

WSR 23-07-044
PERMANENT RULES
DEPARTMENT OF
RETIREMENT SYSTEMS

[Filed March 8, 2023, 11:54 a.m., effective April 8, 2023]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Occasionally, a beneficiary decides that they do not want to receive a benefit when a retired member passes away. This rule clarifies how any disclaimed benefit will pass to other beneficiaries and/or the estate of the deceased.

Citation of Rules Affected by this Order: New WAC 415-02-261.

Statutory Authority for Adoption: RCW 41.50.050.

Adopted under notice filed as WSR 23-03-035 on January 9, 2023.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 1, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 1, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: March 8, 2023.

Tracy Guerin
Director

OTS-4204.2

NEW SECTION

WAC 415-02-261 What happens if a beneficiary disclaims a lump sum benefit? (1) A beneficiary may disclaim a payment in writing with the department as prescribed by the department. If the beneficiary was a primary beneficiary and there are other living primary beneficiaries, the disclaimed benefit will be split among the other primary beneficiaries in the same proportion (rounded) awarded by the member or retiree.

(2) General formula: A member has n beneficiaries, with each beneficiary receiving a percentage and the total percentage equal to 100. When one beneficiary disclaims their benefit, there are then $n-1$ beneficiaries. The sum of these percentages is now less than 100. To determine the new percentages, divide the original percentage for each beneficiary by the new total of the remaining percentages.

Example: Chris has listed three people as primary beneficiaries: Tom at 34 percent, Carl at 33 percent, and Wilma at 33 percent. Chris passed away. Tom disclaims the benefit with the department. Carl and Wilma each receive 50 percent of the contributions.

Example: Chris has listed three people as primary beneficiaries: Tom at 50 percent, Carl at 25 percent, and Wilma at 25 percent. Chris passed away. Carl disclaims the benefit with the department. Tom receives 67 percent and Wilma 33 percent of the contributions.

Example: Chris has listed four people as primary beneficiaries: Tom at 40 percent, Carl at 30 percent, Wilma at 20 percent, and Liam at 10 percent. Chris passed away. Carl disclaims their 30 percent of the benefit with the department. Tom receives 57 percent (40 divided by 70), Wilma receives 29 percent (20 divided by 70) and Liam receives 14 percent (10 divided by 70) of the contributions.

Example: Chris has listed four people as primary beneficiaries with the following percentages: Person A with "a" percent, person B with "b" percent, person C with "c" percent, and person D with "d" percent.

Chris passed away. Person B disclaims the benefit with the department. Person A receives $a/(a+c+d)$, person C receives $c/(a+c+d)$, and person D receives $d/(a+c+d)$.

(3) If the primary beneficiary disclaims the benefit and there are no other primary beneficiaries, the benefit will pass to the contingent beneficiary designation made by the member or retiree. If there are no contingents, it will pass to the estate of the retiree or per the succession in law for the retirement system and plan of the member.

[]