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HOUSE BILL 2329

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State of Washington

54th Legislature

1996 Regular Session

By Representative Carlson; by request of Department of Retirement Systems

Read first time 01/10/96. Referred to Committee on Appropriations.

1 AN ACT Relating to actuarially equivalent state retirement system  
2 survivor benefits; and amending RCW 41.40.270, 41.26.460, 41.32.530,  
3 41.32.785, 41.40.188, 41.40.660, and 2.10.146.

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

5 **Sec. 1.** RCW 41.40.270 and 1995 c 144 s 5 are each amended to read  
6 as follows:

7 (1) Should a member die before the date of retirement the amount of  
8 the accumulated contributions standing to the member's credit in the  
9 employees' savings fund, less any amount identified as owing to an  
10 obligee upon withdrawal of accumulated contributions pursuant to a  
11 court order filed under RCW 41.50.670, at the time of death:

12 (a) Shall be paid to the member's estate, or such person or  
13 persons, trust, or organization as the member shall have nominated by  
14 written designation duly executed and filed with the department; or

15 (b) If there be no such designated person or persons still living  
16 at the time of the member's death, or if a member fails to file a new  
17 beneficiary designation subsequent to marriage, remarriage, dissolution  
18 of marriage, divorce, or reestablishment of membership following  
19 termination by withdrawal or retirement, such accumulated

1 contributions, less any amount identified as owing to an obligee upon  
2 withdrawal of accumulated contributions pursuant to a court order filed  
3 under RCW 41.50.670, shall be paid to the surviving spouse as if in  
4 fact such spouse had been nominated by written designation as  
5 aforesaid, or if there be no such surviving spouse, then to the  
6 member's legal representatives.

7 (2) Upon the death in service, or while on authorized leave of  
8 absence for a period not to exceed one hundred and twenty days from the  
9 date of payroll separation, of any member who is qualified but has not  
10 applied for a service retirement allowance or has completed ten years  
11 of service at the time of death, the designated beneficiary, or the  
12 surviving spouse as provided in subsection (1) of this section, may  
13 elect to waive the payment provided by subsection (1) of this section.  
14 Upon such an election, a joint and one hundred percent survivor option  
15 under RCW 41.40.188, calculated under the retirement allowance  
16 described in RCW 41.40.185 or 41.40.190, whichever is greater,  
17 actuarially reduced by the amount of any lump sum benefit identified as  
18 owing to an obligee upon withdrawal of accumulated contributions  
19 pursuant to a court order filed under RCW 41.50.670 shall automatically  
20 be given effect as if selected for the benefit of the designated  
21 beneficiary. If the member is not then qualified for a service  
22 retirement allowance, such benefit shall be based upon the actuarial  
23 equivalent of the sum necessary to pay the accrued regular retirement  
24 allowance commencing when the deceased member would have first  
25 qualified for a service retirement allowance.

26 (3) Subsection (1) of this section, unless elected, shall not apply  
27 to any member who has applied for service retirement in RCW 41.40.180,  
28 as now or hereafter amended, and thereafter dies between the date of  
29 separation from service and the member's effective retirement date,  
30 where the member has selected a survivorship option under RCW  
31 41.40.188. In those cases the beneficiary named in the member's final  
32 application for service retirement may elect to receive either a cash  
33 refund, less any amount identified as owing to an obligee upon  
34 withdrawal of accumulated contributions pursuant to a court order filed  
35 under RCW 41.50.670, or monthly payments according to the option  
36 selected by the member.

37 (4) If a member who has received a determination of disability  
38 under RCW 41.40.230 and has selected a retirement option under RCW  
39 41.40.188 dies before receiving the first retirement payment, the

1 beneficiary named in the member's final application for disability  
2 retirement may elect to receive either a cash refund, less any amount  
3 identified as owing to an obligee upon withdrawal of accumulated  
4 contributions pursuant to a court order filed under RCW 41.50.670, or  
5 monthly payments according to the option selected by the member.

6       **Sec. 2.** RCW 41.26.460 and 1995 c 144 s 17 are each amended to read  
7 as follows:

8       (1) Upon retirement for service as prescribed in RCW 41.26.430 or  
9 disability retirement under RCW 41.26.470, a member shall elect to have  
10 the retirement allowance paid pursuant to the following options,  
11 calculated so as to be actuarially equivalent to each other.

