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

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

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

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

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

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

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

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

Sec. 2. RCW 41.40.220 and 1991 c 35 s 81 are each amended to read
as follows:
Upon retirement for disability, as provided in RCW 41.40.200, a
member who has not attained age sixty shall receive the following
benefits, subject to the provisions of RCW 41.40.310 and 41.40.320:

(1) A disability retirement pension of two-thirds of his or her
average final compensation to his or her attainment of age sixty,
subject to the provisions of RCW 41.40.310. The disability retirement
pension provided by the employer shall not exceed forty-two hundred dollars per annum, and

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

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

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

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

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

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

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

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

(2) A pension, in addition to the annuity, equal to one one-hundredth of the member’s average final compensation for each year of service. If the recipient of a retirement allowance under this section dies before the total of the annuity portions of the retirement allowance paid to him or her equals the amount of his or her accumulated contributions at the date of retirement, then the balance shall be paid to the member’s estate, or the person or persons (having an insurable interest in his or her life), trust, or organization as he or she shall have nominated by written designation duly executed and filed with the department, or if there is no designated person or persons, still living at the time of his or her death, then to his or her surviving spouse, or if there is no designated person or persons still living at the time of his or her death nor a surviving spouse, then to his or her legal representatives.
Sec. 5. RCW 41.40.270 and 1991 c 365 s 27 are each amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3)(a) If the recipient of a monthly retirement allowance under this section dies before the total of the retirement allowance paid to the recipient equals the amount of the accumulated contributions at the date of retirement, then the balance shall be paid to the member’s...
estate, or the person or persons (having an insurable interest in his or her life), trust, or organization as the recipient has nominated by written designation duly executed and filed with the director, or, if there is no designated person or persons still living at the time of the recipient’s death, then to the surviving spouse, or, if there is no designated person or persons still living at the time of his or her death nor a surviving spouse, then to his or her legal representative.

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

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

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

(2) If a member who is eligible for retirement or a member who has completed at least ten years of service dies, the surviving spouse or eligible child or children shall elect to receive either:
(a) A retirement allowance computed as provided for in RCW 41.40.630(1), actuarially reduced by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670 and actuarially adjusted to reflect a joint and one hundred percent survivor option under RCW 41.40.660 and if the member was not eligible for normal retirement at the date of death a further reduction as described in RCW 41.40.630(2); if a surviving spouse who is receiving a retirement allowance dies leaving a child or children of the member under the age of majority, then such child or children shall continue to receive an allowance in an amount equal to that which was being received by the surviving spouse, share and share alike, until such child or children reach the age of majority; if there is no surviving spouse eligible to receive an allowance at the time of the member’s death, such member’s child or children under the age of majority shall receive an allowance share and share alike calculated as herein provided making the assumption that the ages of the spouse and member were equal at the time of the member’s death; or

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

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

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

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

Sec. 9. RCW 41.32.520 and 1993 c 16 s 1 are each amended to read as follows:
(1) Except as specified in subsection (3) of this section, upon receipt of proper proofs of death of any member before retirement or before the first installment of his or her retirement allowance shall become due his or her accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, and/or other benefits payable upon his or her death shall be paid to his or her estate or to such persons, trust, or organization as he or she shall have nominated by written designation duly executed and filed with the department. If a member fails to file a new beneficiary designation subsequent to marriage, divorce, or reestablishment of membership following termination by withdrawal, lapsation, or retirement, payment of his or her accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, and/or other benefits upon death before retirement shall be made to the surviving spouse, if any; otherwise, to his or her estate. If a member had established ten or more years of Washington membership service credit or was eligible for retirement, the beneficiary or the surviving spouse if otherwise eligible may elect, in lieu of a cash refund of the member’s accumulated contributions, the following survivor benefit plan actuarially reduced by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670:

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

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

(i) In the case of a dependent child the allowance shall continue until attainment of majority or so long as the department judges that the circumstances which created his or her dependent status continue to exist. In any case, if at the time dependent status ceases, an amount equal to the amount of accumulated contributions of the deceased member
has not been paid to the beneficiary, the remainder shall then be paid in a lump sum to the beneficiary.

