
HOUSE BILL 1839

State of Washington

55th Legislature

1997 Regular Session

By Representatives Carlson, Sehlin, H. Sommers, Linville, Lambert, Ogden, Wolfe and Kessler

Read first time 02/11/97. Referred to Committee on Appropriations.

1 AN ACT Relating to the adjustment of a retirement allowance when a
2 designated beneficiary predeceases a retiree; amending RCW 2.10.146,
3 41.26.460, 41.32.530, 41.32.785, 41.40.188, 41.40.660, and 41.04.275;
4 and making appropriations.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 2.10.146 and 1996 c 175 s 2 are each amended to read
7 as follows:

8 (1) Upon making application for a service retirement allowance
9 under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a
10 judge who is eligible therefor shall make an election as to the manner
11 in which such service retirement shall be paid from among the following
12 designated options, calculated so as to be actuarially equivalent to
13 each other:

14 (a) Standard allowance. A member selecting this option shall
15 receive a retirement allowance, which shall be computed as provided in
16 RCW 2.10.110. The retirement allowance shall be payable throughout the
17 judge's life. However, if the judge dies before the total of the
18 retirement allowance paid to the judge equals the amount of the judge's
19 accumulated contributions at the time of retirement, then the balance

1 shall be paid to the member's estate, or such person or persons, trust,
2 or organization as the judge has nominated by written designation duly
3 executed and filed with the department of retirement systems or, if
4 there is no such designated person or persons still living at the time
5 of the judge's death, then to the surviving spouse or, if there is
6 neither such designated person or persons still living at the time of
7 death nor a surviving spouse, then to the judge's legal representative.

8 (b) The department shall adopt rules that allow a judge to select
9 a retirement option that pays the judge a reduced retirement allowance
10 and upon death, such portion of the judge's reduced retirement
11 allowance as the department by rule designates shall be continued
12 throughout the life of and paid to a designated person. Such person
13 shall be nominated by the judge by written designation duly executed
14 and filed with the department at the time of retirement. The options
15 adopted by the department shall include, but are not limited to, a
16 joint and one hundred percent survivor option and a joint and fifty
17 percent survivor option.

18 (2)(a) A judge, if married, must provide the written consent of his
19 or her spouse to the option selected under this section, except as
20 provided in (b) of this subsection. If a judge is married and both the
21 judge and the judge's spouse do not give written consent to an option
22 under this section, the department will pay the judge a joint and fifty
23 percent survivor benefit and record the judge's spouse as the
24 beneficiary. Such benefit shall be calculated to be actuarially
25 equivalent to the benefit options available under subsection (1) of
26 this section unless spousal consent is not required as provided in (b)
27 of this subsection.

28 (b) If a copy of a dissolution order designating a survivor
29 beneficiary under RCW 41.50.790 has been filed with the department at
30 least thirty days prior to a member's retirement:

31 (i) The department shall honor the designation as if made by the
32 member under subsection (1) of this section; and

33 (ii) The spousal consent provisions of (a) of this subsection do
34 not apply.

35 (3)(a) Any member who retired before January 1, 1996, and who
36 elected to receive a reduced retirement allowance under subsection
37 (1)(b) or (2) of this section is entitled to receive a retirement
38 allowance adjusted in accordance with (b) of this subsection, if they
39 meet the following conditions:

1 (i) The retiree's designated beneficiary predeceases or has
2 predeceased the retiree; and

3 (ii) The retiree provides to the department proper proof of the
4 designated beneficiary's death.

5 (b) The retirement allowance payable to the retiree, as of July 1,
6 1997, or the date of the designated beneficiary's death, whichever
7 comes last, shall be increased by the percentage derived in (c) of this
8 subsection.

9 (c) The percentage increase shall be derived by the following:

10 (i) Fifty percent multiplied by the result of (c)(ii) of this
11 subsection converted to a percent;

12 (ii) Subtract one from the reciprocal of the appropriate joint and
13 survivor option factor;

14 (iii) The joint and survivor option factor shall be from the table
15 in effect as of July 1, 1997.

