
HOUSE BILL ANALYSIS

HB 1103

Brief Description: Provides survivors of TRS I and PERS I members who die within 60 days of applying for disability retirement a choice of active or disability retiree benefits.

Background: Different survivor benefits are available to a member's beneficiaries depending on whether the member was in Public Employees' Retirement System Plan I (PERS I) or the Teachers' Retirement System Plan I (TRS I). If TRS I and PERS I members are disabled but fail to file for disability retirement with a joint and survivorship option prior to dying, or have received a positive determination of disability from the Department of Retirement Systems (DRS) before dying but prior to receiving the first payment, the survivor of the member receives a death-in-service benefit, which is lower than a disability benefit.

In general, if an active TRS I member who becomes disabled selects a joint and survivor disability benefit and dies after receiving a disability determination by the director of the DRS, the beneficiary will receive a joint and survivor benefit that is not reduced to the level of a death-in-service benefit. However, if an active employee becomes permanently disabled but dies before a determination can be rendered due to lack of application, he or she is considered to be an active member at the time of death and the surviving beneficiary's benefit is reduced to the death-in-service level.

In 1996, an exemption to this rule was enacted, allowing the TRS I survivor to receive a disability benefit instead of the lower survivor benefit of active employees if the member had been on sick leave due to illness that ultimately was the cause of death, but failed to file an application for disability retirement, as long as the illness would have qualified the member for permanent disability. The exception applied only to deaths between July 1, 1994, and September 1, 1994.

In the same legislation, survivors of PERS I members were provided a choice of either the lump-sum employee contributions or the disability benefit if the PERS I member had applied for disability with a survivor option, and submitted adequate evidence, but died before the first payment was received. This applies to deaths occurring between July 1, 1995, and June 30, 1997.

In light of the temporary nature of the 1996 statutory change, the Joint Committee on Pension Policy (JCPP) reviewed the issue of benefit payment to the survivors of disabled TRS I and PERS I members and recommended the changes contained in the bill.

Summary: Survivors of TRS I and PERS I disability retirees or disability retirement applicants have the option of choosing between the active member or disability retiree death benefit if the member dies within 60 days after applying for disability retirement.

The final section of the bill declares an emergency and makes the bill effective immediately upon the Governor's signature.

Fiscal Note: Available.