

SENATE BILL REPORT

SB 5835

As of January 20, 2026

Title: An act relating to the threshold for payment of a lump sum retirement allowance in lieu of a monthly benefit.

Brief Description: Concerning the threshold for payment of a lump sum retirement allowance in lieu of a monthly benefit.

Sponsors: Senators Conway and Nobles; by request of Department of Retirement Systems.

Brief History:

Committee Activity: Ways & Means: 1/20/26.

Brief Summary of Bill

- Increases the monthly benefit threshold for Plan 2 retirees to elect a lump sum pension payment from \$50 to \$250.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The Department of Retirement Systems (DRS) administers retirement plans for most public employees in Washington State. This includes 15 plans across eight retirement systems, covering more than 600,000 active employees and retirees.

The largest of these systems, which cover the majority of public employees, include the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System, the Law Enforcement Officers' and Firefighters' Retirement System, and the Public Safety Employees' Retirement System.

These systems offer Plan 2 defined benefit pensions, which are based on an employee's average final salary and years of service. PERS and TRS also offer a Plan 3 option, which

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combines a defined benefit pension with a defined contribution account.

At retirement, a Plan 2 member who would receive a monthly benefit of less than \$50 may instead choose a one-time lump sum payment. The lump sum equals the greater of the actuarial equivalent of the monthly benefit or the member's accumulated contributions plus interest.

Plan 3 members who would receive a monthly benefit of less than \$250 may also elect a lump sum payment in place of a monthly benefit. This threshold was originally set at \$100 in 2000 and is increased annually at the discretion of the director of DRS.

Summary of Bill: The monthly minimum benefit amount that qualifies Plan 2 members to elect an actuarial equivalent lump sum payment at retirement is increased from \$50 to \$250. This amount is increased annually at the discretion of the director of DRS.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: OTHER: This bill is intended as a technical change to ensure consistent administration of pension policy. It was introduced as agency-request legislation rather than going through the Select Committee on Pension Policy because of its narrow scope.

Persons Testifying: OTHER: Seth Miller, Department of Retirement Systems.

Persons Signed In To Testify But Not Testifying: No one.