16 (d) The adjustment under (b) of this subsection shall accrue from
17 the beginning of the month following the date of the designated
18 beneficiary's death or from July 1, 1997, whichever comes last.

19 **Sec. 2.** RCW 41.26.460 and 1996 c 175 s 3 are each amended to read
20 as follows:

21 (1) Upon retirement for service as prescribed in RCW 41.26.430 or
22 disability retirement under RCW 41.26.470, a member shall elect to have
23 the retirement allowance paid pursuant to the following options,
24 calculated so as to be actuarially equivalent to each other.

25 (a) Standard allowance. A member electing this option shall
26 receive a retirement allowance payable throughout such member's life.
27 However, if the retiree dies before the total of the retirement
28 allowance paid to such retiree equals the amount of such retiree's
29 accumulated contributions at the time of retirement, then the balance
30 shall be paid to the member's estate, or such person or persons, trust,
31 or organization as the retiree shall have nominated by written
32 designation duly executed and filed with the department; or if there be
33 no such designated person or persons still living at the time of the
34 retiree's death, then to the surviving spouse; or if there be neither
35 such designated person or persons still living at the time of death nor
36 a surviving spouse, then to the retiree's legal representative.

37 (b) The department shall adopt rules that allow a member to select
38 a retirement option that pays the member a reduced retirement allowance

1 and upon death, such portion of the member's reduced retirement
2 allowance as the department by rule designates shall be continued
3 throughout the life of and paid to a designated person. Such person
4 shall be nominated by the member by written designation duly executed
5 and filed with the department at the time of retirement. The options
6 adopted by the department shall include, but are not limited to, a
7 joint and one hundred percent survivor option and a joint and fifty
8 percent survivor option.

9 (2)(a) A member, if married, must provide the written consent of
10 his or her spouse to the option selected under this section, except as
11 provided in (b) of this subsection. If a member is married and both
12 the member and member's spouse do not give written consent to an option
13 under this section, the department will pay the member a joint and
14 fifty percent survivor benefit and record the member's spouse as the
15 beneficiary. Such benefit shall be calculated to be actuarially
16 equivalent to the benefit options available under subsection (1) of
17 this section unless spousal consent is not required as provided in (b)
18 of this subsection.

19 (b) If a copy of a dissolution order designating a survivor
20 beneficiary under RCW 41.50.790 has been filed with the department at
21 least thirty days prior to a member's retirement:

22 (i) The department shall honor the designation as if made by the
23 member under subsection (1) of this section; and

24 (ii) The spousal consent provisions of (a) of this subsection do
25 not apply.

26 (3)(a) Any member who retired before January 1, 1996, and who
27 elected to receive a reduced retirement allowance under subsection
28 (1)(b) or (2) of this section is entitled to receive a retirement
29 allowance adjusted in accordance with (b) of this subsection, if they
30 meet the following conditions:

31 (i) The retiree's designated beneficiary predeceases or has
32 predeceased the retiree; and

33 (ii) The retiree provides to the department proper proof of the
34 designated beneficiary's death.

35 (b) The retirement allowance payable to the retiree, as of July 1,
36 1997, or the date of the designated beneficiary's death, whichever
37 comes last, shall be increased by the percentage derived in (c) of this
38 subsection.

39 (c) The percentage increase shall be derived by the following:

1 (i) Fifty percent multiplied by the result of (c)(ii) of this
2 subsection converted to a percent;

3 (ii) Subtract one from the reciprocal of the appropriate joint and
4 survivor option factor;

5 (iii) The joint and survivor option factor shall be from the table
6 in effect as of July 1, 1997.

7 (d) The adjustment under (b) of this subsection shall accrue from
8 the beginning of the month following the date of the designated
9 beneficiary's death or from July 1, 1997, whichever comes last.

