

SENATE BILL REPORT

SB 5315

As of March 4, 2009

Title: An act relating to extending the survivor annuity option for preretirement death in plan 1 of the public employees' retirement system to members who die after leaving active service.

Brief Description: Extending the survivor annuity option for preretirement death in plan 1 of the public employees' retirement system to members who die after leaving active service.

Sponsors: Senators Schoesler, Hobbs, Holmquist, Honeyford and Fraser; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/26/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The Public Employees' Retirement System Plan 1 (PERS Plan 1) provides retirement benefits to all regularly compensated employees and appointed and elected officials of included employers first employed before October 1, 1977, unless they fall under a specific exemption, including coverage by another plan such as the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). Covered employers include all state agencies and subdivisions and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane.

In TRS Plan 1 and all of the Plans 2/3, the survivor of a member who dies while eligible for but not collecting benefits may receive a survivor annuity benefit reduced by the same method used to calculate a joint and 100 percent survivor benefit under the retirement plans. A joint and 100 percent survivor benefit is an optional form of retirement benefit that may be chosen at retirement and in other limited circumstances in most of the Washington retirement plans, providing the member an actuarially reduced benefit for the member's life and continuing at the same level for the life of the member's designated survivor. Normally, the choice of survivor benefits is made at time of application for retirement benefits, so if a member dies prior to application for retirement benefits no choice has been made.

PERS Plan 1 is the only plan among the Washington State retirement systems that provides a

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

different benefit to the survivor of a member eligible for retirement benefits who dies in service, and the survivor of a member who is eligible for benefits, not collecting them, and has separated from retirement system-covered employment. The survivor of a member that dies while eligible and actively employed has the option of an actuarially equivalent joint and 100 percent survivor annuity. The survivor of a member that dies while inactive and eligible but not collecting retirement benefits is only entitled to a refund of member contributions.

Summary of Bill: The survivors of members of PERS Plan 1 that left active service prior to death and were eligible to begin collecting retirement benefits but had not yet done so are eligible for a optional actuarially reduced joint and 100 percent survivor option.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: None.

Persons Testifying: No one.