

SENATE BILL REPORT

HB 1295

As Reported By Senate Committee On:
Ways & Means, April 3, 1995

Title: An act relating to payment of retirement system benefits upon death of a member or retiree.

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.

Brief History:

Committee Activity: Ways & Means: 3/23/95, 4/3/95 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Vice Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Roach, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Denise Graham (786-7715)

Background: The State Department of Retirement Systems (DRS) administers various public retirement plans. Most of these retirement systems permit members to designate beneficiaries to receive a member's accumulated contributions if the member dies 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, current law requires the beneficiary to 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 administered by DRS, 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 of Bill: 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.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will allow members to designate a charity as a beneficiary.

Testimony Against: None.

Testified: Representative Don Carlson, prime sponsor; Sheryl Wilson, Department of Retirement Systems (pro).