10 **Sec. 3.** RCW 41.32.530 and 1996 c 175 s 4 are each amended to read
11 as follows:

12 (1) Upon an application for retirement for service under RCW
13 41.32.480 or retirement for disability under RCW 41.32.550, approved by
14 the department, every member shall receive the maximum retirement
15 allowance available to him or her throughout life unless prior to the
16 time the first installment thereof becomes due he or she has elected,
17 by executing the proper application therefor, to receive the actuarial
18 equivalent of his or her retirement allowance in reduced payments
19 throughout his or her life with the following options:

20 (a) Standard allowance. If he or she dies before he or she has
21 received the present value of his or her accumulated contributions at
22 the time of his or her retirement in annuity payments, the unpaid
23 balance shall be paid to his or her estate or to such person, trust, or
24 organization as he or she shall have nominated by written designation
25 executed and filed with the department.

26 (b) The department shall adopt rules that allow a member to select
27 a retirement option that pays the member a reduced retirement allowance
28 and upon death, such portion of the member's reduced retirement
29 allowance as the department by rule designates shall be continued
30 throughout the life of and paid to a person who has an insurable
31 interest in the member's life. Such person shall be nominated by the
32 member by written designation duly executed and filed with the
33 department at the time of retirement. The options adopted by the
34 department shall include, but are not limited to, a joint and one
35 hundred percent survivor option and a joint and fifty percent survivor
36 option.

37 (c) Such other benefits shall be paid to a member receiving a
38 retirement allowance under RCW 41.32.497 as the member may designate

1 for himself, herself, or others equal to the actuarial value of his or
2 her retirement annuity at the time of his retirement: PROVIDED, That
3 the board of trustees shall limit withdrawals of accumulated
4 contributions to such sums as will not reduce the member's retirement
5 allowance below one hundred and twenty dollars per month.

6 (d) A member whose retirement allowance is calculated under RCW
7 41.32.498 may also elect to receive a retirement allowance based on
8 options available under this subsection that includes the benefit
9 provided under RCW 41.32.770. This retirement allowance option shall
10 also be calculated so as to be actuarially equivalent to the maximum
11 retirement allowance and to the options available under this
12 subsection.

13 (2)(a) A member, if married, must provide the written consent of
14 his or her spouse to the option selected under this section, except as
15 provided in (b) of this subsection. If a member is married and both
16 the member and the member's spouse do not give written consent to an
17 option under this section, the department will pay the member a joint
18 and fifty percent survivor benefit and record the member's spouse as
19 the beneficiary. Such benefit shall be calculated to be actuarially
20 equivalent to the benefit options available under subsection (1) of
21 this section unless spousal consent is not required as provided in (b)
22 of this subsection.

23 (b) If a copy of a dissolution order designating a survivor
24 beneficiary under RCW 41.50.790 has been filed with the department at
25 least thirty days prior to a member's retirement:

26 (i) The department shall honor the designation as if made by the
27 member under subsection (1) of this section; and

28 (ii) The spousal consent provisions of (a) of this subsection do
29 not apply.

30 (3)(a) Any member who retired before January 1, 1996, and who
31 elected to receive a reduced retirement allowance under subsection
32 (1)(b) or (2) of this section is entitled to receive a retirement
33 allowance adjusted in accordance with (b) of this subsection, if they
34 meet the following conditions:

35 (i) The retiree's designated beneficiary predeceases or has
36 predeceased the retiree; and

37 (ii) The retiree provides to the department proper proof of the
38 designated beneficiary's death.

1 (b) The retirement allowance payable to the retiree, as of July 1,
2 1997, or the date of the designated beneficiary's death, whichever
3 comes last, shall be increased by the percentage derived in (c) of this
4 subsection.

5 (c) The percentage increase shall be derived by the following:

6 (i) Fifty percent multiplied by the result of (c)(ii) of this
7 subsection converted to a percent;

8 (ii) Subtract one from the reciprocal of the appropriate joint and
9 survivor option factor;

10 (iii) The joint and survivor option factor shall be from the table
11 in effect as of July 1, 1997.

