

Hawbaker, Lisa

From: Peterson, Ruth
Sent: Thursday, April 21, 2016 9:47 AM
To: Gutierrez, Aaron <Aaron.Gutierrez@leg.wa.gov>
Cc: Schoesler, Sen. Mark <Mark.Schoesler@leg.wa.gov>; Winters, Krista <Krista.Winters@leg.wa.gov>
Subject: FW: Pension issue

Aaron,

Senator Braun requests that the issue described in the email below be considered when the State Committee of Pension Policy next meets.

As you may recall, we communicated about this situation in December, and at the time, Senator Braun decided to send the request through the Pension Policy Committee rather than take action during the 2016 legislative session. I just wanted to confirm that he is requesting that this be a topic of discussion during the interim for possible legislation next session.

Best regards,

Ruth Peterson

20th District Legislative Assistant
On behalf of **Senator John Braun**
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WASHINGTON STATE SENATE
MAJORITY COALITION CAUCUS

From: Peterson, Ruth
Sent: Wednesday, December 16, 2015 11:44 AM
To: Smith, Matt <Matt.Smith@leg.wa.gov>
Subject: Pension issue

Matt,

We had a constituent who had an issue with the pension system, and Senator Schoesler would like the issue be discussed when the State Committee of Pension Policy meets.

I have a summary of the situation as described by staff -

I have researched the retirement statutes (chapter 41.40 RCW, Public Employees' Retirement System (PERS)), and have spoken with the folks at the Dept. of Retirement Systems (DRS), so I think I can respond to your constituent inquiry.

First, let me summarize the facts as I understand them:

- Mr. Rouse became an employee of the Port of Chehalis in 2006. At that time, the Port was exercising its statutory option to not participate in PERS.
- In 2014, the Port commission voted to join PERS, at which point Mr. Rouse membership in PERS became mandatory. (Participation in PERS is optional for some local governments, but once those governments join PERS, employee participation is mandatory.)
- Mr. Rouse is currently 67 years of age, and plans to continue his employment until age 70, and perhaps longer. At that point, he will have accrued approximately 4+ years of service credit.
- His concern is that the retirement benefit that he will likely receive will be little more than his actual retirement contributions, and that he would be better off by "opting out" of the retirement system, if that were statutorily possible.

Here is what my research has confirmed:

- Mr. Rouse is correct, his membership in PERS is mandatory. (RCW 41.40.023 requires all employees to participate in PERS, with limited exceptions.)
- Mr. Rouse will be eligible to begin receiving retirement benefits after five years' employment in PERS. The five-year clock starts when the Port joined PERS (2014), so he would "vest" in the PERS system in 2019.
- Mr. Rouse has the right to "buy back" retirement credit for the years between 2006 and 2014. If he retired in 2019, he would have approximately 13 years of service credit.
- If Mr. Rouse chooses to retire prior to the five-years vesting, he can request a refund of all of his employee retirement contributions (RCW 41.40.730). His employer's contributions are not refundable.

Mr. Rouse is disappointed that there is no appeal process that he can pursue. While there is an administrative appeal process, this is not a discretionary issue --- the statute is clear that Mr. Rouse's membership in PERS is required by law.

Mr. Rouse mentioned that he would like to see legislation proposed to allow workers who begin employment after a certain age (say 62 or 65) to "opt out" of PERS participation. Such legislation is possible. There would be some negligible fiscal impact to the retirement fund, due to the loss of that person's retirement contributions, but the impact would likely be very small.

If you have any questions or need any clarifications, please do not hesitate to contact me.

Best,

Ruth Peterson

20th District Legislative Assistant

On behalf of **Senator John Braun**

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