



Retirement/Health Benefit

Bill Watch

January 16, 2008

Retirement Bills

- **Plan 3 Vesting:** Takes away the requirement of twelve service credit months after attaining age forty-four for vesting in Plan 3. Make vesting available after five years of service like other retirement plans. Last years fiscal note on the same issue, HB 1941, was \$1.3 M for 2007-09. This issue is recommended by the SCPP.
- **Interruptive Military Service:** Allows up to five years of free service credit for interruptive military service that is during a “period of war” as defined in RCW 41.04.005. Employers will still be required to pay the employer contributions on the service. In the case of a military death, the survivor would also be relieved of paying the member cost for interruptive military service credit. This bill is recommended by the SCPP.
- **Military Death Benefits:** Provides an unreduced survivor annuity to qualifying survivors of members of all systems and plans who leave public employment due to service in the National Guard or Military Reserves and die while serving honorably during a period of war. This bill is recommended by the SCPP.
- **Indexed \$150,000 Death Benefits:** Automatically adjusts the \$150,000 death benefit for inflation by indexing the benefit to changes in the Consumer Price Index with a maximum change of 3 percent per year. A death benefit is provided to survivors of public employees who die as a result of duty-related injury or illness. The amount of the benefit has not changed since 1996. This bill is recommended by the SCPP.
- **Out of State Service:** Allows TRS Plan 2 and 3 members to purchase service credit for public education experience in another state or with the federal government after serving two years in this state instead of five. There is no fiscal impact. This issue is recommended by the SCPP.
- **Survivors of PERS 1 Inactives:** Provides the same optional survivor annuity for inactive members of PERS Plan 1 who die prior to retirement as is provided for active members of PERS Plan 1 who die prior to retirement. This issue is recommended by the SCPP.
- **Plan 2 & 3 Postretirement Employment:** Strikes out the restriction, included in EHB 2391, from the 2007 session gain-sharing trade-off bill, regarding Plan 2 and 3 postretirement employment. This issue, added in a House amendment, forbids Plan 2 and 3 members that take advantage of the new alternate early retirement provisions in the bill to participate in any postretirement public employment until reaching the age of 65. This includes such areas as substitute teaching, working in higher education and other part time public employment. For these retirees it takes away the 867 hours a year of public employment formerly allowed in these two plans. This bill would reinstate these 867 hours for these retirees. The fiscal note for 2008-09 is \$0.4 M. This bill received nine of eleven votes in the SCPP but failed to reach the number needed to be

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recommended.

- **TRS and SERS 2 & 3 “Half-Year Contracts”:** Allows educational employees of TRS and SERS Plans 2 and 3 who work 630 or more hours in five months of a six month period within a school year to receive six month of service credit. The bill has no fiscal cost listed during the 2008-2011 period but has a \$1.0 M 25 years cost to the employer. This bill is recommended by the SPPP.
- **Salary Bonuses in TRS:** Allows the teacher holding a National Board for Professional Teaching Standards (NBFPTS) certificate to include the annually awarded \$5,000 in retirement reporting and if teaching in a school where 70 percent of the students qualify for the free and reduced price lunch program to include the additional \$5,000 award in retirement reporting. Presently these funds are excluded from the definition of earnable compensation for TRS members. The fiscal cost for GF 2008-09 is \$4.1 M. This bill is recommended by the SPPP
- **PERS to SERS Auto-Transfer:** Discontinues the automatic transfer of prior PERS Plan 2 service to SERS Plan 2 upon SERS eligible employment. Also creates a three-month window for Plan 2 members auto-transferred after September 1, 2001, who had no prior education experience in PERS to restore their transferred service to PERS Plan 2. This bill is recommended by the SPPP.

Health Benefit Bills

- **Plan 2 Access to PEBB:** Allows Plan 2 members of TRS, SERS and PERS access to the Public Employee Benefit Board (PEBB) health plans upon separation from service (deciding to not start their pension) at age 55 with at least 20 years of service. The Health Care Authority report on the bill states no fiscal cost. This issue is recommended by the SPPP.
- **“Second Chance” PEBB Enrollment Window:** TRS, SERS and PERS retirees who retired prior to January 1, 2001 would be eligible to join PEBB health benefit programs effective January 1, 2010 during an open enrollment period if they have maintained comprehensive employer sponsored health coverage. This issue is recommended by the SPPP.
- **Governor’s Supplemental General Fund Budget:** Just one change in the health benefit area. The remittance (carve-out) starting September 1, 2008 is changed from \$65.97 to \$61.80. Insurance benefit allocations stay the same at \$707.00 for 2007-08 and \$732.00 for 2008-09. The Medicare subsidy for retirees stays the same as last year’s budget at \$182.89 starting January 1, 2009.