12 (d) The adjustment under (b) of this subsection shall accrue from
13 the beginning of the month following the date of the designated
14 beneficiary's death or from July 1, 1997, whichever comes last.

15 **Sec. 4.** RCW 41.32.785 and 1996 c 175 s 5 are each amended to read
16 as follows:

17 (1) Upon retirement for service as prescribed in RCW 41.32.765 or
18 retirement for disability under RCW 41.32.790, a member shall elect to
19 have the retirement allowance paid pursuant to the following options,
20 calculated so as to be actuarially equivalent to each other.

21 (a) Standard allowance. A member electing this option shall
22 receive a retirement allowance payable throughout such member's life.
23 However, if the retiree dies before the total of the retirement
24 allowance paid to such retiree equals the amount of such retiree's
25 accumulated contributions at the time of retirement, then the balance
26 shall be paid to the member's estate, or such person or persons, trust,
27 or organization as the retiree shall have nominated by written
28 designation duly executed and filed with the department; or if there be
29 no such designated person or persons still living at the time of the
30 retiree's death, then to the surviving spouse; or if there be neither
31 such designated person or persons still living at the time of death nor
32 a surviving spouse, then to the retiree's legal representative.

33 (b) The department shall adopt rules that allow a member to select
34 a retirement option that pays the member a reduced retirement allowance
35 and upon death, such portion of the member's reduced retirement
36 allowance as the department by rule designates shall be continued
37 throughout the life of and paid to a designated person. Such person
38 shall be nominated by the member by written designation duly executed

1 and filed with the department at the time of retirement. The options
2 adopted by the department shall include, but are not limited to, a
3 joint and one hundred percent survivor option and a joint and fifty
4 percent survivor option.

5 (2)(a) A member, if married, must provide the written consent of
6 his or her spouse to the option selected under this section, except as
7 provided in (b) of this subsection. If a member is married and both
8 the member and member's spouse do not give written consent to an option
9 under this section, the department will pay the member a joint and
10 fifty percent survivor benefit and record the member's spouse as the
11 beneficiary. Such benefit shall be calculated to be actuarially
12 equivalent to the benefit options available under subsection (1) of
13 this section unless spousal consent is not required as provided in (b)
14 of this subsection.

15 (b) If a copy of a dissolution order designating a survivor
16 beneficiary under RCW 41.50.790 has been filed with the department at
17 least thirty days prior to a member's retirement:

18 (i) The department shall honor the designation as if made by the
19 member under subsection (1) of this section; and

20 (ii) The spousal consent provisions of (a) of this subsection do
21 not apply.

22 (3)(a) Any member who retired before January 1, 1996, and who
23 elected to receive a reduced retirement allowance under subsection
24 (1)(b) or (2) of this section is entitled to receive a retirement
25 allowance adjusted in accordance with (b) of this subsection, if they
26 meet the following conditions:

27 (i) The retiree's designated beneficiary predeceases or has
28 predeceased the retiree; and

29 (ii) The retiree provides to the department proper proof of the
30 designated beneficiary's death.

31 (b) The retirement allowance payable to the retiree, as of July 1,
32 1997, or the date of the designated beneficiary's death, whichever
33 comes last, shall be increased by the percentage derived in (c) of this
34 subsection.

35 (c) The percentage increase shall be derived by the following:

36 (i) Fifty percent multiplied by the result of (c)(ii) of this
37 subsection converted to a percent;

38 (ii) Subtract one from the reciprocal of the appropriate joint and
39 survivor option factor;

1 (iii) The joint and survivor option factor shall be from the table
2 in effect as of July 1, 1997.

3 (d) The adjustment under (b) of this subsection shall accrue from
4 the beginning of the month following the date of the designated
5 beneficiary's death or from July 1, 1997, whichever comes last.

6 **Sec. 5.** RCW 41.40.188 and 1996 c 175 s 6 are each amended to read
7 as follows:

8 (1) Upon retirement for service as prescribed in RCW 41.40.180 or
9 retirement for disability under RCW 41.40.210 or 41.40.230, a member
10 shall elect to have the retirement allowance paid pursuant to one of
11 the following options calculated so as to be actuarially equivalent to
12 each other.

