FINAL BILL REPORT
HB 1295

C 144 L 95
Synopsis as Enacted

Brief Description: Providing retirement system benefits upon death of member or retiree.

Sponsors: Representatives Carlson, Sommers, Sehlin and Basich; by request of Department of Retirement Systems.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Members of most state retirement systems can designate beneficiaries to receive their accumulated contributions, should the member die before retirement. In some systems, members who retire for disability can designate a beneficiary to receive any excess contributions remaining after the member's death.

In these cases, the beneficiary must be "a person." Members cannot designate trusts, organizations, or their estates as beneficiaries. Additionally, the designated person must have an "insurable interest" in the member's life. An "insurable interest" requires a close blood or legal relationship or a lawful and substantial economic interest.

In some systems, retired members may choose to receive an actuarially reduced retirement benefit that continues to be paid to a designated beneficiary upon the member's death. To receive this benefit, the survivor must have an "insurable interest" in the member's life.

Summary: A member may designate a person or persons, a trust, an organization, or the member's estate to receive a refund of the member's contributions. Beneficiaries designated to receive contribution refunds or survivor's benefits need not have an "insurable interest" in the member's life.

Votes on Final Passage:

House	96	0
Senate	48	0

Effective: July 23, 1995