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

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

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

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

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

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

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

(c) Submits an application for a retirement allowance to be approved by the department immediately following termination of his or her full-time Washington public school service and who dies before the first installment of his or her retirement allowance becomes due;
(d) Is receiving or is entitled to receive temporary disability payments; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) A member retired for disability may be required at any time to submit to reexamination. If medical findings reveal that the individual is no longer disabled for the performance of public school service, the retirement allowance granted because of disability may be terminated by action of the director or upon written request of the member. In case of termination, the individual shall be restored to full membership in the retirement system.
Sec. 14. RCW 41.32.785 and 1990 c 249 s 6 are each amended to read as follows:

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

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

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

(2) A member, if married, must provide the written consent of his or her spouse to the option selected under this section. If a member is married and both the member and member’s spouse do not give written consent to an option under this section, the department will pay the member a joint and fifty percent survivor benefit and record the member’s spouse as the beneficiary. Such benefit shall be calculated to be actuarially equivalent to the benefit options available under subsection (1) of this section.
Sec. 15. RCW 41.32.790 and 1991 c 35 s 68 are each amended to read as follows:

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

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

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

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

Sec. 16. RCW 41.32.805 and 1993 c 236 s 4 are each amended to read as follows:
Except as provided in RCW 11.07.010, if a member or a vested member who has not completed at least ten years of service dies, the amount of the accumulated contributions standing to such member’s credit in the retirement system, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, at the time of such member’s death shall be paid to the member’s estate, or such person or persons (having an insurable interest in such member’s life), trust, or organization as the member shall have nominated by written designation duly executed and filed with the department. If there be no such designated person or persons still living at the time of the member’s death, such member’s accumulated contributions standing to such member’s credit in the retirement system, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid to the member’s surviving spouse as if in fact such spouse had been nominated by written designation, or if there be no such surviving spouse, then to such member’s legal representatives.

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

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

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

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

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

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

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

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

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

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

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

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

(2) Any member who receives an allowance under the provisions of this section shall be subject to such comprehensive medical examinations as required by the department. If such medical examinations reveal that such a member has recovered from the incapacitating disability and the member is no longer entitled to benefits under Title 51 RCW, the retirement allowance shall be canceled and the member shall be restored to duty in the same civil service rank, if any, held by the member at the time of retirement or, if unable to perform the duties of the rank, then, at the member’s request, in such other like or lesser rank as may be or become open and available, the duties of which the member is then able to perform. In
no event shall a member previously drawing a disability allowance be returned or be restored to duty at a salary or rate of pay less than the current salary attached to the rank or position held by the member at the date of the retirement for disability. If the department determines that the member is able to return to service, the member is entitled to notice and a hearing. Both the notice and the hearing shall comply with the requirements of chapter 34.05 RCW, the Administrative Procedure Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) A retirement allowance computed as provided for in RCW 41.26.430(1), actuarially reduced by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670 and
actuarially adjusted to reflect a joint and one hundred percent survivor option under RCW 41.26.460 and if the member was not eligible for normal retirement at the date of death a further reduction as described in RCW 41.26.430(2); if a surviving spouse who is receiving a retirement allowance dies leaving a child or children of the member under the age of majority, then such child or children shall continue to receive an allowance in an amount equal to that which was being received by the surviving spouse, share and share alike, until such child or children reach the age of majority; if there is no surviving spouse eligible to receive an allowance at the time of the member’s death, such member’s child or children under the age of majority shall receive an allowance share and share alike calculated as herein provided making the assumption that the ages of the spouse and member were equal at the time of the member’s death; or

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

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

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

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

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

(1) If a judge dies before the date of retirement, the amount of the accumulated contributions standing to the judge’s credit at the time of death shall be paid to the member’s estate, or such person or persons, ((having an insurable interest in the judge’s life,)) trust, or organization as the judge has nominated by written designation duly
executed and filed with the department of retirement systems. If there
is no such designated person or persons still living at the time of the
judge’s death, or if the judge fails to file a new beneficiary
designation subsequent to marriage, remarriage, dissolution of
marriage, divorce, or reestablishment of membership following
termination by withdrawal or retirement, the judge’s credited
accumulated contributions shall be paid to the surviving spouse as if
in fact the spouse had been nominated by written designation or, if
there is no such surviving spouse, then to the judge’s legal
representatives.

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

Sec. 21. RCW 2.10.146 and 1990 c 249 s 2 are each amended to read
as follows:
(1) Upon making application for a service retirement allowance
under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a
judge who is eligible therefor shall make an election as to the manner
in which such service retirement shall be paid from among the following
designated options, calculated so as to be actuarially equivalent to each other:

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

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

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

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