

SENATE BILL REPORT

SB 5030

As Reported By Senate Committee On:
Ways & Means, February 23, 1999

Title: An act relating to the Washington state patrol surviving spouse retirement allowance.

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

Sponsors: Senators Long, Fraser, Winsley, Franklin, Bauer, Jacobsen, Roach, T. Sheldon, Johnson and Rasmussen; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/26/99, 2/23/99 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5030 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Roach, Rossi, B. Sheldon, Snyder, Spanel, West, Winsley, Wojahn and Zarelli.

Staff: Pete Cutler (786-7454)

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- (FAS). The benefit is provided automatically and at no cost to the member.

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. WSPRS retirees receive an automatic 2 percent annual COLA.

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. These plans provide retirees with three survivor benefit options: a joint and 100 percent option where the survivor continues to receive the same retirement allowance that was being paid to the retiree; a joint and two-thirds option where the survivor allowance is two-thirds of the retiree allowance; and a joint and 50 percent option where the survivor receives 50 percent of the retiree allowance.

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 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 3 percent each year.

Summary of Substitute Bill: 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 permits the retirees to provide a different level of continuing benefit for their surviving spouses that include an automatic 2 percent annual increase. The new option also requires a reduction in the members' retirement allowance to pay the cost of providing the continuing benefit.

Substitute Bill Compared to Original Bill: Technical amendments clarify the amount of the initial Uniform COLA increase and that the new survivor option created by DRS must include the same annual 2 percent COLA provided to WSPRS retirees.

Appropriation: None.

Fiscal Note: Requested on January 19, 1999.

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

Testimony For: State Patrol surviving spouses need an automatic cost-of-living adjustment to provide some protection against the impact of inflation. This bill would provide them with the same annual increase provided to retirees of PERS I and TRS I. It also directs DRS to create a new retirement survivor option for future retirees.

Testimony Against: None.

Testified: PRO: Bob Landon, Ruth Jordan, Mert Obert, Bill Hanson, WSPTA; Annette Sandberg, WSP.