

HOUSE BILL REPORT

SSB 5030

As Passed House:

April 9, 1999

Title: An act relating to the Washington state patrol surviving spouse retirement allowance.

Brief Description: Adjusting the Washington state patrol surviving spouse retirement allowance.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Long, Fraser, Winsley, Franklin, Bauer, Jacobsen, Roach, T. Sheldon, Johnson and Rasmussen; by request of Joint Committee on Pension Policy).

Brief History:

Committee Activity:

Appropriations: 3/29/99, 4/5/99 [DP].

Floor Activity:

Passed House: 4/9/99, 93-0.

Brief Summary of Substitute Bill

- Provides a cost-of-living adjustment to the benefit received by survivors in the Washington State Patrol Retirement System.
- Directs the Department of Retirement Systems to develop actuarially equivalent survivor benefit options for members of the Washington State Patrol Retirement System.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt; Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Tokuda and Wensman.

Staff: Denise Graham (786-7137).

Background:

If a member of the Washington State Patrol Retirement System (WSPRS) dies, either in service or after retirement, the member's spouse receives a survivor allowance which is usually equal to 50 percent of the member's average final salary. The benefit is provided automatically.

The WSPRS survivor allowance does not include a cost-of-living adjustment (COLA). The survivor benefits paid in all other state retirement systems do include COLA provisions to offset the reduction in purchasing power that occurs due to inflation. WSPRS retirees receive an automatic 2 percent annual COLA.

In all Washington State retirement plans except WSPRS and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1, retiree survivor benefits are an optional benefit and the member's retirement allowance is reduced to pay the cost of providing a continuing benefit to a survivor. These plans provide retirees with three survivor benefit options: a joint and 100 percent option where the survivor continues to receive the same retirement allowance that was being paid to the retiree; a joint and two-thirds option where the survivor allowance is two-thirds of the retiree allowance; and a joint and 50 percent option where the survivor receives 50 percent of the retiree allowance.

In 1997, the WSPRS survivor benefit statute was amended to provide that the retirement allowance paid to surviving spouses would not be less than \$20 per month for each year of service.

The retirement and survivor benefits paid by the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1 are increased each July, for retirees at least age 66, by the Uniform COLA. In 1999, the Uniform COLA increase will be \$0.77 per month, per year of service. The Uniform COLA increases by 3 percent each year.

Summary of Bill:

Effective July 1, 1999, the Uniform COLA is provided to current and future WSPRS survivors who are at least age 66. The minimum monthly survivor benefit is also increased annually by the Uniform COLA amount.

The Department of Retirement Systems is directed to adopt rules by July 1, 2000, that create a new survivor benefit option for WSPRS retirees. The new option permits

retirees to provide a different level of continuing benefit for their surviving spouses that includes an automatic 2 percent annual increase. The new option also requires a reduction in the member's retirement allowance to pay the cost of providing the continuing benefit.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: None.