

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1295

Chapter 144, Laws of 1995

54th Legislature
1995 Regular Session

RETIREMENT SYSTEM BENEFITS PAYMENT

EFFECTIVE DATE: 7/23/95

Passed by the House March 8, 1995
Yeas 96 Nays 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Passed by the Senate April 10, 1995
Yeas 48 Nays 0

JOEL PRITCHARD

President of the Senate

Approved April 27, 1995

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1295** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN

Chief Clerk

FILED

April 27, 1995 - 1:11 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1295

Passed Legislature - 1995 Regular Session

State of Washington 54th Legislature 1995 Regular Session

By Representatives Carlson, Sommers, Sehlin and Basich; by request of
Department of Retirement Systems

Read first time 01/20/95. Referred to Committee on Appropriations.

1 AN ACT Relating to payment of retirement system benefits upon death
2 of a member or retiree; amending RCW 41.40.188, 41.40.220, 41.40.250,
3 41.40.270, 41.40.660, 41.40.670, 41.40.700, 41.32.520, 41.32.522,
4 41.32.523, 41.32.530, 41.32.550, 41.32.785, 41.32.790, 41.32.805,
5 41.26.460, 41.26.470, 41.26.510, 2.10.144, and 2.10.146; and reenacting
6 and amending RCW 41.40.235.

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

8 **Sec. 1.** RCW 41.40.188 and 1990 c 249 s 9 are each amended to read
9 as follows:

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

15 (a) Standard allowance. A member electing this option shall
16 receive a retirement allowance payable throughout such member's life.
17 However, if the retiree dies before the total of the retirement
18 allowance paid to such retiree equals the amount of such retiree's
19 accumulated contributions at the time of retirement, then the balance

1 shall be paid to the member's estate, or such person or persons
2 ~~((having an insurable interest in the retiree's life))~~, trust, or
3 organization as the retiree shall have nominated by written designation
4 duly executed and filed with the department; or if there be no such
5 designated person or persons still living at the time of the retiree's
6 death, then to the surviving spouse; or if there be neither such
7 designated person or persons still living at the time of death nor a
8 surviving spouse, then to the retiree's legal representative.

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

20 (c) A member may elect to include the benefit provided under RCW
21 41.40.640 along with the retirement options available under this
22 section. This retirement allowance option shall be calculated so as to
23 be actuarially equivalent to the options offered under this subsection.

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

31 **Sec. 2.** RCW 41.40.220 and 1991 c 35 s 81 are each amended to read
32 as follows:

33 Upon retirement for disability, as provided in RCW 41.40.200, a
34 member who has not attained age sixty shall receive the following
35 benefits, subject to the provisions of RCW 41.40.310 and 41.40.320:

36 (1) A disability retirement pension of two-thirds of his or her
37 average final compensation to his or her attainment of age sixty,
38 subject to the provisions of RCW 41.40.310. The disability retirement

1 pension provided by the employer shall not exceed forty-two hundred
2 dollars per annum, and

3 (2) Upon attainment of age sixty, the disabled member shall receive
4 a service retirement allowance as provided in RCW 41.40.210. The
5 department shall grant the disabled member membership service for the
6 period of time prior to age sixty he or she was out of such service due
7 to disability.

8 (3) During the period a disabled member is receiving a disability
9 pension, as provided for in subsection (1) of this section, his or her
10 contributions to the employees' savings fund shall be suspended and his
11 or her balance in the employees' savings fund, standing to his or her
12 credit as of the date his or her disability pension is to begin, shall
13 remain in the employees' savings fund. If the disabled member should
14 die before attaining age sixty, while a disability beneficiary, upon
15 receipt by the department of proper proof of death, the member's
16 accumulated contributions standing to his or her credit in the
17 employees' savings fund, shall be paid to the member's estate, or such
18 person or persons, ((having an insurable interest in his or her life,))
19 trust, or organization as he or she shall have nominated by written
20 designation duly executed and filed with the department. If there is
21 no designated person or persons still living at the time of the
22 member's death, the accumulated contributions standing to the member's
23 credit in the employees' savings fund shall be paid to his or her
24 surviving spouse, or if there is no surviving spouse, then to the
25 member's legal representative.

26 **Sec. 3.** RCW 41.40.235 and 1991 c 343 s 8 and 1991 c 35 s 83 are
27 each reenacted and amended to read as follows:

28 (1) Upon retirement, a member shall receive a nonduty disability
29 retirement allowance equal to two percent of average final compensation
30 for each service credit year of service: PROVIDED, That this allowance
31 shall be reduced by two percent of itself for each year or fraction
32 thereof that his or her age is less than fifty-five years: PROVIDED
33 FURTHER, That in no case may the allowance provided by this section
34 exceed sixty percent of average final compensation.

35 (2) If the recipient of a retirement allowance under this section
36 dies before the total of the retirement allowance paid to the recipient
37 equals the amount of the accumulated contributions at the date of
38 retirement, then the balance shall be paid to the member's estate, or

1 the person or persons ((having an insurable interest in his or her
2 life)), trust, or organization as the recipient has nominated by
3 written designation duly executed and filed with the director or, if
4 there is no designated person or persons still living at the time of
5 the recipient's death, then to the surviving spouse or, if there is
6 neither a designated person or persons still living at the time of his
7 or her death nor a surviving spouse, then to his or her legal
8 representative.

