



**Today's Presentation**

- Session Overview
- Bill Highlights
  - Pension bills that passed the legislature
  - SCPP recommended bills that did not pass
  - Other bills of interest
  - SSB 5900/SB 5911
- Budget Bills - Pension-Related Overview
  - House
  - Senate

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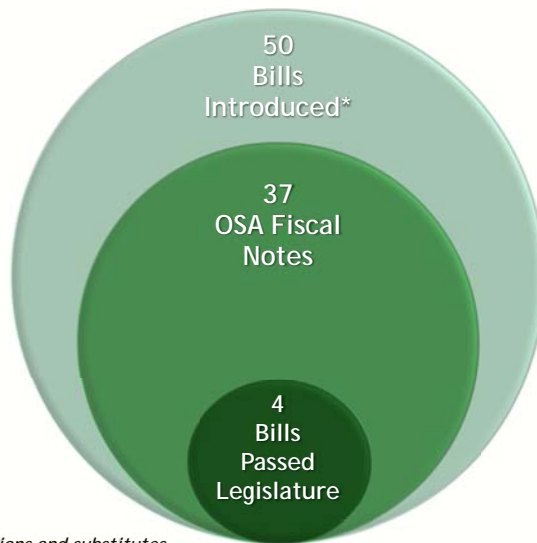
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### Session Overview

- Four pension or pension-related bills passed
  - Two SCPP recommended bills
  - Two LEOFF-related bills
- Other bills introduced related to
  - Retire-Rehire
  - Service Credits
  - Plan 1 Cost-of-Living Adjustments (COLAs)
  - Medical Conditions

### Pension Bill Metrics



*\*Includes companions and substitutes.*

### Pension Bills that Passed

#### Highlighted Pension Bills Impacting State Administered Retirement Systems *Bills that Passed the Legislature*

Brief Title	Bill	Requested by/Sponsor	Brief Description <sup>1</sup>	Cost* (In Millions)	Immediate Rate Impact? <sup>2</sup>	Status as of April 23, 2017 <sup>3</sup>
PSERS Definition of Full Time	<b>HB 1709</b> SB 5275	SCPP/ Chandler	Creates a limited exception to PSERS membership rules, and allows certain PERS members to transfer their service to PSERS under limited circumstances.	\$0.4	Yes	Delivered to the Governor
WSPRS Voluntary Overtime	<b>SB 5274</b> HB 1707	SCPP/ Conway	Allows voluntary overtime to be included in salaries for purposes of calculating retirement benefits in WSPRS.	(\$23.9) <sup>4</sup>	Yes	Delivered to the Governor
LEOFF Military Service Credit	<b>SB 5661</b>	Rolfes	Requiring the LEOFF 2 Retirement Board to study interruptive service credit where the member was not awarded a campaign badge or medal.	Indeterminate	No	Delivered to the Governor
EMTs/LEOFF 2 Membership	<b>SHB 2202</b>	Manweller	Clarifies that only certain EMTs who provide emergency medical services are eligible for LEOFF 2 and provides a transfer option for those EMTs.	Indeterminate	No	Delivered to the Governor

<sup>1</sup>Cost = 25-Year Total Employer Cost.  
<sup>2</sup>Description applies to the latest version of the bill.  
<sup>3</sup>The cost of the bill is sufficient under current actuarial methods to result in an additional contribution rate being collected effective 9/1/2017.  
<sup>4</sup>All unpassed bills were returned to their house of origin at the end of session (HCR 4403 2017-18).  
<sup>5</sup>Parenthesis denotes a savings to employers, rather than a total employer cost.

### Other SCPP Recommended Bill

#### SCPP Recommended Bills *Bills that Did Not Pass the Legislature*

Brief Title	Bill	Requested by/Sponsor	Brief Description <sup>1</sup>	Cost* (In Millions)	Immediate Rate Impact? <sup>2</sup>	Status as of April 23, 2017 <sup>3</sup>
Age-Based Plan Opt Out (SCPP)	<b>HB 1708</b> SB 5276	SCPP/ Chandler	Allows some newly hired government employees to opt out of the retirement system if they are hired at age 60 or older.	Indeterminate	No	HB Heard in House APPS/ SB moved to Senate "X" file

<sup>1</sup>Cost = 25-Year Total Employer Cost.  
<sup>2</sup>Description applies to the latest version of the bill.  
<sup>3</sup>The cost of the bill is sufficient under current actuarial methods to result in an additional contribution rate being collected effective 9/1/2017.  
<sup>4</sup>All unpassed bills were returned to their house of origin at the end of session (HCR 4403 2017-18).

