
Appropriations Committee

SSB 6264

Brief Description: Allowing certain Washington state patrol retirement system and law enforcement officers' and firefighters' members to purchase annuities.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Dammeier, Conway, Bailey, Rivers, Hasegawa, O'Ban, Frockt, Schoesler, Darneille, Liias and Rolfes; by request of LEOFF Plan 2 Retirement Board).

Brief Summary of Substitute Bill

- Permits specified retired members of the Washington State Patrol Retirement System (WSPRS) and the Law Enforcement Officers and Fire Fighters' Retirement System Plan 2 (LEOFF 2) to purchase actuarially equivalent life annuities from the WSPRS or LEOFF 2 funds between January 1, 2017 and June 1, 2017.
- Limits the annuity purchase to LEOFF 2 and WSPRS members that retired prior to the optional annuities being made available at the time of retirement, June 1, 2014, in LEOFF 2 and July 24, 2015, in WSPRS.
- Permits members of LEOFF Plan 1 (LEOFF 1) to that retire to purchase an actuarially equivalent life annuity at retirement, or those that retired prior to the effective date of the act to purchase one between January 1, 2017 and June 1, 2017.

Hearing Date:

Staff: David Pringle (786-7310).

Background:

Members of Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2) are eligible for a retirement allowance at age 53 that is equal to 2 percent times the member's years of service times the member's average final compensation. Members of LEOFF 2 may add up to five years of service credit for the calculation of their retirement allowance by paying the actuarial equivalent value of the increase in the member's benefit. Subject to rules adopted by the Department of Retirement Systems (DRS), the payment can be made with a lump

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sum payment, an eligible or direct rollover, or a trustee-to-trustee transfer from an eligible retirement plan.

The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. There are two tiers of benefits in WSPRS: Plan 1, which was closed on December 31, 2002, and Plan 2, which has covered all new fully commissioned officers of the WSP that received their commissions after that date.

Many members of LEOFF and WSPRS also participate in employer-sponsored tax-deferred savings plans established under sections 401(a), 403(b), and 457 of the federal Internal Revenue Code.

Under legislation enacted in 2014 and 2015, at the time of retirement members of WSPRS and LEOFF Plan 2 may purchase an optional actuarially equivalent life annuity from their respective retirement funds with a minimum payment of \$25,000. The payment may be made through an eligible or direct rollover, or trustee-to-trustee transfer from a tax-qualified plan offered by a governmental employer.

Summary of Bill:

Members of LEOFF Plan 2 who retired prior to June 1, 2014, may purchase an optional actuarially equivalent life annuity from the LEOFF 2 fund with a minimum payment of \$25,000. The payment may be made through an eligible or direct rollover, or trustee-to-trustee transfer from a tax-qualified plan offered by a governmental employer. The annuity may be purchased between January 1, 2017 and June 1, 2017.

Members of LEOFF Plan 1 at time of retirement may purchase an optional actuarially equivalent life annuity from the LEOFF 1 fund with a minimum payment of \$25,000. The payment may be made through an eligible or direct rollover, or trustee-to-trustee transfer from a tax-qualified plan offered by a governmental employer. Plan 1 members who previously retired may purchase the annuity between January 1, 2017 and June 1, 2017.

Members of Washington State Patrol Retirement System who retired prior to July 24, 2015, may purchase an optional actuarially equivalent life annuity from the LEOFF 2 fund with a minimum payment of \$25,000. The payment may be made through an eligible or direct rollover, or trustee-to-trustee transfer from a tax-qualified plan offered by a governmental employer. The annuity may be purchased between January 1, 2017 and June 1, 2017.

The DRS must adopt rules regarding eligible rollovers and transfers to ensure they comply with federal requirements and that the rollovers and transfers are conditioned on the receipt of information needed by DRS to determine their eligibility for tax-free treatment under federal tax law.

Appropriation: None.

Fiscal Note: Available.

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