

# SENATE BILL REPORT

## SB 6622

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As of February 4, 2016

**Title:** An act relating to prohibiting the assignment of retirement benefits.

**Brief Description:** Prohibiting the assignment of retirement benefits.

**Sponsors:** Senators Fraser, Parlette, Nelson, Cleveland, Keiser, Hasegawa, Jayapal, McCoy and Conway.

**Brief History:**

**Committee Activity:** Ways & Means: 2/03/16.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Steve Jones (786-7440)

**Background:** By state law, state retirement benefits cannot be assigned by the recipient to another person, and the proceeds cannot be garnished or attached in any legal proceeding.

Some loan companies offer a loan product known as a "pension advance" loan. The security for the loan is the future pension benefits to be received by the loan recipient. The retiree may be required to deposit the retirement benefits into a joint bank account with the lender, or to execute a power of attorney document authorizing the lender to access the retirement benefits.

**Summary of Bill:** The prohibition against the assignment of state retirement benefits cannot be evaded by the use of any device or artifice to defeat the prohibition, including the deposit of retirement benefits into a joint bank account or the use of a power of attorney to access the retirement benefits. Any assignee of retirement benefits found in violation of the prohibition is liable for the full repayment of the assigned benefits.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

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*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.*

**Staff Summary of Public Testimony:** PRO: This legislation closes a loophole in the anti-assignment law that protects the hard-earned pension benefits of public employees. The Department of Financial Institutions has brought legal actions against these predatory lending practices, and this bill will strengthen those laws. Pension advance loans place the victim in a state of perpetual debt as loan fees and interest charges accumulate. This is a humane act to protect vulnerable retirees.

**Persons Testifying:** PRO: Sen. Fraser, prime sponsor; Denny Johnston, Retired Public Employees Council.

**Persons Signed In To Testify But Not Testifying:** No one.