9 **Sec. 4.** RCW 41.40.250 and 1991 c 35 s 84 are each amended to read
10 as follows:

11 An individual who was a member on February 25, 1972, may upon
12 qualifying pursuant to RCW 41.40.230, make an irrevocable election to
13 receive the nonduty disability retirement allowance provided in
14 subsections (1) and (2) of this section subject to the provisions of
15 RCW 41.40.310 and 41.40.320. Upon attaining or becoming disabled after
16 age sixty the member shall receive a service retirement allowance as
17 provided for in RCW 41.40.190 except that the annuity portion thereof
18 shall consist of a continuation of the cash refund annuity previously
19 provided to him or her. The disability retirement allowance prior to
20 age sixty shall consist of:

21 (1) A cash refund annuity which shall be the actuarial equivalent
22 of the member's accumulated contributions at the time of his or her
23 retirement; and

24 (2) A pension, in addition to the annuity, equal to one one-
25 hundredth of the member's average final compensation for each year of
26 service. If the recipient of a retirement allowance under this section
27 dies before the total of the annuity portions of the retirement
28 allowance paid to him or her equals the amount of his or her
29 accumulated contributions at the date of retirement, then the balance
30 shall be paid to the member's estate, or the person or persons ((having
31 an insurable interest in his or her life)), trust, or organization as
32 he or she shall have nominated by written designation duly executed and
33 filed with the department, or if there is no designated person or
34 persons, still living at the time of his or her death, then to his or
35 her surviving spouse, or if there is no designated person or persons
36 still living at the time of his or her death nor a surviving spouse,
37 then to his or her legal representatives.

1 **Sec. 5.** RCW 41.40.270 and 1991 c 365 s 27 are each amended to read
2 as follows:

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

8 (a) Shall be paid to the member's estate, or such person or
9 persons, (~~having an insurable interest in the member's life,~~) trust,
10 or organization as the member shall have nominated by written
11 designation duly executed and filed with the department; or

12 (b) If there be no such designated person or persons still living
13 at the time of the member's death, or if a member fails to file a new
14 beneficiary designation subsequent to marriage, remarriage, dissolution
15 of marriage, divorce, or reestablishment of membership following
16 termination by withdrawal or retirement, such accumulated
17 contributions, less any amount identified as owing to an obligee upon
18 withdrawal of accumulated contributions pursuant to a court order filed
19 under RCW 41.50.670, shall be paid to the surviving spouse as if in
20 fact such spouse had been nominated by written designation as
21 aforesaid, or if there be no such surviving spouse, then to the
22 member's legal representatives.

23 (2) Upon the death in service, or while on authorized leave of
24 absence for a period not to exceed one hundred and twenty days from the
25 date of payroll separation, of any member who is qualified but has not
26 applied for a service retirement allowance or has completed ten years
27 of service at the time of death, the designated beneficiary, or the
28 surviving spouse as provided in subsection (1) of this section, may
29 elect to waive the payment provided by subsection (1) of this section.
30 Upon such an election, a joint and one hundred percent survivor option
31 under RCW 41.40.188, calculated under the retirement allowance
32 described in RCW 41.40.185 or 41.40.190, whichever is greater,
33 actuarially reduced by the amount of any lump sum benefit identified as
34 owing to an obligee upon withdrawal of accumulated contributions
35 pursuant to a court order filed under RCW 41.50.670 shall automatically
36 be given effect as if selected for the benefit of the (~~surviving~~
37 ~~spouse or dependent who is the~~) designated beneficiary. If the member
38 is not then qualified for a service retirement allowance, such benefit
39 shall be based upon the actuarial equivalent of the sum necessary to

1 pay the accrued regular retirement allowance commencing when the
2 deceased member would have first qualified for a service retirement
3 allowance.

4 (3) Subsection (1) of this section, unless elected, shall not apply
5 to any member who has applied for service retirement in RCW 41.40.180,
6 as now or hereafter amended, and thereafter dies between the date of
7 separation from service and the member's effective retirement date,
8 where the member has selected a survivorship option under RCW
9 41.40.188. In those cases the beneficiary named in the member's final
10 application for service retirement may elect to receive either a cash
11 refund, less any amount identified as owing to an obligee upon
12 withdrawal of accumulated contributions pursuant to a court order filed
13 under RCW 41.50.670, or monthly payments according to the option
14 selected by the member.

15 **Sec. 6.** RCW 41.40.660 and 1990 c 249 s 10 are each amended to read
16 as follows:

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

21 (a) Standard allowance. A member electing this option shall
22 receive a retirement allowance payable throughout such member's life.
23 However, if the retiree dies before the total of the retirement
24 allowance paid to such retiree equals the amount of such retiree'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
27 ~~((having an insurable interest in the retiree's life))~~, trust, or
28 organization as the retiree shall have nominated by written designation
29 duly executed and filed with the department; or if there be no such
30 designated person or persons still living at the time of the retiree's
31 death, then to the surviving spouse; or if there be neither such
32 designated person or persons still living at the time of death nor a
33 surviving spouse, then to the retiree's legal representative.

