
SENATE BILL 5655

State of Washington 55th Legislature 1997 Regular Session

By Senators Winsley, Bauer, Swecker and Jacobsen

Read first time 02/05/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to conversion to the standard retirement allowance
2 when spouse beneficiaries of the reduced retirement allowance have
3 died; and amending RCW 41.26.460, 41.32.530, 41.32.785, 41.40.188, and
4 41.40.660.

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

6 **Sec. 1.** RCW 41.26.460 and 1996 c 175 s 3 are each amended to read
7 as follows:

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

12 (a) Standard allowance. A member electing this option shall
13 receive a retirement allowance payable throughout such member's life.
14 However, if the retiree dies before the total of the retirement
15 allowance paid to such retiree equals the amount of such retiree's
16 accumulated contributions at the time of retirement, then the balance
17 shall be paid to the member's estate, or such person or persons, trust,
18 or organization as the retiree shall have nominated by written
19 designation duly executed and filed with the department; or if there be

1 no such designated person or persons still living at the time of the
2 retiree's death, then to the surviving spouse; or if there be neither
3 such designated person or persons still living at the time of death nor
4 a surviving spouse, then to the retiree's legal representative.

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

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

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

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

30 (ii) The spousal consent provisions of (a) of this subsection do
31 not apply.

32 (3)(a) Any member who retired before January 1, 1996, and who
33 elected to receive a reduced retirement allowance under subsection
34 (1)(b) of this section is entitled to receive a retirement allowance
35 equal to the standard allowance, adjusted for any cost-of-living or
36 other postretirement adjustments made to the original allowance since
37 the effective date of retirement, if:

38 (i) The retiree designated the retiree's spouse as beneficiary
39 under the reduced retirement allowance option;

1 (ii) The retiree's spouse has predeceased the retiree; and
2 (iii) The retiree gives written notice to the department of the
3 retiree's election to convert to the standard allowance under this
4 subsection.

5 (b) Any retiree eligible for a conversion to the standard benefit
6 payment level under (a) of this subsection on the effective date of
7 this act, based on the death of a spouse prior to the effective date of
8 this act, may file a notice with the department requesting payment of
9 the standard allowance that is effective beginning the first full month
10 after the effective date of this act.

11 **Sec. 2.** RCW 41.32.530 and 1996 c 175 s 4 are each amended to read
12 as follows:

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

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

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

1 (c) Such other benefits shall be paid to a member receiving a
2 retirement allowance under RCW 41.32.497 as the member may designate
3 for himself, herself, or others equal to the actuarial value of his or
4 her retirement annuity at the time of his or her retirement: PROVIDED,
5 That the (~~board of trustees~~) department shall limit withdrawals of
6 accumulated contributions to such sums as will not reduce the member's
7 retirement allowance below one hundred and twenty dollars per month.

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

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

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

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

30 (ii) The spousal consent provisions of (a) of this subsection do
31 not apply.

32 (3)(a) Any member who retired before January 1, 1996, and who
33 elected to receive a reduced retirement allowance under subsection
34 (1)(b) of this section is entitled to receive a retirement allowance
35 equal to the standard allowance, adjusted for any cost-of-living or
36 other postretirement adjustments made to the original allowance since
37 the effective date of retirement, if:

38 (i) The retiree designated the retiree's spouse as beneficiary
39 under the reduced retirement allowance option;

1 (ii) The retiree's spouse has predeceased the retiree; and
2 (iii) The retiree gives written notice to the department of the
3 retiree's election to convert to the standard allowance under this
4 subsection.

5 (b) Any retiree eligible for a conversion to the standard benefit
6 payment level under (a) of this subsection on the effective date of
7 this act, based on the death of a spouse prior to the effective date of
8 this act, may file a notice with the department requesting payment of
9 the standard allowance that is effective beginning the first full month
10 after the effective date of this act.

11 **Sec. 3.** RCW 41.32.785 and 1996 c 175 s 5 are each amended to read
12 as follows:

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

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

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

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 member's spouse do not give written consent to an option
5 under this section, the department will pay the member a joint and
6 fifty percent survivor benefit and record the member's spouse as the
7 beneficiary. Such benefit shall be calculated to be actuarially
8 equivalent to the benefit options available under subsection (1) of
9 this section unless spousal consent is not required as provided in (b)
10 of this subsection.

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

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

16 (ii) The spousal consent provisions of (a) of this subsection do
17 not apply.

