

SENATE BILL REPORT

HB 1322

As of April 3, 2015

Title: An act relating to membership in state retirement plans prior to attaining the normal retirement age in another plan.

Brief Description: Addressing membership in state retirement plans prior to attaining the normal retirement age in another plan.

Sponsors: Representative Reykdal.

Brief History: Passed House: 3/03/15, 97-0.

Committee Activity: Ways & Means: 3/24/15.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Pete Cutler (786-7474)

Background: In 1976 the Legislature enacted a statute that prohibits persons who receive a retirement or disability allowance, or who are eligible to receive a retirement allowance from one of the Washington State retirement systems from becoming a member of another state retirement system. This provision is commonly referred to as the estoppel rule and applies to persons who have 15 or more years of service credit in one system. The estoppel rule applies to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), the Public Safety Employees' Retirement System (PSERS), the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, and the First-Class Cities Retirement Systems.

PERS Plan 1 (PERS 1) and TRS Plan 1 (TRS 1) provide full earned retirement benefits, or normal retirement at any age with 30 years of service, age 55 with 25 years of service, or age 60 with five years of service. Plans 2 and 3 of PERS, TRS, and SERS provide full earned retirement benefits, or normal retirement at age 65 with five years of service, and also provide the option for members to receive reduced early retirement benefits, beginning as early as age 55 with 20 years of service. PSERS provides a reduced early retirement benefit option as early as age 53 with 20 years of service.

The estoppel rule statute prohibits members of the Plans 2 and 3, or of PSERS, who have 15 years of service credit, are eligible for a reduced early retirement benefit, and who are hired

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into a new position covered by a different state retirement system from becoming a member of the subsequent state retirement system.

Summary of Bill: The estoppel rule is removed for members of Washington State retirement systems who are eligible for reduced early retirement benefits, but not for unreduced normal retirement benefits. The estoppel rule continues to apply to persons who have 15 or more years of service in a state retirement system, and who are receiving a retirement allowance, or are eligible to receive an unreduced normal retirement allowance, from a state retirement system.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Persons who change jobs prior to normal retirement age from a position covered by TRS to a position covered by PERS should not be prevented from establishing membership and earning service credit in the PERS position just because they had 15 or more years service credit in TRS.

Persons Testifying: Persons testifying: Representative Reykdal, bill sponsor.

Signed in to Testify But Not Testifying: No one.