CERTIFICATION OF ENROLLMENT

SENATE BILL 6263

64th Legislature 2016 Regular Session

Passed by the Senate February 17, 2016 Yeas 49 Nays 0	CERTIFICATE
President of the Senate	I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SENATE BILL 6263 as passed by Senate and the House of Representatives on the dates hereon set forth.
Passed by the House March 3, 2016 Yeas 92 Nays 5	
	Secretary
Speaker of the House of Representatives	
Approved	FILED
	Secretary of State State of Washington
Governor of the State of Washington	-

SENATE BILL 6263

Passed Legislature - 2016 Regular Session

State of Washington 64th Legislature 2016 Regular Session

By Senators Warnick, Ranker, Rivers, Hobbs, Darneille, Liias, and Conway; by request of LEOFF Plan 2 Retirement Board

Read first time 01/13/16. Referred to Committee on Ways & Means.

- AN ACT Relating to benefits for certain retirement system members who die or become disabled in the course of providing emergency management services; amending RCW 41.26.510 and 41.26.470; and
- 4 reenacting and amending RCW 41.26.520.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 41.26.510 and 2015 c 78 s 1 are each amended to read 7 as follows:
- (1) Except as provided in RCW 11.07.010, if a member or a vested 8 9 member who has not completed at least ten years of service dies, the 10 amount of the accumulated contributions standing to such member's credit in the retirement system at the time of such member's death, 11 12 less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 13 14 41.50.670, shall be paid to the member's estate, or such person or persons, trust, or organization as the member shall have nominated by 15 16 written designation duly executed and filed with the department. If 17 there be no such designated person or persons still living at the time of the member's death, such member's accumulated contributions 18 standing to such member's credit in the retirement system, less any 19 20 amount identified as owing to an obligee upon withdrawal 21 accumulated contributions pursuant to a court order filed under RCW

p. 1 SB 6263.PL

41.50.670, shall be paid to the member's surviving spouse or domestic partner as if in fact such spouse or domestic partner had been nominated by written designation, or if there be no such surviving spouse or domestic partner, then to such member's legal representatives.

1

2

3

4

5

7

8

9

10 11

12

13

14

15 16

17

18

19

20

21

22

23

2425

26

27

2829

30 31

32

33

34

3536

37

3839

- (2) Except as provided in subsection (4) of this section, if a member who is killed in the course of employment or a member who is eligible for retirement or a member who has completed at least ten years of service dies, the surviving spouse, domestic partner, or eligible child or children shall elect to receive either:
- (a) A retirement allowance computed as provided for in RCW 41.26.430, actuarially reduced by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670 and actuarially adjusted to reflect a joint and one hundred percent survivor option under RCW 41.26.460 and if the member was not eligible for normal retirement at the date of death a further reduction as described in RCW 41.26.430; if a surviving spouse or domestic partner who is receiving a retirement allowance dies leaving a child or children of the member under the age of majority, then such child or children shall continue to receive an allowance in an amount equal to that which was being received by the surviving spouse or domestic partner, share and share alike, until such child or children reach the age of majority; if there is no surviving spouse or domestic partner eligible to receive an allowance at the time of the member's death, such member's child or children under the age of majority shall receive an allowance share and share alike calculated as herein provided making the assumption that the ages of the spouse or domestic partner and member were equal at the time of the member's death; or
- (b)(i) The member's accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670; or
- (ii) If the member dies on or after July 25, 1993, one hundred fifty percent of the member's accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670. Any accumulated contributions attributable to restorations made under RCW 41.50.165(2) shall be refunded at one hundred percent.

p. 2 SB 6263.PL

- (3) If a member who is eligible for retirement or a member who has completed at least ten years of service dies after October 1, 1977, and is not survived by a spouse, domestic partner, or an eligible child, then the accumulated contributions standing to the member's credit, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid:
- 8 (a) To an estate, a person or persons, trust, or organization as 9 the member shall have nominated by written designation duly executed 10 and filed with the department; or
- 11 (b) If there is no such designated person or persons still living 12 at the time of the member's death, then to the member's legal 13 representatives.
 - (4) The retirement allowance of a member:
- 15 <u>(a) Who is killed in the course of employment, as determined by</u>
 16 the director of the department of labor and industries, ((or the
 17 retirement allowance of a member))
 - (b) Who has left the employ of an employer due to service in the national guard or military reserves and dies while honorably serving in the national guard or military reserves during a period of war as defined in RCW 41.04.005, or
 - (c) Who has left the employ of an employer due to service in the national guard, military reserves, federal emergency management agency, or national disaster medical system of the United States department of health and human services and dies while performing service in response to a disaster, major emergency, special event, federal exercise, or official training on or after March 22, 2014,
- federal exercise, or official training on or after March 22, 2014, is not subject to an actuarial reduction for early retirement as
- 29 provided in RCW 41.26.430 or an actuarial reduction to reflect a
- 30 joint and one hundred percent survivor option under RCW 41.26.460.
- 31 The member's retirement allowance is computed under RCW 41.26.420,
- 32 except that the member shall be entitled to a minimum retirement
- 33 allowance equal to ten percent of such member's final average salary.
- 34 The member shall additionally receive a retirement allowance equal to
- 35 two percent of such member's average final salary for each year of
- 36 service beyond five.