12       (a) Standard allowance. A member electing this option shall  
13 receive a retirement allowance payable throughout such member's life.  
14 However, if the retiree dies before the total of the retirement  
15 allowance paid to such retiree equals the amount of such retiree's  
16 accumulated contributions at the time of retirement, then the balance  
17 shall be paid to the member's estate, or such person or persons, trust,  
18 or organization as the retiree shall have nominated by written  
19 designation duly executed and filed with the department; or if there be  
20 no such designated person or persons still living at the time of the  
21 retiree's death, then to the surviving spouse; or if there be neither  
22 such designated person or persons still living at the time of death nor  
23 a surviving spouse, then to the retiree's legal representative.

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

34       (2) If a retiree's beneficiary under subsection (1) of this section  
35 survives the retiree but dies before the total of the retirement  
36 allowances paid to such retiree and beneficiary equals the amount of  
37 such retiree's accumulated contributions at the time of retirement,  
38 then the balance shall be paid to the beneficiary's estate, or such

1 person or persons, trust, or organization as the beneficiary has  
2 nominated by written designation duly executed and filed with the  
3 department.

4 (3) A member, if married, must provide the written consent of his  
5 or her spouse to the option selected under this section. If a member  
6 is married and both the member and member's spouse do not give written  
7 consent to an option under this section, the department will pay the  
8 member a joint and fifty percent survivor benefit and record the  
9 member's spouse as the beneficiary. Such benefit shall be calculated  
10 to be actuarially equivalent to the benefit options available under  
11 subsection (1) of this section.

12 **Sec. 3.** RCW 41.32.530 and 1995 c 144 s 12 are each amended to read  
13 as follows:

14 (1) Upon an application for retirement for service under RCW  
15 41.32.480 or retirement for disability under RCW 41.32.550, approved by  
16 the department, every member shall receive the maximum retirement  
17 allowance available to him or her throughout life unless prior to the  
18 time the first installment thereof becomes due he or she has elected,  
19 by executing the proper application therefor, to receive the actuarial  
20 equivalent of his or her retirement allowance in reduced payments  
21 throughout his or her life with the following options:

22 (a) Standard allowance. If he or she dies before he or she has  
23 received the present value of his or her accumulated contributions at  
24 the time of his or her retirement in annuity payments, the unpaid  
25 balance shall be paid to his or her estate or to such person, trust, or  
26 organization as he or she shall have nominated by written designation  
27 executed and filed with the department.

28 (b) The department shall adopt rules that allow a member to select  
29 a retirement option that pays the member a reduced retirement allowance  
30 and upon death, such portion of the member's reduced retirement  
31 allowance as the department by rule designates shall be continued  
32 throughout the life of and paid to a person who has an insurable  
33 interest in the member's life. Such person shall be nominated by the  
34 member by written designation duly executed and filed with the  
35 department at the time of retirement. The options adopted by the  
36 department shall include, but are not limited to, a joint and one  
37 hundred percent survivor option and a joint and fifty percent survivor  
38 option.

1 (c) Such other benefits shall be paid to a member receiving a  
2 retirement allowance under RCW 41.32.497 as the member may designate  
3 for himself, herself, or others equal to the actuarial value of his or  
4 her retirement annuity at the time of his retirement: PROVIDED, That  
5 the board of trustees shall limit withdrawals of accumulated  
6 contributions to such sums as will not reduce the member's retirement  
7 allowance below one hundred and twenty dollars per month.

8 (d) A member whose retirement allowance is calculated under RCW  
9 41.32.498 may also elect to receive a retirement allowance based on  
10 options available under this subsection that includes the benefit  
11 provided under RCW 41.32.770. This retirement allowance option shall  
12 also be calculated so as to be actuarially equivalent to the maximum  
13 retirement allowance and to the options available under this  
14 subsection.

15 (2) If a retiree's beneficiary under subsection (1) of this section  
16 survives the retiree but dies before the total of the retirement  
17 allowances paid to such retiree and beneficiary equals the amount of  
18 such retiree's accumulated contributions at the time of retirement,  
19 then the balance shall be paid to the beneficiary's estate, or such  
20 person or persons, trust, or organization as the beneficiary has  
21 nominated by written designation duly executed and filed with the  
22 department.

