

SENATE BILL REPORT

SSB 6232

As Passed Senate, February 10, 1996

Title: An act relating to actuarially equivalent state retirement system survivor benefits.

Brief Description: Providing actuarially equivalent survivor benefits.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fraser and Long; by request of Department of Retirement Systems).

Brief History:

Committee Activity: Ways & Means: 1/11/96, 1/23/96 [DPS].
Passed Senate, 2/10/96, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6232 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Hochstatter, Long, Moyer, Roach, Sheldon, Snyder, Spanel, Sutherland and Winsley.

Staff: Denise Graham (786-7715)

Background: If a member of the Teachers' Retirement System Plan I (TRS I) who applies and qualifies for a disability retirement allowance and selects a survivor option dies before receiving his or her first retirement payment, the member's beneficiary may receive the survivor benefit selected. If a member of the Public Employees' Retirement System Plan I (PERS I) who applies for a service retirement and selects a survivor allowance dies before receiving the first retirement payment, the member's beneficiary is given a choice between receiving the survivor benefit or a refund of the member's contributions.

If a member of PERS I who applies and qualifies for a nonduty disability retirement option and selects a survivor option dies before receiving his or her first retirement payment, the member's beneficiary is not eligible to receive the survivor benefit. This is because the member is considered to have died before his or her retirement was effective. Instead, the beneficiary is eligible to receive a "death in service" benefit, which is a joint and 100 percent survivor allowance, actuarially reduced for the time between the member's age at death and the age at which the member would have first qualified for a service retirement allowance.

In the Law Enforcement Officers' and Fire Fighters' Retirement System Plan II (LEOFF II), TRS Plan I and II, or PERS Plan I and II if a retiree and the retiree's beneficiary both die before the total retirement allowance paid to the retiree and beneficiary equals the amount of the retiree's accumulated contributions, the trust fund retains the difference.

Summary of Bill: For deaths occurring on or after July 1, 1995, if a member of the Public Employees' Retirement System Plan I (PERS I) applies for a nonduty disability retirement,

submits adequate evidence to support a disability determination and selects a retirement option but dies before receiving the first payment, the named beneficiary may elect to receive either a cash refund or unreduced monthly payments.

In the Law Enforcement Officers' and Fire Fighters' Retirement System Plan II (LEOFF II), TRS Plan I and II, and PERS Plan I and II if a retiree and the retiree's beneficiary both die before the total retirement allowance paid to the retiree and beneficiary equals the amount of the retiree's accumulated contributions, the balance is paid to the estate of whoever dies last.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This is department request legislation. It would create equity between PERS I and TRS I.

Testimony Against: None.

Testified: Sheryl Wilson, Dept. of Retirement Systems.