1

2

3

4

5 6

7

14

18

19

2021

22

23

2425

26

37 (5) The retirement allowance paid to the spouse or domestic 38 partner and dependent children of a member who is killed in the 39 course of employment, as set forth in RCW 41.05.011(5), shall include

p. 3 SB 6263.PL

reimbursement for any payments of premium rates to the Washington state health care authority pursuant to RCW 41.05.080.

- (6) In addition to the benefits provided in subsection (4) of this section, if the surviving spouse or domestic partner of a member who is killed in the course of employment is not eligible to receive б industrial insurance payments pursuant to RCW 51.32.050 due to remarriage, the surviving spouse or domestic partner shall receive an amount equal to the benefit they would receive pursuant to RCW 51.32.050 but for the remarriage. This subsection applies to surviving spouses and domestic partners whose benefits pursuant to RCW 51.32.050 were suspended or terminated due to remarriage prior to July 24, 2015. The monthly payments to any surviving spouse or domestic partner who received a lump sum payment pursuant to RCW 51.32.050 shall be actuarially reduced to reflect the amount of the lump sum payment.
 - Sec. 2. RCW 41.26.520 and 2009 c 523 s 8 and 2009 c 205 s 8 are each reenacted and amended to read as follows:
 - (1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of RCW 41.26.410 through 41.26.550.
 - (2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The basic salary reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.
 - (3) Except as specified in subsection (7) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within

p. 4 SB 6263.PL

five years of resumption of service or prior to retirement whichever comes sooner.

- (4) A law enforcement member may be authorized by an employer to work part time and to go on a part-time leave of absence. During a part-time leave of absence a member is prohibited from any other employment with their employer. A member is eligible to receive credit for any portion of service credit not earned during a month of part-time leave of absence if the member makes the employer, member, and state contributions, plus interest, as determined by the department for the period of the authorized leave within five years of resumption of full-time service or prior to retirement whichever comes sooner. Any service credit purchased for a part-time leave of absence is included in the two-year maximum provided in subsection (3) of this section.
- (5) If a member fails to meet the time limitations of subsection (3) or (4) of this section, the member may receive a maximum of two years of service credit during a member's working career for those periods when a member is on unpaid leave of absence authorized by an employer. This may be done by paying the amount required under RCW 41.50.165(2) prior to retirement.
- (6) For the purpose of subsection (3) or (4) of this section the contribution shall not include the contribution for the unfunded supplemental present value as required by RCW 41.45.060, 41.45.061, and 41.45.067. The contributions required shall be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment.
- (7) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.
- 34 (a) The member qualifies for service credit under this subsection 35 if:
- (i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and

p. 5 SB 6263.PL

- 1 (ii) The member makes the employee contributions required under 2 RCW 41.45.060, 41.45.061, and 41.45.067 within five years of resumption of service or prior to retirement, whichever comes sooner; 4 or
- 5 (iii) Prior to retirement and not within ninety days of the 6 member's honorable discharge or five years of resumption of service 7 the member pays the amount required under RCW 41.50.165(2); or

- (iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005. Any member who made payments for service credit for interruptive military service during a period of war as defined in RCW 41.04.005 may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.
- (b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer and the state for their respective contributions required under RCW 41.26.450 for the period of military service, plus interest as determined by the department.
- (c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.
- (d) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:

p. 6 SB 6263.PL

1 (i) Provides to the director proof of the member's death while 2 serving in the uniformed services;

- (ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and
- (iii) Pays the employee contributions required under chapter 41.45 RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or
- (iv) Prior to the distribution of any benefit, provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005. If the deceased member made payments for service credit for interruptive military service during a period of war as defined in RCW 41.04.005, the surviving spouse or eligible child or children may, prior to the distribution of any benefit and on a form provided by the department, request a refund of the funds standing to the deceased member's credit for up to five years of such service, and this amount shall be paid to the surviving spouse or children. Members with one or more periods of interruptive military service during a period of war may receive no more than five years of free retirement system service credit under this subsection.
 - (e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:
 - (i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;
- 31 (ii) The member provides to the director proof of honorable 32 discharge from the uniformed services; and
 - (iii) The member pays the employee contributions required under chapter 41.45 RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or
 - (iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW 41.04.005. Any member who made payments for service credit for interruptive military service during

p. 7 SB 6263.PL

a period of war as defined in RCW 41.04.005 may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.