18 (3)(a) Any member who retired before January 1, 1996, and who
19 elected to receive a reduced retirement allowance under subsection
20 (1)(b) of this section is entitled to receive a retirement allowance
21 equal to the standard allowance, adjusted for any cost-of-living or
22 other postretirement adjustments made to the original allowance since
23 the effective date of retirement, if:

24 (i) The retiree designated the retiree's spouse as beneficiary
25 under the reduced retirement allowance option;

26 (ii) The retiree's spouse has predeceased the retiree; and

27 (iii) The retiree gives written notice to the department of the
28 retiree's election to convert to the standard allowance under this
29 subsection.

30 (b) Any retiree eligible for a conversion to the standard benefit
31 payment level under (a) of this subsection on the effective date of
32 this act, based on the death of a spouse prior to the effective date of
33 this act, may file a notice with the department requesting payment of
34 the standard allowance that is effective beginning the first full month
35 after the effective date of this act.

36 **Sec. 4.** RCW 41.40.188 and 1996 c 175 s 6 are each amended to read
37 as follows:

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

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

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

27 (c) A member may elect to include the benefit provided under RCW
28 41.40.640 along with the retirement options available under this
29 section. This retirement allowance option shall be calculated so as to
30 be actuarially equivalent to the options offered under this subsection.

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

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

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

6 (ii) The spousal consent provisions of (a) of this subsection do
7 not apply.

8 (3)(a) Any member who retired before January 1, 1996, and who
9 elected to receive a reduced retirement allowance under subsection
10 (1)(b) of this section is entitled to receive a retirement allowance
11 equal to the standard allowance, adjusted for any cost-of-living or
12 other postretirement adjustments made to the original allowance since
13 the effective date of retirement, if:

14 (i) The retiree designated the retiree's spouse as beneficiary
15 under the reduced retirement allowance option;

16 (ii) The retiree's spouse has predeceased the retiree; and

17 (iii) The retiree gives written notice to the department of the
18 retiree's election to convert to the standard allowance under this
19 subsection.

20 (b) Any retiree eligible for a conversion to the standard benefit
21 payment level under (a) of this subsection on the effective date of
22 this act, based on the death of a spouse prior to the effective date of
23 this act, may file a notice with the department requesting payment of
24 the standard allowance that is effective beginning the first full month
25 after the effective date of this act.

26 **Sec. 5.** RCW 41.40.660 and 1996 c 175 s 7 are each amended to read
27 as follows:

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

32 (a) Standard allowance. A member electing this option shall
33 receive a retirement allowance payable throughout such member's life.
34 However, if the retiree dies before the total of the retirement
35 allowance paid to such retiree equals the amount of such retiree's
36 accumulated contributions at the time of retirement, then the balance
37 shall be paid to the member's estate, or such person or persons, trust,
38 or organization as the retiree shall have nominated by written

1 designation duly executed and filed with the department; or if there be
2 no such designated person or persons still living at the time of the
3 retiree's death, then to the surviving spouse; or if there be neither
4 such designated person or persons still living at the time of death nor
5 a surviving spouse, then to the retiree's legal representative.

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

15 (2)(a) A member, if married, must provide the written consent of
16 his or her spouse to the option selected under this section, except as
17 provided in (b) of this subsection. If a member is married and both
18 the member and the member's spouse do not give written consent to an
19 option under this section, the department shall pay a joint and fifty
20 percent survivor benefit calculated to be actuarially equivalent to the
21 benefit options available under subsection (1) of this section unless
22 spousal consent is not required as provided in (b) 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) of this section is entitled to receive a retirement allowance
33 equal to the standard allowance, adjusted for any cost-of-living or
34 other postretirement adjustments made to the original allowance since
35 the effective date of retirement, if:

36 (i) The retiree designated the retiree's spouse as beneficiary
37 under the reduced retirement allowance option;

38 (ii) The retiree's spouse has predeceased the retiree; and

1 (iii) The retiree gives written notice to the department of the
2 retiree's election to convert to the standard allowance under this
3 subsection.

4 (b) Any retiree eligible for a conversion to the standard benefit
5 payment level under (a) of this subsection on the effective date of
6 this act, based on the death of a spouse prior to the effective date of
7 this act, may file a notice with the department requesting payment of
8 the standard allowance that is effective beginning the first full month
9 after the effective date of this act.

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