23 (3) A member, if married, must provide the written consent of his  
24 or her spouse to the option selected under this section. If a member  
25 is married and both the member and the member's spouse do not give  
26 written consent to an option under this section, the department will  
27 pay the member a joint and fifty percent survivor benefit and record  
28 the member's spouse as the beneficiary. Such benefit shall be  
29 calculated to be actuarially equivalent to the benefit options  
30 available under subsection (1) of this section.

31 **Sec. 4.** RCW 41.32.785 and 1995 c 144 s 14 are each amended to read  
32 as follows:

33 (1) Upon retirement for service as prescribed in RCW 41.32.765 or  
34 retirement for disability under RCW 41.32.790, a member shall elect to  
35 have the retirement allowance paid pursuant to the following options,  
36 calculated so as to be actuarially equivalent to each other.

37 (a) Standard allowance. A member electing this option shall  
38 receive a retirement allowance payable throughout such member's life.

1 However, if the retiree dies before the total of the retirement  
2 allowance paid to such retiree equals the amount of such retiree's  
3 accumulated contributions at the time of retirement, then the balance  
4 shall be paid to the member's estate, or such person or persons, trust,  
5 or organization as the retiree shall have nominated by written  
6 designation duly executed and filed with the department; or if there be  
7 no such designated person or persons still living at the time of the  
8 retiree's death, then to the surviving spouse; or if there be neither  
9 such designated person or persons still living at the time of death nor  
10 a surviving spouse, then to the retiree's legal representative.

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

21 (2) If a retiree's beneficiary under subsection (1) of this section  
22 survives the retiree but dies before the total of the retirement  
23 allowances paid to such retiree and beneficiary equals the amount of  
24 such retiree's accumulated contributions at the time of retirement,  
25 then the balance shall be paid to the beneficiary's estate, or such  
26 person or persons, trust, or organization as the beneficiary has  
27 nominated by written designation duly executed and filed with the  
28 department.

29 (3) A member, if married, must provide the written consent of his  
30 or her spouse to the option selected under this section. If a member  
31 is married and both the member and member's spouse do not give written  
32 consent to an option under this section, the department will pay the  
33 member a joint and fifty percent survivor benefit and record the  
34 member's spouse as the beneficiary. Such benefit shall be calculated  
35 to be actuarially equivalent to the benefit options available under  
36 subsection (1) of this section.

37 **Sec. 5.** RCW 41.40.188 and 1995 c 144 s 1 are each amended to read  
38 as follows:

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

6 (a) Standard allowance. A member electing this option shall  
7 receive a retirement allowance payable throughout such member's life.  
8 However, if the retiree dies before the total of the retirement  
9 allowance paid to such retiree equals the amount of such retiree's  
10 accumulated contributions at the time of retirement, then the balance  
11 shall be paid to the member's estate, or such person or persons, trust,  
12 or organization as the retiree shall have nominated by written  
13 designation duly executed and filed with the department; or if there be  
14 no such designated person or persons still living at the time of the  
15 retiree's death, then to the surviving spouse; or if there be neither  
16 such designated person or persons still living at the time of death nor  
17 a surviving spouse, then to the retiree's legal representative.

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

27 (c) A member may elect to include the benefit provided under RCW  
28 41.40.640 along with the retirement options available under this  
29 section. This retirement allowance option shall be calculated so as to  
30 be actuarially equivalent to the options offered under this subsection.

31 (2) If a retiree's beneficiary under subsection (1) of this section  
32 survives the retiree but dies before the total of the retirement  
33 allowances paid to such retiree and beneficiary equals the amount of  
34 such retiree's accumulated contributions at the time of retirement,  
35 then the balance shall be paid to the beneficiary's estate, or such  
36 person or persons, trust, or organization as the beneficiary has  
37 nominated by written designation duly executed and filed with the  
38 department.

1       (3) A member, if married, must provide the written consent of his  
2 or her spouse to the option selected under this section. If a member  
3 is married and both the member and the member's spouse do not give  
4 written consent to an option under this section, the department shall  
5 pay a joint and fifty percent survivor benefit calculated to be  
6 actuarially equivalent to the benefit options available under  
7 subsection (1) of this section.

