

# HOUSE BILL ANALYSIS

## HB 1022

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**Brief Description:** Adjusting the Washington state patrol surviving spouse retirement allowance.

### Brief Summary of Bill

- Provides a cost-of-living adjustment to the benefit received by survivors in the Washington State Patrol Retirement System.
- Directs the Department of Retirement Systems to develop actuarially equivalent survivor benefit options for members of the Washington State Patrol Retirement System.

**Background:** If a member of the Washington State Patrol Retirement System (WSPRS) dies, either in service or after retirement, the member's spouse receives a survivor allowance which is usually equal to 50 percent of the member's average final salary—(AFS). The benefit is provided automatically.

The WSPRS survivor allowance does not include a cost-of-living adjustment (COLA). The survivor benefits paid in all other state retirement systems do include COLA provisions to offset the reduction in purchasing power that occurs due to inflation.

In all Washington State retirement plans except WSPRS and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1), retiree survivor benefits are an optional benefit and the member's retirement allowance is reduced to pay the cost of providing a continuing benefit to a survivor. The retiree survivor options provided by other plans include a joint and 100 percent option where the surviving beneficiary continues to receive the same retirement allowance that was being paid to the retiree; and joint and two-thirds and joint and fifty percent options where the survivor receives an allowance that is two-thirds or fifty percent of the allowance the retiree was receiving at death.

In 1997, the WSPRS survivor benefit statute was amended to provide that the retirement allowance paid to surviving spouses would not be less than 20 dollars per month for each year of service.

The retirement and survivor benefits paid by the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) are increased each July for retirees over age 66 by the Uniform COLA. In 1999, the Uniform COLA increase will be \$0.77 per month, per year of service. The Uniform COLA increases by ~~three percent each year.~~

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**Summary:** The Uniform COLA is provided to current and future WSP survivors effective July 1, 1999. The minimum monthly survivor benefit is also increased annually by the Uniform COLA amount.

The Department of Retirement Systems is directed to adopt rules by July 1, 2000, that create a new survivor benefit option for WSPRS retirees. The new option will permit retirees to provide a different level of continuing benefit for their surviving spouses and will require a reduction in the members' retirement allowance to pay the cost of providing the continuing benefit.

**Appropriation:** None.

**Fiscal Note:** Available.

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