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**SUBSTITUTE HOUSE BILL 2485**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Moeller, Reykdal, and Bergquist)

READ FIRST TIME 02/11/14.

1       AN ACT Relating to survivor benefits from the public employees'  
2 retirement system for survivors of members in registered domestic  
3 partnerships prior to December 2012; and amending RCW 41.40.188,  
4 41.40.660, and 41.40.845.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 41.40.188 and 2002 c 158 s 12 are each amended to read  
7 as follows:

8       (1) Upon retirement for service as prescribed in RCW 41.40.180 or  
9 retirement for disability under RCW 41.40.210 or 41.40.230, a member  
10 shall elect to have the retirement allowance paid pursuant to one of  
11 the following options calculated so as to be actuarially equivalent to  
12 each other.

13       (a) Standard allowance. A member electing this option shall  
14 receive a retirement allowance payable throughout such member's life.  
15 However, if the retiree dies before the total of the retirement  
16 allowance paid to such retiree equals the amount of such retiree's  
17 accumulated contributions at the time of retirement, then the balance  
18 shall be paid to the member's estate, or such person or persons, trust,  
19 or organization as the retiree shall have nominated by written

1 designation duly executed and filed with the department; or if there be  
2 no such designated person or persons still living at the time of the  
3 retiree's death, then to the surviving spouse; or if there be neither  
4 such designated person or persons still living at the time of death nor  
5 a surviving spouse, then to the retiree's legal representative.

6 (b) The department shall adopt rules that allow a member to select  
7 a retirement option that pays the member a reduced retirement allowance  
8 and upon death, such portion of the member's reduced retirement  
9 allowance as the department by rule designates shall be continued  
10 throughout the life of and paid to a person nominated by the member by  
11 written designation duly executed and filed with the department at the  
12 time of retirement. The options adopted by the department shall  
13 include, but are not limited to, a joint and one hundred percent  
14 survivor option and a joint and fifty percent survivor option.

15 (c) A member may elect to include the benefit provided under RCW  
16 41.40.640 along with the retirement options available under this  
17 section. This retirement allowance option shall be calculated so as to  
18 be actuarially equivalent to the options offered under this subsection.

19 (2)(a) A member, if married, must provide the written consent of  
20 his or her spouse to the option selected under this section, except as  
21 provided in (b) of this subsection. If a member is married and both  
22 the member and the member's spouse do not give written consent to an  
23 option under this section, the department shall pay a joint and fifty  
24 percent survivor benefit calculated to be actuarially equivalent to the  
25 benefit options available under subsection (1) of this section unless  
26 spousal consent is not required as provided in (b) of this subsection.

27 (b) If a copy of a dissolution order designating a survivor  
28 beneficiary under RCW 41.50.790 has been filed with the department at  
29 least thirty days prior to a member's retirement:

30 (i) The department shall honor the designation as if made by the  
31 member under subsection (1) of this section; and

32 (ii) The spousal consent provisions of (a) of this subsection do  
33 not apply.

34 (3)(a) Any member who retired before January 1, 1996, and who  
35 elected to receive a reduced retirement allowance under subsection  
36 (1)(b) or (2) of this section is entitled to receive a retirement  
37 allowance adjusted in accordance with (b) of this subsection, if they  
38 meet the following conditions:

1 (i) The retiree's designated beneficiary predeceases or has  
2 predeceased the retiree; and  
3 (ii) The retiree provides to the department proper proof of the  
4 designated beneficiary's death.  
5 (b) The retirement allowance payable to the retiree, as of July 1,  
6 1998, or the date of the designated beneficiary's death, whichever  
7 comes last, shall be increased by the percentage derived in (c) of this  
8 subsection.  
9 (c) The percentage increase shall be derived by the following:  
10 (i) One hundred percent multiplied by the result of (c)(ii) of this  
11 subsection converted to a percent;  
12 (ii) Subtract one from the reciprocal of the appropriate joint and  
13 survivor option factor;  
14 (iii) The joint and survivor option factor shall be from the table  
15 in effect as of July 1, 1998.  
16 (d) The adjustment under (b) of this subsection shall accrue from  
17 the beginning of the month following the date of the designated  
18 beneficiary's death or from July 1, 1998, whichever comes last.  
19 (4) No later than July 1, 2001, the department shall adopt rules  
20 that allow a member additional actuarially equivalent survivor benefit  
21 options, and shall include, but are not limited to:  
22 (a)(i) A retired member who retired without designating a survivor  
23 beneficiary shall have the opportunity to designate their spouse from  
24 a postretirement marriage as a survivor during a one-year period  
25 beginning one year after the date of the postretirement marriage  
26 provided the retirement allowance payable to the retiree is not subject  
27 to periodic payments pursuant to a property division obligation as  
28 provided for in RCW 41.50.670.  
29 (ii) A member who entered into a postretirement marriage prior to  
30 the effective date of the rules adopted pursuant to this subsection and  
31 satisfies the conditions of (a)(i) of this subsection shall have one  
32 year to designate their spouse as a survivor beneficiary following the  
33 adoption of the rules.  
34 (b) A retired member who elected to receive a reduced retirement  
35 allowance under this section and designated a nonspouse as survivor  
36 beneficiary shall have the opportunity to remove the survivor  
37 designation and have their future benefit adjusted.

