

SENATE BILL REPORT

SSB 5818

As Passed Senate, February 6, 1996

Title: An act relating to payment of benefits when a member dies before retirement.

Brief Description: Paying benefits when a member dies before retirement.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Winsley, A. Anderson, C. Anderson and McAuliffe).

Brief History:

Committee Activity: Ways & Means: 3/1/95, 3/6/95 [DPS]; 1/23/96 [DP].
Passed Senate, 3/10/95, 44-0; 2/6/96, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Hochstatter, Johnson, Long, McDonald, Moyer, Roach, Sheldon, Snyder, Spanel, Sutherland, West, Winsley and Wojahn.

Staff: Denise Graham (786-7715)

Background: If a member of the Teachers' Retirement System Plan I (TRS I) dies while he or she is an active employee, the surviving beneficiary's death benefit is reduced. The reduction equals the difference between the benefit accrued at the time of death and the amount that the member would have received at the age he or she first qualified for retirement.

If an active employee who becomes disabled selects a joint and survivor death benefit and dies after receiving a disability determination by the director of the Department of Retirement Systems, the beneficiary will receive a joint and survivor benefit that is not reduced. However, if an active employee becomes permanently disabled but dies before a determination can be rendered, he or she is considered to be an active member at the time of death and the beneficiary's benefit is reduced.

Summary of Bill: The spouse of a Teachers' Retirement System Plan I member receives an unreduced benefit if the member dies following a period of sick leave without having applied for a disability retirement, the member had been on sick leave due to an illness that would have qualified the member for permanent disability and the illness was the cause of the member's death. This applies to members who died between July 1, 1994 and September 1, 1994.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill was intended to help a TRS I member who died from a relatively fast-acting cancer before he could fill out his forms to apply for a disability benefit. Since he was relatively young, his benefit was substantially reduced, leaving his wife and children without adequate income.

Testimony Against: None.

Testified: Senator Shirley Winsley, prime sponsor.

House Amendment(s): For deaths occurring between July 1, 1995 and June 30, 1997, if a member of the Public Employees' Retirement System Plan I (PERS I) applies for a nonduty disability retirement, submits adequate evidence to support a disability determination and selects a retirement option but dies before receiving the first payment, the named beneficiary may elect to receive either a cash refund or unreduced monthly payments.