

SENATE BILL REPORT

SB 5818

As Reported By Senate Committee On:
Ways & Means, March 6, 1995

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: Senators Winsley, A. Anderson, C. Anderson and McAuliffe.

Brief History:

Committee Activity: Ways & Means: 3/1/95, 3/6/95 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5818 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Gaspard, Hargrove, Long, McDonald, Moyer, Pelz, Roach, Sheldon, Snyder, Spanel, Sutherland, West, Winsley and Wojahn.

Staff: Denise Graham (786-7715)

Background: If a member of the Teachers' Retirement System Plan I (TRS 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.

If an active employee who becomes disabled selects a joint and survivor death 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.

Summary of Substitute Bill: The spouse of a Teachers' Retirement System Plan I member receives an unreduced benefit if the member dies following a period of sick leave without having applied for a disability retirement, the member had been on sick leave due to an illness that would have qualified the member for permanent disability and the illness was the cause of the member's death. This applies to members who died between July 1, 1994 and September 1, 1994.

Substitute Bill Compared to Original Bill: The original bill would have provided an unreduced benefit to the spouse of a member who died while on sick leave.

Appropriation: None.

Fiscal Note: Available.

Effective Date: 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 relatively fast-acting cancer before he could fill out his forms to apply for a disability benefit. Since he was relatively young, his benefit was substantially reduced, leaving his wife and children without adequate income.

Testimony Against: None.

Testified: Senator Shirley Winsley, prime sponsor.