

SENATE BILL REPORT

SB 6232

As Reported By Senate Committee On:
Ways & Means, January 23, 1996

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

Brief Description: Providing actuarially equivalent survivor benefits.

Sponsors: Senators Fraser and Long; by request of Department of Retirement Systems.

Brief History:

Committee Activity: Ways & Means: 1/11/96, 1/23/96 [DPS].

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 Substitute 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.

Substitute Bill Compared to Original Bill: The original bill allowed the survivor of a member of PERS I who has been determined to be disabled but who dies before receiving the first benefit check to elect to receive either a cash refund or unreduced monthly payments. The substitute bill provides this choice to the survivor of a member who dies prior to receiving a determination of disability if the member had submitted adequate evidence to support a determination of disability prior to death. The original bill applied prospectively only, while the substitute applies to deaths occurring on or after July 1, 1995.

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.