34 (b) The department shall adopt rules that allow a member to select
35 a retirement option that pays the member a reduced retirement allowance
36 and upon death, such portion of the member's reduced retirement
37 allowance as the department by rule designates shall be continued
38 throughout the life of and paid to a person ~~((who has an insurable~~

1 ~~interest in the member's life. Such person shall be~~) nominated by the
2 member by written designation duly executed and filed with the
3 department at the time of retirement. The options adopted by the
4 department shall include, but are not limited to, a joint and one
5 hundred percent survivor option and a joint and fifty percent survivor
6 option.

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

14 **Sec. 7.** RCW 41.40.670 and 1991 c 35 s 99 are each amended to read
15 as follows:

16 (1) A member of the retirement system who becomes totally
17 incapacitated for continued employment by an employer as determined by
18 the department upon recommendation of the department shall be eligible
19 to receive an allowance under the provisions of RCW 41.40.610 through
20 41.40.740. The member shall receive a monthly disability allowance
21 computed as provided for in RCW 41.40.620 and shall have this allowance
22 actuarially reduced to reflect the difference in the number of years
23 between age at disability and the attainment of age sixty-five.

24 Any member who receives an allowance under the provisions of this
25 section shall be subject to comprehensive medical examinations as
26 required by the department. If these medical examinations reveal that
27 a member has recovered from the incapacitating disability and the
28 member is offered reemployment by an employer at a comparable
29 compensation, the member shall cease to be eligible for the allowance.

30 (2) The retirement for disability of a judge, who is a member of
31 the retirement system, by the supreme court under Article IV, section
32 31 of the Constitution of the state of Washington (Amendment 71), with
33 the concurrence of the department, shall be considered a retirement
34 under subsection (1) of this section.

35 (3)(a) If the recipient of a monthly retirement allowance under
36 this section dies before the total of the retirement allowance paid to
37 the recipient equals the amount of the accumulated contributions at the
38 date of retirement, then the balance shall be paid to the member's

1 estate, or the person or persons ((having an insurable interest in his
2 or her life)), trust, or organization as the recipient has nominated by
3 written designation duly executed and filed with the director, or, if
4 there is no designated person or persons still living at the time of
5 the recipient's death, then to the surviving spouse, or, if there is no
6 designated person or persons still living at the time of his or her
7 death nor a surviving spouse, then to his or her legal representative.

8 (b) If a recipient of a monthly retirement allowance under this
9 section died before April 27, 1989, and before the total of the
10 retirement allowance paid to the recipient equaled the amount of his or
11 her accumulated contributions at the date of retirement, then the
12 department shall pay the balance of the accumulated contributions to
13 the member's surviving spouse or, if there is no surviving spouse, then
14 in equal shares to the member's children. If there is no surviving
15 spouse or children, the department shall retain the contributions.

16 **Sec. 8.** RCW 41.40.700 and 1993 c 236 s 5 are each amended to read
17 as follows:

18 (1) Except as provided in RCW 11.07.010, if a member or a vested
19 member who has not completed at least ten years of service dies, the
20 amount of the accumulated contributions standing to such member's
21 credit in the retirement system at the time of such member's death,
22 less any amount identified as owing to an obligee upon withdrawal of
23 accumulated contributions pursuant to a court order filed under RCW
24 41.50.670, shall be paid to the member's estate, or such person or
25 persons ((having an insurable interest in such member's life)), trust,
26 or organization as the member shall have nominated by written
27 designation duly executed and filed with the department. If there be
28 no such designated person or persons still living at the time of the
29 member's death, such member's accumulated contributions standing to
30 such member's credit in the retirement system, less any amount
31 identified as owing to an obligee upon withdrawal of accumulated
32 contributions pursuant to a court order filed under RCW 41.50.670,
33 shall be paid to the member's surviving spouse as if in fact such
34 spouse had been nominated by written designation, or if there be no
35 such surviving spouse, then to such member's legal representatives.

36 (2) If a member who is eligible for retirement or a member who has
37 completed at least ten years of service dies, the surviving spouse or
38 eligible child or children shall elect to receive either:

1 (a) A retirement allowance computed as provided for in RCW
2 41.40.630(1), actuarially reduced by the amount of any lump sum benefit
3 identified as owing to an obligee upon withdrawal of accumulated
4 contributions pursuant to a court order filed under RCW 41.50.670 and
5 actuarially adjusted to reflect a joint and one hundred percent
6 survivor option under RCW 41.40.660 and if the member was not eligible
7 for normal retirement at the date of death a further reduction as
8 described in RCW 41.40.630(2); if a surviving spouse who is receiving
9 a retirement allowance dies leaving a child or children of the member
10 under the age of majority, then such child or children shall continue
11 to receive an allowance in an amount equal to that which was being
12 received by the surviving spouse, share and share alike, until such
13 child or children reach the age of majority; if there is no surviving
14 spouse eligible to receive an allowance at the time of the member's
15 death, such member's child or children under the age of majority shall
16 receive an allowance share and share alike calculated as herein
17 provided making the assumption that the ages of the spouse and member
18 were equal at the time of the member's death; or

19 (b) The member's accumulated contributions, less any amount
20 identified as owing to an obligee upon withdrawal of accumulated
21 contributions pursuant to a court order filed under RCW 41.50.670.