8       **Sec. 6.** RCW 41.40.660 and 1995 c 144 s 6 are each amended to read  
9 as follows:

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

14       (a) Standard allowance. A member electing this option shall  
15 receive a retirement allowance payable throughout such member's life.  
16 However, if the retiree dies before the total of the retirement  
17 allowance paid to such retiree equals the amount of such retiree's  
18 accumulated contributions at the time of retirement, then the balance  
19 shall be paid to the member's estate, or such person or persons, trust,  
20 or organization as the retiree shall have nominated by written  
21 designation duly executed and filed with the department; or if there be  
22 no such designated person or persons still living at the time of the  
23 retiree's death, then to the surviving spouse; or if there be neither  
24 such designated person or persons still living at the time of death nor  
25 a surviving spouse, then to the retiree's legal representative.

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

35       (2) If a retiree's beneficiary under subsection (1) of this section  
36 survives the retiree but dies before the total of the retirement  
37 allowances paid to such retiree and beneficiary equals the amount of  
38 such retiree's accumulated contributions at the time of retirement,



1 then the balance shall be paid to the beneficiary's estate, or such  
2 person or persons, trust, or organization as the beneficiary has  
3 nominated by written designation duly executed and filed with the  
4 department.

5 (3) A member, if married, must provide the written consent of his  
6 or her spouse to the option selected under this section. If a member  
7 is married and both the member and the member's spouse do not give  
8 written consent to an option under this section, the department shall  
9 pay a joint and fifty percent survivor benefit calculated to be  
10 actuarially equivalent to the benefit options available under  
11 subsection (1) of this section.

12 **Sec. 7.** RCW 2.10.146 and 1995 c 144 s 21 are each amended to read  
13 as follows:

14 (1) Upon making application for a service retirement allowance  
15 under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a  
16 judge who is eligible therefor shall make an election as to the manner  
17 in which such service retirement shall be paid from among the following  
18 designated options, calculated so as to be actuarially equivalent to  
19 each other:

20 (a) Standard allowance. A member selecting this option shall  
21 receive a retirement allowance, which shall be computed as provided in  
22 RCW 2.10.110. The retirement allowance shall be payable throughout the  
23 judge's life. However, if the judge dies before the total of the  
24 retirement allowance paid to the judge equals the amount of the judge's  
25 accumulated contributions at the time of retirement, then the balance  
26 shall be paid to the member's estate, or such person or persons, trust,  
27 or organization as the judge has nominated by written designation duly  
28 executed and filed with the department of retirement systems or, if  
29 there is no such designated person or persons still living at the time  
30 of the judge's death, then to the surviving spouse or, if there is  
31 neither such designated person or persons still living at the time of  
32 death nor a surviving spouse, then to the judge's legal representative.

33 (b) The department shall adopt rules that allow a judge to select  
34 a retirement option that pays the judge a reduced retirement allowance  
35 and upon death, such portion of the judge's reduced retirement  
36 allowance as the department by rule designates shall be continued  
37 throughout the life of and paid to a designated person. Such person  
38 shall be nominated by the judge by written designation duly executed

1 and filed with the department at the time of retirement. The options  
2 adopted by the department shall include, but are not limited to, a  
3 joint and one hundred percent survivor option and a joint and fifty  
4 percent survivor option.

5 (2) If a retiree's beneficiary under subsection (1) of this section  
6 survives the retiree but dies before the total of the retirement  
7 allowances paid to such retiree and beneficiary equals the amount of  
8 such retiree's accumulated contributions at the time of retirement,  
9 then the balance shall be paid to the beneficiary's estate, or such  
10 person or persons, trust, or organization as the beneficiary has  
11 nominated by written designation duly executed and filed with the  
12 department.

13 (3) A judge, if married, must provide the written consent of his or  
14 her spouse to the option selected under this section. If a judge is  
15 married and both the judge and the judge's spouse do not give written  
16 consent to an option under this section, the department will pay the  
17 judge a joint and fifty percent survivor benefit and record the judge's  
18 spouse as the beneficiary. Such benefit shall be calculated to be  
19 actuarially equivalent to the benefit options available under  
20 subsection (1) of this section.

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