

HOUSE BILL REPORT

HB 1329

As Reported by House Committee On:
Appropriations

Title: An act relating to choosing a reduced retirement allowance under the law enforcement officers' and fire fighters' retirement system, plan 1.

Brief Description: Choosing a reduced retirement allowance under the law enforcement officers' and fire fighters' retirement system, plan 1.

Sponsors: Representatives Conway, Crouse, Simpson and Chase; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/3/05, 2/7/05 [DP].

Brief Summary of Bill

- Permits retirees of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 who marry after leaving service to reduce their benefits and create an actuarially equivalent survivor benefit for their new spouses, even if the retiree's benefit is already subject to a property division order from a previous divorce.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 26 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Bailey, Buri, Clements, Cody, Conway, Darneille, Dunshee, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, Talcott and Walsh.

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers' and Fire Fighters Retirement System Plan 1 (LEOFF 1) provides retirement benefits to full-time, fully-compensated law enforcement officers and fire fighters employed by the state, cities, counties, and special districts and who were first employed by the state before October 1, 1977. LEOFF 1 provides comprehensive pension, disability, and medical benefits to about 8,000 retirees and 1,000 active members.

The spouse of a retiree of LEOFF 1 is eligible, upon the retiree's death, to receive a survivor benefit for life equal to the retirement allowance received by the retiree. In order to be eligible for this automatic benefit, the spouse must have been married to the LEOFF 1 member for one year prior to retirement. An ex-spouse of a LEOFF 1 member is not eligible for this survivor benefit except in the rare situation where the ex-spouse had been married to the LEOFF 1 member for at least 30 years, including at least 20 years prior to retirement, and where there was a court order prior to 1980 providing the survivor benefit to the ex-spouse.

A spouse that a LEOFF 1 member marries after retirement is also not eligible for the automatic survivor benefit. If a LEOFF 1 member marries after retirement, a member may instead choose to actuarially reduce their retirement benefit and have a portion of their benefit continue for the lifetime of their spouse after they die. This optional, actuarially-reduced survivor benefit is not available to LEOFF 1 members if their retirement benefit is already divided due to a property division order from a previous divorce.

Summary of Bill:

LEOFF 1 members may choose a reduced benefit plus a survivor benefit for their post-retirement marriage spouse if their benefits are already subject to a property division obligation. The Department of Retirement Systems must adopt rules to permit members to select this survivor benefit option no later than July 1, 2005. A member must select this option within one year of the rules being adopted, if married prior to the effective date of the rules, or within one year of his or her marriage.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The optional survivor benefit passed in 2002 had the restriction on members with divided benefits. This is unnecessary, and this bill removes the restriction.

Testimony Against: None.

Persons Testifying: Dick Warbrouck, Retired Fire Fighters of Washington.

Persons Signed In To Testify But Not Testifying: None.