

HOUSE BILL REPORT

SSB 5818

As Reported By House Committee On:
Appropriations

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

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

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

Brief History:

Committee Activity:

Appropriations: 2/21/96, 2/22/96 [DPA].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 28 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; Foreman; Grant; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Silver; Smith; Talcott and Wolfe.

Staff: Elissa Benson (786-7191).

Background: In both the Teachers' Retirement System Plan I (TRS I) and the Public Employees Retirement System Plan I (PERS I), if an active employee becomes disabled, applies for a joint and survivor disability benefit, and dies after receiving a disability determination by the director of the Department of Retirement Systems, the beneficiary will receive a joint and survivor benefit that is not reduced. However, if an active employee becomes permanently disabled but dies before a determination can be rendered, he or she is considered to be an active member at the time of death and the beneficiary's benefit is reduced.

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

Summary of Amended Bill: If a TRS I member had been on sick leave due to an illness that would have qualified the member for a permanent disability benefit, but he or she did not apply for permanent disability, and the illness was the cause of the member's death, the spouse of a TRS I member receives an unreduced disability benefit. This applies to members who died between July 1, 1994 and September 1, 1994.

If a PERS I member applies and would qualify for a non-duty disability benefit with a joint and survivor option, but dies before the Director of Retirement Systems makes a disability determination, the beneficiary named in the member's application may select either a cash refund of the employee's contributions or the monthly non-duty disability benefit selected by the member. This provision applies to members who die between July 1, 1995 and June 30, 1997.

Amended Bill Compared to Substitute Bill: The amended bill addresses PERS I and TRS I members who would be eligible for disability benefits, but die prior to receiving the approval of the disability benefit application by the Department of Retirement Systems. The substitute bill did not address PERS I members.

Appropriation: None.

Fiscal Note: Available.

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

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

Testimony Against: None.

Testified: Senator Shirley J. Winsley, prime sponsor.