- (f) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the United States department of health and human services and died while performing service in response to a disaster, major emergency, special event, federal exercise, or official training on or after March 22, 2014, may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in such service. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children provides to the director proof of the member's death while in such service.
- (g) A member who leaves the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the United States department of health and human services and becomes totally incapacitated for continued employment by an employer while providing such service is entitled to retirement system service credit under this subsection up to the date of separation from such service if the member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while performing such service.
- 31 (8) A member receiving benefits under Title 51 RCW who is not 32 receiving benefits under this chapter shall be deemed to be on 33 unpaid, authorized leave of absence.
- **Sec. 3.** RCW 41.26.470 and 2013 c 287 s 2 are each amended to read as follows:
 - (1) A member of the retirement system who becomes totally incapacitated for continued employment by an employer as determined by the director shall be eligible to receive an allowance under the provisions of RCW 41.26.410 through 41.26.550. Such member shall

p. 8 SB 6263.PL

- receive a monthly disability allowance computed as provided for in RCW 41.26.420 and shall have such allowance actuarially reduced to reflect the difference in the number of years between age at disability and the attainment of age fifty-three, except under subsection (7) of this section.
- 6 (2) Any member who receives an allowance under the provisions of 7 this section shall be subject to such comprehensive medical examinations as required by the department. Ιf 8 such medical examinations reveal that such a member has recovered from the 9 incapacitating disability and the member is no longer entitled to 10 benefits under Title 51 RCW, the retirement allowance shall be 11 canceled and the member shall be restored to duty in the same civil 12 service rank, if any, held by the member at the time of retirement 13 14 or, if unable to perform the duties of the rank, then, at the member's request, in such other like or lesser rank as may be or 15 16 become open and available, the duties of which the member is then 17 able to perform. In no event shall a member previously drawing a 18 disability allowance be returned or be restored to duty at a salary or rate of pay less than the current salary attached to the rank or 19 position held by the member at the date of the retirement for 20 21 disability. If the department determines that the member is able to return to service, the member is entitled to notice and a hearing. 22 Both the notice and the hearing shall comply with the requirements of 23 chapter 34.05 RCW, the administrative procedure act. 24
 - (3) Those members subject to this chapter who became disabled in the line of duty on or after July 23, 1989, and who receive benefits under RCW 41.04.500 through 41.04.530 or similar benefits under RCW 41.04.535 shall receive or continue to receive service credit subject to the following:

25

26

27

2829

- 30 (a) No member may receive more than one month's service credit in 31 a calendar month.
- 32 (b) No service credit under this section may be allowed after a 33 member separates or is separated without leave of absence.
- 34 (c) Employer contributions shall be paid by the employer at the 35 rate in effect for the period of the service credited.
- 36 (d) Employee contributions shall be collected by the employer and 37 paid to the department at the rate in effect for the period of 38 service credited.
- 39 (e) State contributions shall be as provided in RCW 41.45.060 and 40 41.45.067.

p. 9 SB 6263.PL

1 (f) Contributions shall be based on the regular compensation 2 which the member would have received had the disability not occurred.

- (g) The service and compensation credit under this section shall be granted for a period not to exceed six consecutive months.
- (h) Should the legislature revoke the service credit authorized under this section or repeal this section, no affected employee is entitled to receive the credit as a matter of contractual right.
- (4)(a) If the recipient of a monthly retirement allowance under this section dies before the total of the retirement allowance paid to the recipient equals the amount of the accumulated contributions at the date of retirement, then the balance shall be paid to the member's estate, or such person or persons, trust, or organization as the recipient has nominated by written designation duly executed and filed with the director, or, if there is no such designated person or persons still living at the time of the recipient's death, then to the surviving spouse or domestic partner, or, if there is neither such designated person or persons still living at the time of his or her death nor a surviving spouse or domestic partner, then to his or her legal representative.
- (b) If a recipient of a monthly retirement allowance under this section died before April 27, 1989, and before the total of the retirement allowance paid to the recipient equaled the amount of his or her accumulated contributions at the date of retirement, then the department shall pay the balance of the accumulated contributions to the member's surviving spouse or, if there is no surviving spouse, then in equal shares to the member's children. If there is no surviving spouse or children, the department shall retain the contributions.
- (5) Should the disability retirement allowance of any disability beneficiary be canceled for any cause other than reentrance into service or retirement for service, he or she shall be paid the excess, if any, of the accumulated contributions at the time of retirement over all payments made on his or her behalf under this chapter.
- (6) A member who becomes disabled in the line of duty, and who ceases to be an employee of an employer except by service or disability retirement, may request a refund of one hundred fifty percent of the member's accumulated contributions. Any accumulated contributions attributable to restorations made under RCW

p. 10 SB 6263.PL

41.50.165(2) shall be refunded at one hundred percent. A person in receipt of this benefit is a retiree.