1 (c) The department may make an additional charge, if necessary, to  
2 ensure that the benefits provided under this subsection remain  
3 actuarially equivalent.

4 (5) No later than July 1, 2003, the department shall adopt rules to  
5 permit:

6 (a) A court-approved property settlement incident to a court decree  
7 of dissolution made before retirement to provide that benefits payable  
8 to a member who meets the length of service requirements of RCW  
9 41.40.180(1) and the member's divorcing spouse be divided into two  
10 separate benefits payable over the life of each spouse.

11 The member shall have available the benefit options of subsection  
12 (1) of this section upon retirement, and if remarried at the time of  
13 retirement remains subject to the spousal consent requirements of  
14 subsection (2) of this section. Any reductions of the member's benefit  
15 subsequent to the division into two separate benefits shall be made  
16 solely to the separate benefit of the member.

17 The nonmember ex spouse shall be eligible to commence receiving  
18 their separate benefit upon reaching the age provided in RCW  
19 41.40.180(1) and after filing a written application with the  
20 department.

21 (b) A court-approved property settlement incident to a court decree  
22 of dissolution made after retirement may only divide the benefit into  
23 two separate benefits payable over the life of each spouse if the  
24 nonmember ex spouse was selected as a survivor beneficiary at  
25 retirement.

26 The retired member may later choose the survivor benefit options  
27 available in subsection (4) of this section. Any actuarial reductions  
28 subsequent to the division into two separate benefits shall be made  
29 solely to the separate benefit of the member.

30 Both the retired member and the nonmember divorced spouse shall be  
31 eligible to commence receiving their separate benefits upon filing a  
32 copy of the dissolution order with the department in accordance with  
33 RCW 41.50.670.

34 (c) The separate single life benefits of the member and the  
35 nonmember ex spouse are not (i) subject to the minimum benefit  
36 provisions of RCW 41.40.1984, or (ii) the minimum benefit annual  
37 increase amount eligibility provisions of RCW 41.40.197 (2)(b) and  
38 (3)(a).

1 (d) The department may make an additional charge or adjustment if  
2 necessary to ensure that the separate benefits provided under this  
3 subsection are actuarially equivalent to the benefits payable prior to  
4 the decree of dissolution.

5 (6)(a) No later than July 1, 2014, the department shall adopt rules  
6 to permit the spouse of a member who: (i) Was a registered domestic  
7 partner of the member prior to December 1, 2008; (ii) was married to  
8 the deceased member prior to January 1, 2013; (iii) was the designated  
9 beneficiary of the member; and (iv) was predeceased by the member prior  
10 to January 1, 2014, the opportunity to designate themselves as a  
11 postretirement marriage survivor between July 1, 2014, and December 31,  
12 2014, provided the retirement allowance payable to the retiree is not  
13 subject to periodic payments pursuant to a property division obligation  
14 as provided for in RCW 41.50.670.

15 (b) The survivor benefit payable to a member meeting the  
16 requirements of (a) of this subsection is the equivalent of a joint and  
17 fifty percent survivor option, and is not payable until the surviving  
18 spouse reimburses the department for any accumulated contributions  
19 previously paid to the surviving spouse as the designated beneficiary  
20 of the member.

21 **Sec. 2.** RCW 41.40.660 and 2003 c 294 s 6 are each amended to read  
22 as follows:

23 (1) Upon retirement for service as prescribed in RCW 41.40.630 or  
24 retirement for disability under RCW 41.40.670, a member shall elect to  
25 have the retirement allowance paid pursuant to one of the following  
26 options, calculated so as to be actuarially equivalent to each other.

