

HOUSE BILL REPORT

HB 1519

As Passed House:

March 12, 2003

Title: An act relating to death benefits for members of the teachers' retirement system, school employees' retirement system, and public employees' retirement system.

Brief Description: Calculating the death benefits for members of the teachers' retirement system, school employees' retirement system, and public employees' retirement system.

Sponsors: By Representatives Wood, Fromhold, Simpson, Cooper, Schindler, Conway, Delvin, Hunt, Gombosky, Sullivan, Wallace, Santos and Kenney.

Brief History:

Committee Activity:

Appropriations: 3/3/03, 3/4/03 [DP].

Floor Activity:

Passed House: 3/12/03, 94-0.

Brief Summary of Bill

- The survivor benefit paid to a survivor of a Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System member killed in the course of employment is not subject to an early retirement actuarial reduction.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 26 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: David Pringle (786-7310).

Background:

Several death benefits are paid to survivors of members of the Public Employees'

Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS) who die as a result of injuries sustained in the course of employment.

One of the death benefits is a survivor benefit paid to the spouse or other eligible survivor. The amount of this survivor benefit is the greater of: 1) The member's accumulated contributions; or 2) the member's earned retirement benefit, actuarially reduced both for payment in the form of a survivor benefit, and also reduced from the plan's normal retirement age to the member's age at death.

A \$150,000 death benefit is payable to PERS, SERS, and TRS members for deaths resulting from injuries sustained in the course of employment, payable as a sundry claim. This \$150,000 is provided in budget language and expires June 30, 2003.

A workers' compensation death benefit may also be payable from the Department of Labor and Industries (L&I) for death resulting from injury sustained in the course of employment. A lump sum benefit may be payable from the L&I for burial expenses, as well as a monthly benefit of 60 percent of gross wages up to 120 percent of the state's average wage (\$3,723 for Fiscal Year 2002).

The spouse or dependents of an individual covered by Social Security may be eligible for a death benefit if they meet age, income, or other restrictions. The age eligibility for the Social Security death benefit begins at age 60. The size of the Social Security death benefit is dependent on the contributions the deceased made to Social Security during the individual's career. For example, the maximum family benefit that could be paid from Social Security for the death of a male age 45 earning \$40,000 per year is approximately \$2,300 per month.

According to the Office of the State Actuary's 1996-2001 Actuarial Experience Study, there are about 10 duty-related deaths each biennium in the PERS, SERS, and TRS systems combined.

Summary of Bill:

The survivor benefit paid from a member's earned retirement benefit to PERS, SERS, and TRS members killed in the course of employment is not subject to an early retirement actuarial reduction.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: One of our employees, a fuel tax collector, was killed recently and his family would be much better off with this benefit. We were shocked to find out how much the retirement benefit was reduced when our father was killed. Other families shouldn't suffer the way that we have. After 14 years of dedicated public service, one of our colleagues was killed. Our families need to be able to get the unreduced value of their accounts.

Testimony Against: None.

Testified: Representative Wood, prime sponsor; Donna Blume, International Federation of Professional & Technical Engineers Local 17; Amy Erdman, citizen; and Don Briscoe, International Federation of Professional and Technical Engineers Local 17.