

Wallis, Keri

From: Scott, Renee (DRS) <ReneeS@drs.wa.gov>
Sent: Thursday, July 18, 2013 9:12 AM
To: Conway, Sen. Steve; Office State Actuary, WA
Subject: 2013 Interim work plan
Attachments: SCPP letter 2013 interim.docx

Good morning Senator Conway,

At the request of Director Frost, please find attached a letter addressing two matters for the Select Committee's consideration.

Thank you,

Renee Scott | Administrative Assistant

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DEPARTMENT OF RETIREMENT SYSTEMS

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July 15, 2013

The Honorable Steve Conway
Chair, Select Committee on Pension Policy
P.O. Box 40914
Olympia, WA 98504-0914

Dear Senator Conway;

The Department would like to bring two matters to the attention of the Select Committee for the 2013 interim work plan and request that legislation be recommended to the 2014 Legislature.

First, in the 2012 interim, the Committee studied and recommended legislation that would correct concerns with the PERS retire/rehire language brought about by inadvertent bill language in ESHB 1981 of the 2011 legislature. HB 1226/SB 5633 did not pass the legislature this year, so the concerns with the language remain. The Department requests the Committee take swift action to re-commit to correcting the inadvertent consequences of the 2011 statutory changes.

Second, beginning in 2009, the Department engaged with the Internal Revenue Service to submit all the retirement plans we administer for requalification as tax-favored retirement plans under IRC 26 Section 401(a). The IRS has requalified all our plans, but the Plans 3 were just provided conditional requalification in February of this year. The condition is that statutory language allowing an annual rate change window for Plan 3 members must be repealed during the 2014 legislative session, and the practice allowing the annual change for TRS Plan 3 members must be discontinued after January, 2015. We will gladly work with the Committee and staff to present this issue, and request legislation be recommended to make this change and maintain IRS qualification for our Plans 3.

Thank you for your consideration of these important matters during the 2013 interim work of the Committee.

Sincerely,

Marcie L. Frost, Director
Department of Retirement Systems

Cc Members of the SCPP