13 (a) Standard allowance. A member electing this option shall
14 receive a retirement allowance payable throughout such member's life.
15 However, if the retiree dies before the total of the retirement
16 allowance paid to such retiree equals the amount of such retiree's
17 accumulated contributions at the time of retirement, then the balance
18 shall be paid to the member's estate, or such person or persons, trust,
19 or organization as the retiree shall have nominated by written
20 designation duly executed and filed with the department; or if there be
21 no such designated person or persons still living at the time of the
22 retiree's death, then to the surviving spouse; or if there be neither
23 such designated person or persons still living at the time of death nor
24 a surviving spouse, then to the retiree's legal representative.

25 (b) The department shall adopt rules that allow a member to select
26 a retirement option that pays the member a reduced retirement allowance
27 and upon death, such portion of the member's reduced retirement
28 allowance as the department by rule designates shall be continued
29 throughout the life of and paid to a person nominated by the member by
30 written designation duly executed and filed with the department at the
31 time of retirement. The options adopted by the department shall
32 include, but are not limited to, a joint and one hundred percent
33 survivor option and a joint and fifty percent survivor option.

34 (c) A member may elect to include the benefit provided under RCW
35 41.40.640 along with the retirement options available under this
36 section. This retirement allowance option shall be calculated so as to
37 be actuarially equivalent to the options offered under this subsection.

1 (2)(a) A member, if married, must provide the written consent of
2 his or her spouse to the option selected under this section, except as
3 provided in (b) of this subsection. If a member is married and both
4 the member and the member's spouse do not give written consent to an
5 option under this section, the department shall pay a joint and fifty
6 percent survivor benefit calculated to be actuarially equivalent to the
7 benefit options available under subsection (1) of this section unless
8 spousal consent is not required as provided in (b) of this subsection.

9 (b) If a copy of a dissolution order designating a survivor
10 beneficiary under RCW 41.50.790 has been filed with the department at
11 least thirty days prior to a member's retirement:

12 (i) The department shall honor the designation as if made by the
13 member under subsection (1) of this section; and

14 (ii) The spousal consent provisions of (a) of this subsection do
15 not apply.

16 (3)(a) Any member who retired before January 1, 1996, and who
17 elected to receive a reduced retirement allowance under subsection
18 (1)(b) or (2) of this section is entitled to receive a retirement
19 allowance adjusted in accordance with (b) of this subsection, if they
20 meet the following conditions:

21 (i) The retiree's designated beneficiary predeceases or has
22 predeceased the retiree; and

23 (ii) The retiree provides to the department proper proof of the
24 designated beneficiary's death.

25 (b) The retirement allowance payable to the retiree, as of July 1,
26 1997, or the date of the designated beneficiary's death, whichever
27 comes last, shall be increased by the percentage derived in (c) of this
28 subsection.

29 (c) The percentage increase shall be derived by the following:

30 (i) Fifty percent multiplied by the result of (c)(ii) of this
31 subsection converted to a percent;

32 (ii) Subtract one from the reciprocal of the appropriate joint and
33 survivor option factor;

34 (iii) The joint and survivor option factor shall be from the table
35 in effect as of July 1, 1997.

36 (d) The adjustment under (b) of this subsection shall accrue from
37 the beginning of the month following the date of the designated
38 beneficiary's death or from July 1, 1997, whichever comes last.

1 **Sec. 6.** RCW 41.40.660 and 1996 c 175 s 7 are each amended to read
2 as follows:

3 (1) Upon retirement for service as prescribed in RCW 41.40.630 or
4 retirement for disability under RCW 41.40.670, a member shall elect to
5 have the retirement allowance paid pursuant to one of the following
6 options, calculated so as to be actuarially equivalent to each other.

