

HOUSE BILL REPORT

HB 2215

As Reported By House Committee On:
Judiciary

Title: An act relating to public employment.

Brief Description: Concerning survivor benefits.

Sponsors: Representatives Appelwick and Padden.

Brief History:

Reported by House Committee on:
Judiciary, February 1, 1994, DPS.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Appelwick, Chair; Johanson, Vice Chair; Ballasiotes, Assistant Ranking Minority Member; Campbell; Chappell; Eide; Forner; J. Kohl; Long; Morris; H. Myers; Schmidt; Scott and Tate.

Staff: Pat Shelledy (786-7149).

Background: Upon retirement, a member of the state retirement system must choose among various options for payment of the member's retirement allowance.

A member may select a "standard allowance" which is payable throughout the member's life. If the member dies before the member's accumulated contributions are exhausted, then the balance is paid to a person who has an insurable interest in the retiree's life. That person is nominated by the member. If the member does not nominate a person, then the residue goes to the surviving spouse.

A member may elect to receive a "reduced benefit" which pays the member less money during the member's life but provides that the reduced benefit will continue to be paid after the member's death to a person who has an insurable interest in the member's life. The member must nominate that person in writing, and the nomination must be filed with the Department of Retirement Systems when the member retires.

If the member is married, the spouse must provide written consent to the member's selected option. If the member is

married and the spouse does not consent, the department must pay a joint and 50 percent survivor benefit actuarial equivalent to the standard allowance.

The member's selected option may conflict with a court order directing the member to elect a reduced benefit with survivor benefits nominating the member's ex-spouse as the beneficiary. If the member remarries, further complications arise concerning the new spouse's rights of consent. Apparently, the Department of Retirement Systems' position is that, absent legislation directing the retirement system to comply with court orders, a court order does not override express statutory language directing the department to comply with the member's selected option and named beneficiary.

Summary of Substitute Bill: If a copy of a dissolution order has been filed with the Department of Retirement Systems which requires the member to select his or her spouse or ex-spouse as a survivor beneficiary, the department must honor the selection and designation in the court order. The spousal consent provisions do not apply. Good faith reliance by the department on the lack of an applicable dissolution order when neither party has filed a dissolution order with the department will not subject the department to liability.

Substitute Bill Compared to Original Bill: The bill is completely technically rewritten to include various pension plans, to establish a procedure for honoring various court orders, and to protect the Department of Retirement Systems from liability.

Fiscal Note: Requested January 27, 1994.

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

Testimony For: The Department of Retirement Systems has taken the position that the department cannot honor court orders directing the member to select an ex-spouse as a survivor beneficiary if the member has not done that voluntarily. The bill will require the department to comply with court orders and will protect the department from liability.

Testimony Against: None.

Witnesses: Paula Crane, Washington State Bar Association, Family Law Section (pro).