22 (3) If a member who is eligible for retirement or a member who has
23 completed at least ten years of service dies after October 1, 1977, and
24 is not survived by a spouse or an eligible child, then the accumulated
25 contributions standing to the member's credit, less any amount
26 identified as owing to an obligee upon withdrawal of accumulated
27 contributions pursuant to a court order filed under RCW 41.50.670,
28 shall be paid:

29 (a) To a person or persons, (~~having an insurable interest in the~~
30 ~~member's life,~~) estate, trust, or organization as the member shall
31 have nominated by written designation duly executed and filed with the
32 department; or

33 (b) If there is no such designated person or persons still living
34 at the time of the member's death, then to the member's legal
35 representatives.

36 **Sec. 9.** RCW 41.32.520 and 1993 c 16 s 1 are each amended to read
37 as follows:

1 (1) Except as specified in subsection (3) of this section, upon
2 receipt of proper proofs of death of any member before retirement or
3 before the first installment of his or her retirement allowance shall
4 become due his or her accumulated contributions, less any amount
5 identified as owing to an obligee upon withdrawal of accumulated
6 contributions pursuant to a court order filed under RCW 41.50.670, and/
7 or other benefits payable upon his or her death shall be paid to his or
8 her estate or to such persons, trust, or organization as he or she
9 shall have nominated by written designation duly executed and filed
10 with the department. If a member fails to file a new beneficiary
11 designation subsequent to marriage, divorce, or reestablishment of
12 membership following termination by withdrawal, lapsation, or
13 retirement, payment of his or her accumulated contributions, less any
14 amount identified as owing to an obligee upon withdrawal of accumulated
15 contributions pursuant to a court order filed under RCW 41.50.670, and/
16 or other benefits upon death before retirement shall be made to the
17 surviving spouse, if any; otherwise, to his or her estate. If a member
18 had established ten or more years of Washington membership service
19 credit or was eligible for retirement, the beneficiary or the surviving
20 spouse if otherwise eligible may elect, in lieu of a cash refund of the
21 member's accumulated contributions, the following survivor benefit plan
22 actuarially reduced by the amount of any lump sum benefit identified as
23 owing to an obligee upon withdrawal of accumulated contributions
24 pursuant to a court order filed under RCW 41.50.670:

25 (a) A widow or widower, without a child or children under eighteen
26 years of age, may elect a monthly payment of fifty dollars to become
27 effective at age fifty, provided the member had fifteen or more years
28 of Washington membership service credit. A benefit paid under this
29 subsection (1)(a) shall terminate at the marriage of the beneficiary.

30 (b) The beneficiary, if a surviving spouse or a dependent (as that
31 term is used in computing the dependent exemption for federal internal
32 revenue purposes) may elect to receive a joint and one hundred percent
33 retirement allowance under RCW 41.32.530.

34 (i) In the case of a dependent child the allowance shall continue
35 until attainment of majority or so long as the department judges that
36 the circumstances which created his or her dependent status continue to
37 exist. In any case, if at the time dependent status ceases, an amount
38 equal to the amount of accumulated contributions of the deceased member

1 has not been paid to the beneficiary, the remainder shall then be paid
2 in a lump sum to the beneficiary.

3 (ii) If at the time of death, the member was not then qualified for
4 a service retirement allowance, the benefit shall be based upon the
5 actuarial equivalent of the sum necessary to pay the accrued regular
6 retirement allowance commencing when the deceased member would have
7 first qualified for a service retirement allowance.

8 (2) If no qualified beneficiary survives a member, at his or her
9 death his or her accumulated contributions, less any amount identified
10 as owing to an obligee upon withdrawal of accumulated contributions
11 pursuant to a court order filed under RCW 41.50.670, shall be paid to
12 his or her estate, or his or her dependents may qualify for survivor
13 benefits under benefit plan (1)(b) in lieu of a cash refund of the
14 members accumulated contributions in the following order: Widow or
15 widower, guardian of a dependent child or children under age eighteen,
16 or dependent parent or parents.

17 (3) If a member who has received a determination of disability as
18 specified in RCW 41.32.550 and selected a retirement option under RCW
19 41.32.530(1)(b) dies before the first retirement allowance installment
20 becomes due, he or she shall receive the benefit provided under the
21 selected retirement option.

22 **Sec. 10.** RCW 41.32.522 and 1992 c 212 s 4 are each amended to read
23 as follows:

24 (1) The department shall pay a death benefit of six hundred dollars
25 to a member's estate or to the persons, trust, or organization the
26 member nominates by written designation duly executed and filed with
27 the department or to the persons as may otherwise qualify as the
28 beneficiary pursuant to RCW 41.32.520 upon receipt of proper proof of
29 death of the member if he or she:

30 (a) Was employed on a full time basis during the fiscal year in
31 which his or her death occurs;

32 (b) Was under contract for full time employment in a Washington
33 public school;

34 (c) Submits an application for a retirement allowance to be
35 approved by the department immediately following termination of his or
36 her full-time Washington public school service and who dies before the
37 first installment of his or her retirement allowance becomes due;

1 (d) Is receiving or is entitled to receive temporary disability
2 payments; or

3 (e) Upon becoming eligible for a disability retirement allowance
4 submits an application for an allowance to be approved by the
5 department immediately following the date of his or her eligibility for
6 a disability retirement allowance and dies before the first installment
7 of such allowance becomes due.

