Notice No.: 00-012

Date: September 20, 2000

Applies to: All Employers

Subject: Summary of 2000 Legislation

We are providing this summary to inform you of legislation passed during the 2000 session that may impact you or your employees. This information does not offer legal interpretations or detailed instructions for bill implementation. The bills are listed in order of potential impact on you and your employees.

SSB 6530—Optional Plan 3 for PERS

Applies to: All PERS Employees and LEOFF Plan 2 Employees

Summary: This legislation creates a hybrid defined benefit/defined contribution retirement plan in PERS that includes the following provisions:

- Current PERS Plan 2 members will have an option to transfer to PERS Plan 3. State and higher education employees will have a six-month transfer window beginning in March 2002. Other PERS employees will have a nine-month transfer window starting in September 2002.
- PERS Plan 2 state and higher education members who transfer to PERS Plan 3 will receive a 110 percent transfer payment and a gain sharing payment in June 2003. Political subdivision members who transfer to PERS Plan 3 will receive a 111 percent transfer payment and a gain sharing payment in June 2003.
- PERS Plan 3 members can choose from six options how much they contribute to self-directed investments or to an account managed by the State Investment Board. These options range from 5 to 15 percent of their gross pay.

- The early retirement reduction factors for PERS Plan 2, PERS Plan 3, SERS Plan 2, SERS Plan 3, TRS Plan 2 and TRS Plan 3 members age 55, with 30 years of service, are lowered to three percent per year from age 65, effective September 1, 2000.
- The LEOFF Plan 2 normal retirement age is lowered from age 55 to age 53, effective September 1, 2000. The early retirement reduction factor for LEOFF Plan 2 members age 50, with 20 years of service, is reduced to 3 percent per year from age 53, effective September 1, 2000.

SSB 6531—SERS Transfer Payment Increase

Applies to: School Employees' Retirement System (SERS) Plan 2 and Plan 3

Summary: Members of SERS Plan 2 who transfer to SERS Plan 3 will receive a transfer payment in March 2001 based on their account balance as of January 1, 2000. The legislation increases the transfer payment from 65 percent to 130 percent of the member's account balance.

If a SERS Plan 2 member elects to transfer to SERS Plan 3, the member's employee contributions, plus interest, are transferred to an individual defined contribution account. There is a six-month SERS Plan 3 transfer window period, beginning September 1, 2000, and ending February 28, 2001. If a SERS Plan 2 member chooses to transfer to SERS Plan 3 within that window, a payment of 130 percent of the employee contributions as of January 1, 2000, will be deposited into the member's defined contribution account.

SSB 6534—Increased Eligibility for School Employees to Cash Out Sick Leave

Applies to: All School Employees

Summary: Employees of school districts may currently cash out a portion of their accumulated sick leave only when they separate from employment due to retirement or death. Effective June 8, 2000, the legislation allows school employees to cash out their sick leave when they separate from service for any reason, if they are at least age 55 and:

- have ten years of service (TRS Plan 3 or SERS Plan 3); or
- have fifteen years of service (TRS Plan 2, SERS Plan 2 or PERS Plan 2).

SSB 2604—Flexible Survivor Benefits

Applies to: All Employees

Summary: This legislation authorizes DRS to provide retirees with two options for changing their survivor benefit designation *after* retirement:

- Post-Retirement Marriage: If a retiree who did not choose a survivor benefit at retirement later marries and remains married for one year, the retiree will have the option to name his or her spouse as beneficiary. To qualify for the selection of a survivor benefit for a spouse, a retiree must request the benefit option change from

DRS within one year from the anniversary of the first year of marriage. If a retiree decides to change to a survivor option, his or her monthly benefit will be actuarially reduced to reflect coverage of two lives.

- Non-Spouse Beneficiary: If a retiree provides a survivor benefit to someone other than a spouse, he or she will have the option to cancel that benefit. If a retiree cancels a non-spousal survivor option, his or her monthly benefit will be recalculated to the higher single-life benefit amount.

DRS will provide these options for all retirees by July 1, 2001.

SSB 2607—State Patrol Member Contribution Rate Reduction

Applies to: All WSPRS Employees

Summary: The statutory pension contribution rate for members of the Washington State Patrol Retirement System (WSPRS) is 7 percent. The legislation reduces that rate to 3 percent from July 2000 until July 2001 while the Joint Committee on Pension Policy continues to study issues related to WSPRS.

Questions?

If you have questions regarding the information in this Notice, please contact Employer Support Services at (360) 664-7200 or call our toll-free line, 1-800-547-6657.

This Notice can be accessed on the DRS Web site at
http://www.wa.gov/DRS/employer/drsn/index.htm

John F. Charles
Director

2000 DRS Notices

For a copy of a Notice, call (360) 664-7170 or 1-800-547-6657, or access on the DRS Web site at **http://www.wa.gov/DRS/employer**.

Notice No.	Applies to/ Subject Matter
00-001	**PERS, LEOFF, WSPRS and JRS Employers** Members' Annual Statements and Sequencing Information
00-002	**SERS Employers** Reporting Requirements and Education Activities
00-003	**DCP Employers** DCP Reporting Requirements and Employer Training
00-004	**All Employers** Statewide Training
00-005	**All Employers** Potential Contribution Rate Changes
00-006	**All Employers** Contribution Rate Changes
00-007	**All Employers** Contribution Rate Changes
00-008	**DCP Employers** Implementation of New Reporting Processes and New Record Keeper
00-009	**SERS Employers** Implementation of the School Employees' Retirement System
00-010	**SERS and TRS Employers** SERS and TRS Member Handbooks and SERS and TRS Plan 3 Investment Education Materials
00-011	**All Education Employers** Members' Annual Statements and Sequencing Information
00-012	**All Employers** Summary of 2000 Legislation