7 (a) Standard allowance. A member electing this option shall
8 receive a retirement allowance payable throughout such member's life.
9 However, if the retiree dies before the total of the retirement
10 allowance paid to such retiree equals the amount of such retiree's
11 accumulated contributions at the time of retirement, then the balance
12 shall be paid to the member's estate, or such person or persons, trust,
13 or organization as the retiree shall have nominated by written
14 designation duly executed and filed with the department; or if there be
15 no such designated person or persons still living at the time of the
16 retiree's death, then to the surviving spouse; or if there be neither
17 such designated person or persons still living at the time of death nor
18 a surviving spouse, then to the retiree's legal representative.

19 (b) The department shall adopt rules that allow a member to select
20 a retirement option that pays the member a reduced retirement allowance
21 and upon death, such portion of the member's reduced retirement
22 allowance as the department by rule designates shall be continued
23 throughout the life of and paid to a person nominated by the member by
24 written designation duly executed and filed with the department at the
25 time of retirement. The options adopted by the department shall
26 include, but are not limited to, a joint and one hundred percent
27 survivor option and a joint and fifty percent survivor option.

28 (2)(a) A member, if married, must provide the written consent of
29 his or her spouse to the option selected under this section, except as
30 provided in (b) of this subsection. If a member is married and both
31 the member and the member's spouse do not give written consent to an
32 option under this section, the department shall pay a joint and fifty
33 percent survivor benefit calculated to be actuarially equivalent to the
34 benefit options available under subsection (1) of this section unless
35 spousal consent is not required as provided in (b) of this subsection.

36 (b) If a copy of a dissolution order designating a survivor
37 beneficiary under RCW 41.50.790 has been filed with the department at
38 least thirty days prior to a member's retirement:

1 (i) The department shall honor the designation as if made by the
2 member under subsection (1) of this section; and

3 (ii) The spousal consent provisions of (a) of this subsection do
4 not apply.

5 (3)(a) Any member who retired before January 1, 1996, and who
6 elected to receive a reduced retirement allowance under subsection
7 (1)(b) or (2) of this section is entitled to receive a retirement
8 allowance adjusted in accordance with (b) of this subsection, if they
9 meet the following conditions:

10 (i) The retiree's designated beneficiary predeceases or has
11 predeceased the retiree; and

12 (ii) The retiree provides to the department proper proof of the
13 designated beneficiary's death.

14 (b) The retirement allowance payable to the retiree, as of July 1,
15 1997, or the date of the designated beneficiary's death, whichever
16 comes last, shall be increased by the percentage derived in (c) of this
17 subsection.

18 (c) The percentage increase shall be derived by the following:

19 (i) Fifty percent multiplied by the result of (c)(ii) of this
20 subsection converted to a percent;

21 (ii) Subtract one from the reciprocal of the appropriate joint and
22 survivor option factor;

23 (iii) The joint and survivor option factor shall be from the table
24 in effect as of July 1, 1997.

25 (d) The adjustment under (b) of this subsection shall accrue from
26 the beginning of the month following the date of the designated
27 beneficiary's death or from July 1, 1997, whichever comes last.

28 **Sec. 7.** RCW 41.04.275 and 1994 c 298 s 6 are each amended to read
29 as follows:

30 The pension funding account is created in the state treasury.
31 Moneys in the account may be spent only after appropriation.
32 ~~((Expenditures from the account may be used only for the continuing~~
33 ~~costs of any state retirement system benefits in effect on July 1,~~
34 ~~1993, consistent with section 919, chapter 24, Laws of 1993 sp. sess.))~~

35 NEW SECTION. **Sec. 8.** (1) The sum of twelve million five hundred
36 thousand dollars is appropriated for the fiscal year ending June 30,
37 1998, from the pension funding account to the department of retirement

1 systems for funding the benefits provided under this act for the
2 Washington state teachers' retirement system plan I.

3 (2) The sum of twelve million five hundred thousand dollars is
4 appropriated for the fiscal year ending June 30, 1998, from the pension
5 funding account to the department of retirement systems for funding the
6 benefits provided under this act for the Washington public employees'
7 retirement system plan I.

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