8 (2) In order to receive a death benefit under this section a
9 deceased member:

10 (a) Must have established at least one year of credit with the
11 retirement system for full time Washington membership service;

12 (b) Who was not employed full time in Washington public school
13 service during the fiscal year immediately preceding the year of his or
14 her death must have been employed full time in Washington public school
15 service for at least fifty consecutive days during the fiscal year of
16 his or her death.

17 **Sec. 11.** RCW 41.32.523 and 1992 c 212 s 5 are each amended to read
18 as follows:

19 Upon receipt of proper proof of death of a member who does not
20 qualify for the death benefit of six hundred dollars under RCW
21 41.32.522, or a former member who was retired for age, service, or
22 disability, a death benefit of four hundred dollars shall be paid to
23 the member's estate or to the persons, trust, or organization as he or
24 she shall have nominated by written designation duly executed and filed
25 with the department or to the persons as may otherwise qualify as the
26 beneficiary pursuant to RCW 41.32.520: PROVIDED, That the member or the
27 retired former member had established not less than ten years of credit
28 with the retirement system for full time Washington membership service.

29 **Sec. 12.** RCW 41.32.530 and 1990 c 249 s 5 are each amended to read
30 as follows:

31 (1) Upon an application for retirement for service under RCW
32 41.32.480 or retirement for disability under RCW 41.32.550, approved by
33 the department, every member shall receive the maximum retirement
34 allowance available to him or her throughout life unless prior to the
35 time the first installment thereof becomes due he or she has elected,
36 by executing the proper application therefor, to receive the actuarial

1 equivalent of his or her retirement allowance in reduced payments
2 throughout his or her life with the following options:

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

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

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

27 (d) A member whose retirement allowance is calculated under RCW
28 41.32.498 may also elect to receive a retirement allowance based on
29 options available under this subsection that includes the benefit
30 provided under RCW 41.32.770. This retirement allowance option shall
31 also be calculated so as to be actuarially equivalent to the maximum
32 retirement allowance and to the options available under this
33 subsection.

34 (2) A member, if married, must provide the written consent of his
35 or her spouse to the option selected under this section. If a member
36 is married and both the member and the member's spouse do not give
37 written consent to an option under this section, the department will
38 pay the member a joint and fifty percent survivor benefit and record
39 the member's spouse as the beneficiary. Such benefit shall be

1 calculated to be actuarially equivalent to the benefit options
2 available under subsection (1) of this section.

3 **Sec. 13.** RCW 41.32.550 and 1991 sp.s. c 11 s 6 are each amended to
4 read as follows:

5 (1) Should the director determine from the report of the medical
6 director that a member employed under an annual contract with an
7 employer has become permanently disabled for the performance of his or
8 her duties or at any time while a member is receiving temporary
9 disability benefits that a member's disability will be permanent, a
10 member shall have the option of then receiving (a) all of the
11 accumulated contributions in a lump sum payment and canceling his or
12 her membership, or (b) of accepting a retirement allowance based on
13 service or age, if eligible under RCW 41.32.480, or (c) if the member
14 had five or more years of Washington membership service credit
15 established with the retirement system, a retirement allowance because
16 of disability.

17 (2) Any member applying for a retirement allowance who is eligible
18 for benefits on the basis of service or age shall receive a retirement
19 allowance based on the provision of law governing retirement for
20 service or age. If the member qualifies to receive a retirement
21 allowance because of disability he or she shall be paid the maximum
22 annuity which shall be the actuarial equivalent of the accumulated
23 contributions at his or her age of retirement and a pension equal to
24 the service pension to which he or she would be entitled under RCW
25 41.32.497. If the member dies before he or she has received in annuity
26 payments the present value of the accumulated contributions at the time
27 of retirement, the unpaid balance shall be paid to the estate or to the
28 persons, trust, or organization nominated by written designation
29 executed and filed with the department.

30 (3) A member retired for disability may be required at any time to
31 submit to reexamination. If medical findings reveal that the
32 individual is no longer disabled for the performance of public school
33 service, the retirement allowance granted because of disability may be
34 terminated by action of the director or upon written request of the
35 member. In case of termination, the individual shall be restored to
36 full membership in the retirement system.

1 **Sec. 14.** RCW 41.32.785 and 1990 c 249 s 6 are each amended to read
2 as follows:

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

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

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

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

1 **Sec. 15.** RCW 41.32.790 and 1991 c 35 s 68 are each amended to read
2 as follows:

3 (1) A member of the retirement system who becomes totally
4 incapacitated for continued employment by an employer as determined by
5 the department upon recommendation of the department shall be eligible
6 to receive an allowance under the provisions of RCW 41.32.755 through
7 41.32.825. The member shall receive a monthly disability allowance
8 computed as provided for in RCW 41.32.760 and shall have the allowance
9 actuarially reduced to reflect the difference in the number of years
10 between age at disability and the attainment of age sixty-five.

11 Any member who receives an allowance under the provisions of this
12 section shall be subject to comprehensive medical examinations as
13 required by the department. If medical examinations reveal that a
14 member has recovered from the incapacitating disability and the member
15 is offered reemployment by an employer at a comparable compensation,
16 the member shall cease to be eligible for the allowance.