27 (a) Standard allowance. A member electing this option shall  
28 receive a retirement allowance payable throughout such member's life.  
29 However, if the retiree dies before the total of the retirement  
30 allowance paid to such retiree equals the amount of such retiree's  
31 accumulated contributions at the time of retirement, then the balance  
32 shall be paid to the member's estate, or such person or persons, trust,  
33 or organization as the retiree shall have nominated by written  
34 designation duly executed and filed with the department; or if there be  
35 no such designated person or persons still living at the time of the  
36 retiree's death, then to the surviving spouse; or if there be neither

1 such designated person or persons still living at the time of death nor  
2 a surviving spouse, then to the retiree's legal representative.

3 (b) The department shall adopt rules that allow a member to select  
4 a retirement option that pays the member a reduced retirement allowance  
5 and upon death, such portion of the member's reduced retirement  
6 allowance as the department by rule designates shall be continued  
7 throughout the life of and paid to a person nominated by the member by  
8 written designation duly executed and filed with the department at the  
9 time of retirement. The options adopted by the department shall  
10 include, but are not limited to, a joint and one hundred percent  
11 survivor option and a joint and fifty percent survivor option.

12 (2)(a) A member, if married, must provide the written consent of  
13 his or her spouse to the option selected under this section, except as  
14 provided in (b) of this subsection. If a member is married and both  
15 the member and the member's spouse do not give written consent to an  
16 option under this section, the department shall pay a joint and fifty  
17 percent survivor benefit calculated to be actuarially equivalent to the  
18 benefit options available under subsection (1) of this section unless  
19 spousal consent is not required as provided in (b) of this subsection.

20 (b) If a copy of a dissolution order designating a survivor  
21 beneficiary under RCW 41.50.790 has been filed with the department at  
22 least thirty days prior to a member's retirement:

23 (i) The department shall honor the designation as if made by the  
24 member under subsection (1) of this section; and

25 (ii) The spousal consent provisions of (a) of this subsection do  
26 not apply.

27 (3)(a) Any member who retired before January 1, 1996, and who  
28 elected to receive a reduced retirement allowance under subsection  
29 (1)(b) or (2) of this section is entitled to receive a retirement  
30 allowance adjusted in accordance with (b) of this subsection, if they  
31 meet the following conditions:

32 (i) The retiree's designated beneficiary predeceases or has  
33 predeceased the retiree; and

34 (ii) The retiree provides to the department proper proof of the  
35 designated beneficiary's death.

36 (b) The retirement allowance payable to the retiree, as of July 1,  
37 1998, or the date of the designated beneficiary's death, whichever

1 comes last, shall be increased by the percentage derived in (c) of this  
2 subsection.

3 (c) The percentage increase shall be derived by the following:

4 (i) One hundred percent multiplied by the result of (c)(ii) of this  
5 subsection converted to a percent;

6 (ii) Subtract one from the reciprocal of the appropriate joint and  
7 survivor option factor;

8 (iii) The joint and survivor option factor shall be from the table  
9 in effect as of July 1, 1998.

10 (d) The adjustment under (b) of this subsection shall accrue from  
11 the beginning of the month following the date of the designated  
12 beneficiary's death or from July 1, 1998, whichever comes last.

13 (4) No later than July 1, 2001, the department shall adopt rules  
14 that allow a member additional actuarially equivalent survivor benefit  
15 options, and shall include, but are not limited to:

16 (a)(i) A retired member who retired without designating a survivor  
17 beneficiary shall have the opportunity to designate their spouse from  
18 a postretirement marriage as a survivor during a one-year period  
19 beginning one year after the date of the postretirement marriage  
20 provided the retirement allowance payable to the retiree is not subject  
21 to periodic payments pursuant to a property division obligation as  
22 provided for in RCW 41.50.670.

23 (ii) A member who entered into a postretirement marriage prior to  
24 the effective date of the rules adopted pursuant to this subsection and  
25 satisfies the conditions of (a)(i) of this subsection shall have one  
26 year to designate their spouse as a survivor beneficiary following the  
27 adoption of the rules.

28 (b) A retired member who elected to receive a reduced retirement  
29 allowance under this section and designated a nonspouse as survivor  
30 beneficiary shall have the opportunity to remove the survivor  
31 designation and have their future benefit adjusted.