## Retire-Rehire Bills

- Four retire-rehire bills were introduced
  - HB 1685/SSB 5487 (Mentors)
    - Expands post-retirement options for educators in Plan 2 or 3 who have retired under alternative early retirement provisions to be employed as a mentor to teachers or an adviser to students in teacher preparation programs
  - SB 5310 (Coaches)
    - Authorizes a teacher in Plan 2 or 3 who retired under alternate early retirement provisions to be employed for up to 867 hours per year without suspension of benefits if employed exclusively as a coach
  - SB 5601 (Removes Instructional Capacity)
    - States that until August 1, 2020, members of TRS 2/3 who have retired early under the 2008 ERFs are allowed to return to work at a school district in a non-instructional capacity for up to 867 hours per year (prior to reaching age 65) without a loss of pension benefits

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## Medical Pension-Related Bills

- To qualify for some disability pension benefits, LEOFF members typically have to prove that the injury was duty-related
- Certain types of injuries are presumed to be duty-related unless proven otherwise
  - SHB 1655 (Presumptive Medical)
    - Adds PTSD to the list of presumptive duty-related conditions for firefighters, and creates a similar presumption for law enforcement officers who experience PTSD
  - SB 5477 (Presumptive Medical and Fire Investigators)
    - Adds medical conditions to the presumption of occupational diseases and extending the presumption to certain publicly employed firefighters, investigators and law enforcement officers

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## Other Pension and Non-Pension Bills of Interest

- HB 1288 (Contributory Rates)
  - Requires the PFC to adopt additional individual employer contribution rates to compensate for certain lost investment returns and interest due to late employer reporting or if the contributions actually made by the employer are lower than required
- HB 1484/SB 5556 (Plans 1 COLA)
  - Provides PERS 1 and TRS 1 plan members receiving a retirement benefit on January 1, 2017, a one-time permanent increase to their monthly retirement benefit equal to \$2 per year of earned service credit
- SHB 1558 (PSERS: Nursing, Custody, Service)
  - Adds new members to PSERS and provides a transfer option for eligible PERS 2/3 members

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## Other Pension and Non-Pension Bills of Interest (Continued)

- HB 1560 (Plan Default)
  - Changes the retirement plan default for new hires from Plan 3 to Plan 2
- HB 1173/SB 5061 (WSPRS Military Service Credit)
  - Allows certain WSPRS Plan 2 members to receive up to five years of no-cost retirement system service credit for military service prior to employment or outside a period of war
- SB 5495 (Estoppel)
  - Modifies the estoppel rule in public pensions, such that members of one system would no longer be estopped (i.e., prevented) from earning service credit in another system if they are eligible for early retirement and have at least 15 years of service in their current system

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## Pension Funding Bills that Have Not Passed

<p style="text-align: center;"><b><u>SSB 5900</u></b></p> <ul style="list-style-type: none"> <li>■ Transfers \$700 million from the Budget Stabilization Account to the PERS Plan 1 fund for reducing the UAAL rate</li> <li>■ New employer surcharge</li> <li>■ Modifies the 2017-19 adopted UAAL rate</li> </ul>	<p style="text-align: center;"><b><u>SB 5911</u></b></p> <ul style="list-style-type: none"> <li>■ Transfers \$700 million from the Budget Stabilization Account to the PERS Plan 1 fund for reducing UAAL rate</li> <li>■ New employer surcharge</li> <li>■ Modifies the 2017-19 adopted UAAL rate</li> <li>■ Creates homeless assistance account and housing trust fund for homeless or at-risk to be homeless individuals</li> </ul>
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## Budget Bills – Pension Related Overview

<p style="text-align: center;"><b><u>House Highlights</u></b></p> <ul style="list-style-type: none"> <li>■ Assumes Passage of             <ul style="list-style-type: none"> <li>■ HB 1558 (PSERS Nursing, Custody, Safety)</li> <li>■ HB 1655 (Presumptive Medical: PTSD)</li> <li>■ HB 1560 (Plan Default)</li> </ul> </li> </ul>	<p style="text-align: center;"><b><u>Senate Highlights</u></b></p> <ul style="list-style-type: none"> <li>■ Eliminates State Portion of LEOFF 2 Funding             <ul style="list-style-type: none"> <li>■ Will be 50% employer/ 50% member</li> </ul> </li> <li>■ Suspends DRS Admin Fee             <ul style="list-style-type: none"> <li>■ Expenses to be paid via investment returns</li> </ul> </li> <li>■ Assumes Passage of             <ul style="list-style-type: none"> <li>■ SSB 5607 (School Employee Compensation)</li> <li>■ SB 5274 (WSPRS Voluntary Overtime)</li> <li>■ SSB 5900 (UAAL Payment)</li> </ul> </li> </ul>
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## Summary

- Four pension bills passed
  - Two SCPP recommended
  - Two LEOFF-related
- Introduction of bills related to
  - Retire-Rehire
  - Service Credits
  - Plan 1 Cost-of-Living Adjustments (COLAs)
  - Medical Conditions
- Two bills that transfer \$700 million from the Budget Stabilization Account to the PERS Plan 1 fund for reducing the UAAL rate