17 (2)(a) If the recipient of a monthly retirement allowance under
18 this section dies before the total of the retirement allowance paid to
19 the recipient equals the amount of the accumulated contributions at the
20 date of retirement, then the balance shall be paid to the member's
21 estate, or the person or persons ((~~having an insurable interest in his~~
22 ~~or her life~~)), trust, or organization as the recipient has nominated by
23 written designation duly executed and filed with the director, or, if
24 there is no designated person or persons still living at the time of
25 the recipient's death, then to the surviving spouse, or, if there is
26 neither a designated person or persons still living at the time of his
27 or her death nor a surviving spouse, then to his or her legal
28 representative.

29 (b) If a recipient of a monthly retirement allowance under this
30 section died before April 27, 1989, and before the total of the
31 retirement allowance paid to the recipient equaled the amount of his or
32 her accumulated contributions at the date of retirement, then the
33 department shall pay the balance of the accumulated contributions to
34 the member's surviving spouse or, if there is no surviving spouse, then
35 in equal shares to the member's children. If there is no surviving
36 spouse or children, the department shall retain the contributions.

37 **Sec. 16.** RCW 41.32.805 and 1993 c 236 s 4 are each amended to read
38 as follows:

1 (1) Except as provided in RCW 11.07.010, if a member or a vested
2 member who has not completed at least ten years of service dies, the
3 amount of the accumulated contributions standing to such member's
4 credit in the retirement system, less any amount identified as owing to
5 an obligee upon withdrawal of accumulated contributions pursuant to a
6 court order filed under RCW 41.50.670, at the time of such member's
7 death shall be paid to the member's estate, or such person or persons
8 ~~((having an insurable interest in such member's life)), trust, or~~
9 organization as the member shall have nominated by written designation
10 duly executed and filed with the department. If there be no such
11 designated person or persons still living at the time of the member's
12 death, such member's accumulated contributions standing to such
13 member's credit in the retirement system, less any amount identified as
14 owing to an obligee upon withdrawal of accumulated contributions
15 pursuant to a court order filed under RCW 41.50.670, shall be paid to
16 the member's surviving spouse as if in fact such spouse had been
17 nominated by written designation, or if there be no such surviving
18 spouse, then to such member's legal representatives.

19 (2) If a member who is eligible for retirement or a member who has
20 completed at least ten years of service dies, the surviving spouse or
21 eligible children shall elect to receive either:

22 (a) A retirement allowance computed as provided for in RCW
23 41.32.765(1), actuarially reduced by the amount of any lump sum benefit
24 identified as owing to an obligee upon withdrawal of accumulated
25 contributions pursuant to a court order filed under RCW 41.50.670 and
26 actuarially adjusted to reflect a joint and one hundred percent
27 survivor option under RCW 41.32.785 and if the member was not eligible
28 for normal retirement at the date of death a further reduction as
29 described in RCW 41.32.765(2); if a surviving spouse who is receiving
30 a retirement allowance dies leaving a child or children of the member
31 under the age of majority, then such child or children shall continue
32 to receive an allowance in an amount equal to that which was being
33 received by the surviving spouse, share and share alike, until such
34 child or children reach the age of majority; if there is no surviving
35 spouse eligible to receive an allowance at the time of the member's
36 death, such member's child or children under the age of majority shall
37 receive an allowance share and share alike calculated as herein
38 provided making the assumption that the ages of the spouse and member
39 were equal at the time of the member's death; or

1 (b) The member's accumulated contributions, less any amount
2 identified as owing to an obligee upon withdrawal of accumulated
3 contributions pursuant to a court order filed under RCW 41.50.670.

4 (3) If a member who is eligible for retirement or a member who has
5 completed at least ten years of service dies after October 1, 1977, and
6 is not survived by a spouse or an eligible child, then the accumulated
7 contributions standing to the member's credit, less any amount
8 identified as owing to an obligee upon withdrawal of accumulated
9 contributions pursuant to a court order filed under RCW 41.50.670,
10 shall be paid:

11 (a) To an estate, a person or persons, (~~((having an insurable~~
12 ~~interest in the member's life,))~~ trust, or organization as the member
13 shall have nominated by written designation duly executed and filed
14 with the department; or

15 (b) If there is no such designated person or persons still living
16 at the time of the member's death, then to the member's legal
17 representatives.

18 **Sec. 17.** RCW 41.26.460 and 1990 c 249 s 3 are each amended to read
19 as follows:

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

24 (a) Standard allowance. A member electing this option shall
25 receive a retirement allowance payable throughout such member's life.
26 However, if the retiree dies before the total of the retirement
27 allowance paid to such retiree equals the amount of such retiree's
28 accumulated contributions at the time of retirement, then the balance
29 shall be paid to the member's estate, or such person or persons
30 (~~((having an insurable interest in the retiree's life))~~), trust, or
31 organization as the retiree shall have nominated by written designation
32 duly executed and filed with the department; or if there be no such
33 designated person or persons still living at the time of the retiree's
34 death, then to the surviving spouse; or if there be neither such
35 designated person or persons still living at the time of death nor a
36 surviving spouse, then to the retiree's legal representative.