32 (c) The department may make an additional charge, if necessary, to  
33 ensure that the benefits provided under this subsection remain  
34 actuarially equivalent.

35 (5) No later than July 1, 2003, the department shall adopt rules to  
36 permit:

37 (a) A court-approved property settlement incident to a court decree  
38 of dissolution made before retirement to provide that benefits payable

1 to a member who meets the length of service requirements of RCW  
2 41.40.720 and the member's divorcing spouse be divided into two  
3 separate benefits payable over the life of each spouse.

4 The member shall have available the benefit options of subsection  
5 (1) of this section upon retirement, and if remarried at the time of  
6 retirement remains subject to the spousal consent requirements of  
7 subsection (2) of this section. Any reductions of the member's benefit  
8 subsequent to the division into two separate benefits shall be made  
9 solely to the separate benefit of the member.

10 The nonmember ex spouse shall be eligible to commence receiving  
11 their separate benefit upon reaching the age provided in RCW  
12 41.40.630(1) and after filing a written application with the  
13 department.

14 (b) A court-approved property settlement incident to a court decree  
15 of dissolution made after retirement may only divide the benefit into  
16 two separate benefits payable over the life of each spouse if the  
17 nonmember ex spouse was selected as a survivor beneficiary at  
18 retirement.

19 The retired member may later choose the survivor benefit options  
20 available in subsection (4) of this section. Any actuarial reductions  
21 subsequent to the division into two separate benefits shall be made  
22 solely to the separate benefit of the member.

23 Both the retired member and the nonmember divorced spouse shall be  
24 eligible to commence receiving their separate benefits upon filing a  
25 copy of the dissolution order with the department in accordance with  
26 RCW 41.50.670.

27 (c) The department may make an additional charge or adjustment if  
28 necessary to ensure that the separate benefits provided under this  
29 subsection are actuarially equivalent to the benefits payable prior to  
30 the decree of dissolution.

31 (6)(a) No later than July 1, 2014, the department shall adopt rules  
32 to permit the spouse of a member who: (i) Was a registered domestic  
33 partner of the member prior to December 1, 2008; (ii) was married to  
34 the deceased member prior to January 1, 2013; (iii) was the designated  
35 beneficiary of the member; and (iv) was predeceased by the member prior  
36 to January 1, 2014, the opportunity to designate themselves as a  
37 postretirement marriage survivor between July 1, 2014, and December 31,



1 2014, provided the retirement allowance payable to the retiree is not  
2 subject to periodic payments pursuant to a property division obligation  
3 as provided for in RCW 41.50.670.

4 (b) The survivor benefit payable to a member meeting the  
5 requirements of (a) of this subsection is the equivalent of a joint and  
6 fifty percent survivor option, and is not payable until the surviving  
7 spouse reimburses the department for any accumulated contributions  
8 previously paid to the surviving spouse as the designated beneficiary  
9 of the member.

10 **Sec. 3.** RCW 41.40.845 and 2003 c 294 s 9 are each amended to read  
11 as follows:

12 (1) Upon retirement for service as prescribed in RCW 41.40.820 or  
13 retirement for disability under RCW 41.40.825, a member shall elect to  
14 have the retirement allowance paid pursuant to one of the following  
15 options, calculated so as to be actuarially equivalent to each other.

16 (a) Standard allowance. A member electing this option shall  
17 receive a retirement allowance payable throughout such member's life.  
18 Upon the death of the member, the member's benefits shall cease.

19 (b) The department shall adopt rules that allow a member to select  
20 a retirement option that pays the member a reduced retirement allowance  
21 and upon death, such portion of the member's reduced retirement  
22 allowance as the department by rule designates shall be continued  
23 throughout the life of and paid to a person nominated by the member by  
24 written designation duly executed and filed with the department at the  
25 time of retirement. The options adopted by the department shall  
26 include, but are not limited to, a joint and one hundred percent  
27 survivor option and a joint and fifty percent survivor option.

28 (2)(a) A member, if married, must provide the written consent of  
29 his or her spouse to the option selected under this section, except as  
30 provided in (b) of this subsection. If a member is married and both  
31 the member and the member's spouse do not give written consent to an  
32 option under this section, the department shall pay a joint and fifty  
33 percent survivor benefit calculated to be actuarially equivalent to the  
34 benefit options available under subsection (1) of this section unless  
35 spousal consent is not required as provided in (b) of this subsection.

