.

Sponsors: Representatives Conway, Crouse, Seaquist and Simpson; by request of Select Committee on Pension Policy.

Brief Summary of Bill

- Directs the Washington State Institute for Public Policy, with the assistance of the State Actuary, to study the disability benefits provided to the Plan 2 and 3 members of the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System.
- Requires WSIPP to report its findings and recommendations to the Select Committee on Pension Policy by November 1, 2009.

Hearing Date: 2/3/09

Staff: David Pringle (786-7310)

Background:

The Public Employees' Retirement System Plans 2 and 3 (PERS 2/3) provide benefits for all regularly compensated public employees and appointed and elected officials that first entered eligible positions since 1977 unless they fall under a specific exemption from membership, such as qualification for another of the state retirement systems. Covered employers include all state agencies and subdivisions and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane. The Teachers' Retirement System and School Employees' Retirement Systems Plans 2 and 3 (TRS 2/3 and SERS 2/3) provide benefits for certificated and classified employees of school districts, educational service districts and some other public educational employers that first entered eligible positions since 1977.

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.

A member of PERS 2/3, TRS 2/3 or SERS 2/3 is eligible for a disability benefit upon becoming “totally incapacitated for continued employment by an employer.” The benefit provided from the plans is an earned benefit based upon the member’s age, average salary, and years of service, in a fashion similar to the retirement benefit provided by the Plan 2 or Plan 3, but available at the time the member leaves employment due to disability. The formula calculating the monthly amount paid through the disability benefit is reduced for the difference between the member’s age and the normal retirement age in the plan, 65.

Some PERS 2/3, TRS 2/3 and SERS 2/3 employers may provide additional disability insurance, or access to disability insurance to employees. Employees of employers that participate in the Public Employees’ Benefits Board (PEBB) plans are automatically provided limited long-term disability benefits and have the opportunity to purchase additional group long-term disability coverage from the PEBB. Among the PEBB-eligible state employees, approximately 40 percent purchase additional long-term disability coverage.

Summary of Bill:

The Washington State Institute for Public Policy, with the assistance of the State Actuary, shall study the disability benefits provided to the members of PERS 2/3, TRS 2/3, and SERS 2/3. The study will examine the options for disability coverage through the pension systems, access to long-term disability coverage, or both. The Institute shall report the findings and recommendations to the Select Committee on Pension Policy no later than November 1, 2009.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.