37 (b) The department shall adopt rules that allow a member to select
38 a retirement option that pays the member a reduced retirement allowance

1 and upon death, such portion of the member's reduced retirement
2 allowance as the department by rule designates shall be continued
3 throughout the life of and paid to a designated person (~~who has an~~
4 ~~insurable interest in the member's life~~). Such person shall be
5 nominated by the member by written designation duly executed and filed
6 with the department at the time of retirement. The options adopted by
7 the department shall include, but are not limited to, a joint and one
8 hundred percent survivor option and a joint and fifty percent survivor
9 option.

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

18 **Sec. 18.** RCW 41.26.470 and 1993 c 517 s 4 are each amended to read
19 as follows:

20 (1) A member of the retirement system who becomes totally
21 incapacitated for continued employment by an employer as determined by
22 the director shall be eligible to receive an allowance under the
23 provisions of RCW 41.26.410 through 41.26.550. Such member shall
24 receive a monthly disability allowance computed as provided for in RCW
25 41.26.420 and shall have such allowance actuarially reduced to reflect
26 the difference in the number of years between age at disability and the
27 attainment of age fifty-five.

28 (2) Any member who receives an allowance under the provisions of
29 this section shall be subject to such comprehensive medical
30 examinations as required by the department. If such medical
31 examinations reveal that such a member has recovered from the
32 incapacitating disability and the member is no longer entitled to
33 benefits under Title 51 RCW, the retirement allowance shall be canceled
34 and the member shall be restored to duty in the same civil service
35 rank, if any, held by the member at the time of retirement or, if
36 unable to perform the duties of the rank, then, at the member's
37 request, in such other like or lesser rank as may be or become open and
38 available, the duties of which the member is then able to perform. In

1 no event shall a member previously drawing a disability allowance be
2 returned or be restored to duty at a salary or rate of pay less than
3 the current salary attached to the rank or position held by the member
4 at the date of the retirement for disability. If the department
5 determines that the member is able to return to service, the member is
6 entitled to notice and a hearing. Both the notice and the hearing
7 shall comply with the requirements of chapter 34.05 RCW, the
8 Administrative Procedure Act.

9 (3) Those members subject to this chapter who became disabled in
10 the line of duty on or after July 23, 1989, and who receive benefits
11 under RCW 41.04.500 through 41.04.530 or similar benefits under RCW
12 41.04.535 shall receive or continue to receive service credit subject
13 to the following:

14 (a) No member may receive more than one month's service credit in
15 a calendar month.

16 (b) No service credit under this section may be allowed after a
17 member separates or is separated without leave of absence.

18 (c) Employer contributions shall be paid by the employer at the
19 rate in effect for the period of the service credited.

20 (d) Employee contributions shall be collected by the employer and
21 paid to the department at the rate in effect for the period of service
22 credited.

23 (e) State contributions shall be as provided in RCW 41.26.450.

24 (f) Contributions shall be based on the regular compensation which
25 the member would have received had the disability not occurred.

26 (g) The service and compensation credit under this section shall be
27 granted for a period not to exceed six consecutive months.

28 (h) Should the legislature revoke the service credit authorized
29 under this section or repeal this section, no affected employee is
30 entitled to receive the credit as a matter of contractual right.

31 (4)(a) If the recipient of a monthly retirement allowance under
32 this section dies before the total of the retirement allowance paid to
33 the recipient equals the amount of the accumulated contributions at the
34 date of retirement, then the balance shall be paid to the member's
35 estate, or such person or persons ((having an insurable interest in his
36 or her life)), trust, or organization as the recipient has nominated by
37 written designation duly executed and filed with the director, or, if
38 there is no such designated person or persons still living at the time
39 of the recipient's death, then to the surviving spouse, or, if there is

1 neither such designated person or persons still living at the time of
2 his or her death nor a surviving spouse, then to his or her legal
3 representative.

4 (b) If a recipient of a monthly retirement allowance under this
5 section died before April 27, 1989, and before the total of the
6 retirement allowance paid to the recipient equaled the amount of his or
7 her accumulated contributions at the date of retirement, then the
8 department shall pay the balance of the accumulated contributions to
9 the member's surviving spouse or, if there is no surviving spouse, then
10 in equal shares to the member's children. If there is no surviving
11 spouse or children, the department shall retain the contributions.

12 **Sec. 19.** RCW 41.26.510 and 1993 c 236 s 3 are each amended to read
13 as follows:

14 (1) Except as provided in RCW 11.07.010, if a member or a vested
15 member who has not completed at least ten years of service dies, the
16 amount of the accumulated contributions standing to such member's
17 credit in the retirement system at the time of such member's death,
18 less any amount identified as owing to an obligee upon withdrawal of
19 accumulated contributions pursuant to a court order filed under RCW
20 41.50.670, shall be paid to the member's estate, or such person or
21 persons ((having an insurable interest in such member's life)), trust,
22 or organization as the member shall have nominated by written
23 designation duly executed and filed with the department. If there be
24 no such designated person or persons still living at the time of the
25 member's death, such member's accumulated contributions standing to
26 such member's credit in the retirement system, less any amount
27 identified as owing to an obligee upon withdrawal of accumulated
28 contributions pursuant to a court order filed under RCW 41.50.670,
29 shall be paid to the member's surviving spouse as if in fact such
30 spouse had been nominated by written designation, or if there be no
31 such surviving spouse, then to such member's legal representatives.