36 (b) If a copy of a dissolution order designating a survivor

1 beneficiary under RCW 41.50.790 has been filed with the department at  
2 least thirty days prior to a member's retirement:

3 (i) The department shall honor the designation as if made by the  
4 member under subsection (1) of this section; and

5 (ii) The spousal consent provisions of (a) of this subsection do  
6 not apply.

7 (3) No later than July 1, 2002, the department shall adopt rules  
8 that allow a member additional actuarially equivalent survivor benefit  
9 options, and shall include, but are not limited to:

10 (a)(i) A retired member who retired without designating a survivor  
11 beneficiary shall have the opportunity to designate their spouse from  
12 a postretirement marriage as a survivor during a one-year period  
13 beginning one year after the date of the postretirement marriage  
14 provided the retirement allowance payable to the retiree is not subject  
15 to periodic payments pursuant to a property division obligation as  
16 provided for in RCW 41.50.670.

17 (ii) A member who entered into a postretirement marriage prior to  
18 the effective date of the rules adopted under this section and  
19 satisfies the conditions of (a)(i) of this subsection shall have one  
20 year to designate their spouse as a survivor beneficiary following the  
21 adoption of the rules.

22 (b) A retired member who elected to receive a reduced retirement  
23 allowance under this section and designated a nonspouse as survivor  
24 beneficiary shall have the opportunity to remove the survivor  
25 designation and have their future benefit adjusted.

26 (c) The department may make an additional charge, if necessary, to  
27 ensure that the benefits provided under this subsection remain  
28 actuarially equivalent.

29 (4) No later than July 1, 2003, the department shall adopt rules to  
30 permit:

31 (a) A court-approved property settlement incident to a court decree  
32 of dissolution made before retirement to provide that benefits payable  
33 to a member who meets the length of service requirements of RCW  
34 41.40.820(1) and the member's divorcing spouse be divided into two  
35 separate benefits payable over the life of each spouse.

36 The member shall have available the benefit options of subsection  
37 (1) of this section upon retirement, and if remarried at the time of  
38 retirement remains subject to the spousal consent requirements of

1 subsection (2) of this section. Any reductions of the member's benefit  
2 subsequent to the division into two separate benefits shall be made  
3 solely to the separate benefit of the member.

4 The nonmember ex spouse shall be eligible to commence receiving  
5 their separate benefit upon reaching the age provided in RCW  
6 41.40.820(1) and after filing a written application with the  
7 department.

8 (b) A court-approved property settlement incident to a court decree  
9 of dissolution made after retirement may only divide the benefit into  
10 two separate benefits payable over the life of each spouse if the  
11 nonmember ex spouse was selected as a survivor beneficiary at  
12 retirement.

13 The retired member may later choose the survivor benefit options  
14 available in subsection (3) of this section. Any actuarial reductions  
15 subsequent to the division into two separate benefits shall be made  
16 solely to the separate benefit of the member.

17 Both the retired member and the nonmember divorced spouse shall be  
18 eligible to commence receiving their separate benefits upon filing a  
19 copy of the dissolution order with the department in accordance with  
20 RCW 41.50.670.

21 (c) Any benefit distributed under chapter 41.31A RCW after the date  
22 of the dissolution order creating separate benefits for a member and  
23 nonmember ex spouse shall be paid solely to the member.

24 (d) The department may make an additional charge or adjustment if  
25 necessary to ensure that the separate benefits provided under this  
26 subsection are actuarially equivalent to the benefits payable prior to  
27 the decree of dissolution.

28 (5)(a) No later than July 1, 2014, the department shall adopt rules  
29 to permit the spouse of a member who: (i) Was a registered domestic  
30 partner of the member prior to December 1, 2008; (ii) was married to  
31 the deceased member prior to January 1, 2013; (iii) was the designated  
32 beneficiary of the member; and (iv) was predeceased by the member prior  
33 to January 1, 2014, the opportunity to designate themselves as a  
34 postretirement marriage survivor between July 1, 2014, and December 31,  
35 2014, provided the retirement allowance payable to the retiree is not  
36 subject to periodic payments pursuant to a property division obligation  
37 as provided for in RCW 41.50.670.

1       (b) The survivor benefit payable to a member meeting the  
2 requirements of (a) of this subsection is the equivalent of a joint and  
3 fifty percent survivor option, and is not payable until the surviving  
4 spouse reimburses the department for any accumulated contributions  
5 previously paid to the surviving spouse as the designated beneficiary  
6 of the member.

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