

SENATE BILL REPORT

SHB 1298

As of March 27, 2003

Title: An act relating to vesting after five years of service in the defined benefit portion of the public employees' retirement system, the school employees' retirement system, and the teachers' retirement system plan 3.

Brief Description: Vesting after five years of service in the defined benefit portion of the public employees' retirement system, the school employees' retirement system, and the teachers' retirement system plan 3.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Sommers, Alexander, Fromhold, Conway and Benson).

Brief History:

Committee Activity: Ways & Means: 3/27/03.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: A member of a pension plan, including the plans of the Washington State retirement systems, accumulates a specific amount of service credit before he or she is entitled to a pension benefit. This period of service requirement is called "vesting." Members who separate before they are vested are entitled only to a refund of their pension contributions.

In the Public Employees' Retirement System (PERS) Plans 1 and 2, the School Employees' Retirement System (SERS) Plan 2, and the Teachers' Retirement System (TRS) Plans 1 and 2, the vesting period for employees is five years.

In PERS 3, SERS 3, and TRS 3, the vesting period for employees is 10 years, or five years including one year after age 54. Members who were already vested in Plan 2 when they transferred to PERS 3, SERS 3, or TRS 3 remain vested members.

Summary of Bill: The vesting period for PERS 3, SERS 3, and TRS 3 is reduced to five years of qualified service at any age.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on May 1, 2003.