32 (2) If a member who is eligible for retirement or a member who has
33 completed at least ten years of service dies, the surviving spouse or
34 eligible child or children shall elect to receive either:

35 (a) A retirement allowance computed as provided for in RCW
36 41.26.430(1), actuarially reduced by the amount of any lump sum benefit
37 identified as owing to an obligee upon withdrawal of accumulated
38 contributions pursuant to a court order filed under RCW 41.50.670 and

1 actuarially adjusted to reflect a joint and one hundred percent
2 survivor option under RCW 41.26.460 and if the member was not eligible
3 for normal retirement at the date of death a further reduction as
4 described in RCW 41.26.430(2); if a surviving spouse who is receiving
5 a retirement allowance dies leaving a child or children of the member
6 under the age of majority, then such child or children shall continue
7 to receive an allowance in an amount equal to that which was being
8 received by the surviving spouse, share and share alike, until such
9 child or children reach the age of majority; if there is no surviving
10 spouse eligible to receive an allowance at the time of the member's
11 death, such member's child or children under the age of majority shall
12 receive an allowance share and share alike calculated as herein
13 provided making the assumption that the ages of the spouse and member
14 were equal at the time of the member's death; or

15 (b) The member's accumulated contributions, less any amount
16 identified as owing to an obligee upon withdrawal of accumulated
17 contributions pursuant to a court order filed under RCW 41.50.670.

18 (3) If a member who is eligible for retirement or a member who has
19 completed at least ten years of service dies after October 1, 1977, and
20 is not survived by a spouse or an eligible child, then the accumulated
21 contributions standing to the member's credit, less any amount
22 identified as owing to an obligee upon withdrawal of accumulated
23 contributions pursuant to a court order filed under RCW 41.50.670,
24 shall be paid:

25 (a) To an estate, a person or persons, (~~((having an insurable~~
26 ~~interest in the member's life,))~~ trust, or organization as the member
27 shall have nominated by written designation duly executed and filed
28 with the department; or

29 (b) If there is no such designated person or persons still living
30 at the time of the member's death, then to the member's legal
31 representatives.

32 **Sec. 20.** RCW 2.10.144 and 1990 c 249 s 13 are each amended to read
33 as follows:

34 (1) If a judge dies before the date of retirement, the amount of
35 the accumulated contributions standing to the judge's credit at the
36 time of death shall be paid to the member's estate, or such person or
37 persons, (~~((having an insurable interest in the judge's life,))~~ trust,
38 or organization as the judge has nominated by written designation duly

1 executed and filed with the department of retirement systems. If there
2 is no such designated person or persons still living at the time of the
3 judge's death, or if the judge fails to file a new beneficiary
4 designation subsequent to marriage, remarriage, dissolution of
5 marriage, divorce, or reestablishment of membership following
6 termination by withdrawal or retirement, the judge's credited
7 accumulated contributions shall be paid to the surviving spouse as if
8 in fact the spouse had been nominated by written designation or, if
9 there is no such surviving spouse, then to the judge's legal
10 representatives.

11 (2) Upon the death in service of any judge who is qualified but has
12 not applied for a service retirement allowance or has completed ten
13 years of service at the time of death, the designated beneficiary, or
14 the surviving spouse as provided in subsection (1) of this section, may
15 elect to waive the payment provided by subsection (1) of this section.
16 Upon such an election, a joint and one hundred percent survivor option
17 under RCW 2.10.146 shall automatically be given effect as if selected
18 for the benefit of the surviving spouse or dependent who is the
19 designated beneficiary, except that if the judge is not then qualified
20 for a service retirement allowance, the option II benefit shall be
21 based upon the actuarial equivalent of the sum necessary to pay the
22 accrued regular retirement allowance commencing when the deceased judge
23 would have first qualified for a service retirement allowance.
24 However, subsection (1) of this section, unless elected, shall not
25 apply to any judge who has applied for a service retirement and
26 thereafter dies between the date of separation from service and the
27 judge's effective retirement date, where the judge has selected a
28 survivorship option under RCW 2.10.146(1)(b). In those cases, the
29 beneficiary named in the judge's final application for service
30 retirement may elect to receive either a cash refund or monthly
31 payments according to the option selected by the judge.

32 **Sec. 21.** RCW 2.10.146 and 1990 c 249 s 2 are each amended to read
33 as follows:

34 (1) Upon making application for a service retirement allowance
35 under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a
36 judge who is eligible therefor shall make an election as to the manner
37 in which such service retirement shall be paid from among the following

1 designated options, calculated so as to be actuarially equivalent to
2 each other:

3 (a) Standard allowance. A member selecting this option shall
4 receive a retirement allowance, which shall be computed as provided in
5 RCW 2.10.110. The retirement allowance shall be payable throughout the
6 judge's life. However, if the judge dies before the total of the
7 retirement allowance paid to the judge equals the amount of the judge's
8 accumulated contributions at the time of retirement, then the balance
9 shall be paid to the member's estate, or such person or persons
10 ~~((having an insurable interest in the judge's life))~~, trust, or
11 organization as the judge has nominated by written designation duly
12 executed and filed with the department of retirement systems or, if
13 there is no such designated person or persons still living at the time
14 of the judge's death, then to the surviving spouse or, if there is
15 neither such designated person or persons still living at the time of
16 death nor a surviving spouse, then to the judge's legal representative.

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

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

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