

SENATE BILL REPORT

SB 6568

As of January 29, 1996

Title: An act relating to a retirement incentive for certain plan I members of the Washington state teachers' retirement system or Washington public employees' retirement system.

Brief Description: Providing a retirement incentive payment.

Sponsors: Senators Prentice and Heavey.

Brief History:

Committee Activity: Ways & Means: 2/1/96.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Denise Graham (786-7715)

Background: A member of the Public Employees' Retirement System (PERS) Plan I or the Teachers' Retirement System (TRS) Plan I is eligible to retire when he or she has 30 years of service credit, or has 25 years of service credit and is at least age 55, or has five years of service credit and is at least age 60.

By July 1, 1996, there will be 2,825 PERS I and TRS I members with at least 30 years of service credit. Of these, it is estimated that 925 members will retire, and 1,900 will not retire when they are first eligible.

Summary of Bill: Any employee and member of the Teachers' Retirement System Plan I who has 30 or more service credit years by July 1, 1996, and who petitions for retirement by July 1, 1996, receives a one-time lump sum retirement incentive payment of \$20,000 upon retirement.

Any employee and member of the Public Employees' Retirement System Plan I who has 30 or more service credit years by August 1, 1996, and who petitions for retirement by August 1, 1996, receives a one-time lump sum retirement incentive payment of \$20,000 upon retirement.

The lump sum payment is not used in the calculation of the retirement benefit.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Some people are fearful of retiring because of the limited COLA and high medical premiums. It will take a substantial incentive for those of us born during the

depression to feel comfortable under Plan I. This bill would help to make up for the low COLA given to Plan I retirees.

Testimony Against: None.

Testified: Jerry Hopkins, Spokane Education Association; Bob Maier, WA Education Association; Robert Gaunt, IFPTE #17.