- (7) A member who becomes disabled in the line of duty shall be entitled to receive a minimum retirement allowance equal to ten percent of such member's final average salary. The member shall additionally receive a retirement allowance equal to two percent of such member's average final salary for each year of service beyond five.
- (8) A member who became disabled in the line of duty before January 1, 2001, and is receiving an allowance under RCW 41.26.430 or subsection (1) of this section shall be entitled to receive a minimum retirement allowance equal to ten percent of such member's final average salary. The member shall additionally receive a retirement allowance equal to two percent of such member's average final salary for each year of service beyond five, and shall have the allowance actuarially reduced to reflect the difference in the number of years between age at disability and the attainment of age fifty-three. An additional benefit shall not result in a total monthly benefit greater than that provided in subsection (1) of this section.
- (9) A member who is totally disabled in the line of duty is entitled to receive a retirement allowance equal to seventy percent of the member's final average salary. The allowance provided under this subsection shall be offset by:
- (a) Temporary disability wage-replacement benefits or permanent total disability benefits provided to the member under Title 51 RCW; and
- (b) Federal social security disability benefits, if any; so that such an allowance does not result in the member receiving combined benefits that exceed one hundred percent of the member's final average salary. However, the offsets shall not in any case reduce the allowance provided under this subsection below the member's accrued retirement allowance.

A member is considered totally disabled if he or she is unable to perform any substantial gainful activity due to a physical or mental condition that may be expected to result in death or that has lasted or is expected to last at least twelve months. Substantial gainful activity is defined as average earnings in excess of eight hundred sixty dollars a month in 2006 adjusted annually as determined by the director based on federal social security disability standards. The department may require a person in receipt of an allowance under this

p. 11 SB 6263.PL

subsection to provide any financial records that are necessary to determine continued eligibility for such an allowance. A person in receipt of an allowance under this subsection whose earnings exceed the threshold for substantial gainful activity shall have their benefit converted to a line-of-duty disability retirement allowance as provided in subsection (7) of this section.

Any person in receipt of an allowance under the provisions of this section is subject to comprehensive medical examinations as may be required by the department under subsection (2) of this section in order to determine continued eligibility for such an allowance.

- (10)(a) In addition to the retirement allowance provided in subsection (9) of this section, the retirement allowance of a member who is totally disabled in the line of duty shall include reimbursement for any payments made by the member after June 10, 2010, for premiums on employer-provided medical insurance, insurance authorized by the consolidated omnibus budget reconciliation act of 1985 (COBRA), medicare part A (hospital insurance), and medicare part B (medical insurance). A member who is entitled to medicare must enroll and maintain enrollment in both medicare part A and medicare part B in order to remain eligible for the reimbursement provided in this subsection. The legislature reserves the right to amend or repeal the benefits provided in this subsection in the future and no member or beneficiary has a contractual right to receive any distribution not granted prior to that time.
- (b) The retirement allowance of a member who is not eligible for reimbursement provided in (a) of this subsection shall include reimbursement for any payments made after June 30, 2013, for premiums on other medical insurance. However, in no instance shall the reimbursement exceed the amount reimbursed for premiums authorized by the consolidated omnibus budget reconciliation act of 1985 (COBRA).
- (11) A member who has left the employ of an employer due to service in the national guard, military reserves, federal emergency management agency, or national disaster medical system of the United States department of health and human services and who becomes totally incapacitated for continued employment by an employer as determined by the director while performing service in response to a disaster, major emergency, special event, federal exercise, or official training on or after March 22, 2014, shall be eligible to receive an allowance under the provisions of RCW 41.26.410 through 41.26.550. Such member shall receive a monthly disability allowance

p. 12 SB 6263.PL

computed as provided for in RCW 41.26.420 except such allowance is 1 not subject to an actuarial reduction for early retirement as 2 provided in RCW 41.26.430. The member's retirement allowance is 3 computed under RCW 41.26.420, except that the member shall be 4 entitled to a minimum retirement allowance equal to ten percent of 5 6 such member's final average salary. The member shall additionally 7 receive a retirement allowance equal to two percent of such member's average final salary for each year of service beyond five. 8

--- END ---

p. 13 SB 6263.PL