
Appropriations Committee

SB 5367

Brief Description: Directing the department of retirement systems to create rules regarding automatic refunds of retirement contributions in the retirement systems listed in RCW 41.50.030.

Sponsors: Senator Conway; by request of Select Committee on Pension Policy.

Brief Summary of Bill
<ul style="list-style-type: none">• Directs the Department of Retirement Systems to establish rules for closing and refunding inactive member accounts with a balance of less than \$1,000.

Hearing Date: 3/11/21

Staff: David Pringle (786-7310).

Background:

Public employees that meet the requirements for membership in one of the public pension systems are generally required to join and make contribution payments until they leave service. Both employee members and employers make contribution payments based on the cost of the retirement benefits. Each pension system and plan has different requirements to be eligible for a retirement benefit, a status referred to as "vested." Typically, plans require between five and ten years to vest. Members that leave service prior to vesting have the option of leaving contributions in the plan, withdrawing the employee portion of the contribution for cash, or as a rollover in to an eligible retirement account.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

By January 1, 2022, Department of Retirement Systems must adopt rules related to:

- identifying inactive accounts of nonvested members whose account balance is less than \$1,000; and
- providing for the orderly closing and refunding of member accounts in accordance with the federal internal revenue code.

The refund of a member's account balance terminates all rights to future benefits, unless otherwise restored under the rules for each of the respective retirement systems.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.