
SUBSTITUTE HOUSE BILL 2604

State of Washington

56th Legislature

2000 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Doumit, Alexander, Wolfe, Delvin, Conway, Carlson, H. Sommers, McDonald, Schoesler, Pflug, Talcott, Clements, Bush, Keiser, Haigh, Rockefeller, Kagi and Hurst; by request of Joint Committee on Pension Policy)

Read first time 02/02/2000. Referred to Committee on .

1 AN ACT Relating to options for payment of retirement allowances;
2 amending RCW 41.26.460, 41.32.530, 41.32.785, 41.32.851, 41.35.220,
3 41.40.188, and 41.40.660; and providing an effective date.

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

5 **Sec. 1.** RCW 41.26.460 and 1998 c 340 s 5 are each amended to read
6 as follows:

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

11 (a) Standard allowance. A member electing this option shall
12 receive a retirement allowance payable throughout such member's life.
13 However, if the retiree dies before the total of the retirement
14 allowance paid to such retiree equals the amount of such retiree's
15 accumulated contributions at the time of retirement, then the balance
16 shall be paid to the member's estate, or such person or persons, trust,
17 or organization as the retiree shall have nominated by written
18 designation duly executed and filed with the department; or if there be
19 no such designated person or persons still living at the time of the

1 retiree's death, then to the surviving spouse; or if there be neither
2 such designated person or persons still living at the time of death nor
3 a surviving spouse, then to the retiree's legal representative.

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

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

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

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

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

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

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

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

1 (b) The retirement allowance payable to the retiree, as of July 1,
2 1998, 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) One hundred 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, 1998.

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, 1998, whichever comes last.

15 (4) No later than July 1, 2001, the department shall adopt rules
16 that allow a member additional actuarially equivalent survivor benefit
17 options, and shall include, but are not limited to:

18 (a)(i) A retired member who retired without designating a survivor
19 beneficiary shall have the opportunity to designate their spouse from
20 a postretirement marriage as a survivor during a one-year period
21 beginning one year after the date of the postretirement marriage
22 provided the retirement allowance payable to the retiree is not subject
23 to periodic payments pursuant to a property division obligation as
24 provided for in RCW 41.50.670.

25 (ii) A member who entered into a postretirement marriage prior to
26 the effective date of the rules adopted pursuant to this subsection and
27 satisfies the conditions of (a)(i) of this subsection shall have one
28 year to designate their spouse as a survivor beneficiary following the
29 adoption of the rules.

30 (b) A retired member who elected to receive a reduced retirement
31 allowance under this section and designated a nonspouse as survivor
32 beneficiary shall have the opportunity to remove the survivor
33 designation and have their future benefit adjusted.

34 (c) The department may make an additional charge, if necessary, to
35 ensure that the benefits provided under this subsection remain
36 actuarially equivalent.

37 **Sec. 2.** RCW 41.32.530 and 1998 c 340 s 6 are each amended to read
38 as follows:

1 (1) Upon an application for retirement for service under RCW
2 41.32.480 or retirement for disability under RCW 41.32.550, approved by
3 the department, every member shall receive the maximum retirement
4 allowance available to him or her throughout life unless prior to the
5 time the first installment thereof becomes due he or she has elected,
6 by executing the proper application therefor, to receive the actuarial
7 equivalent of his or her retirement allowance in reduced payments
8 throughout his or her life with the following options:

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

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

26 (c) Such other benefits shall be paid to a member receiving a
27 retirement allowance under RCW 41.32.497 as the member may designate
28 for himself, herself, or others equal to the actuarial value of his or
29 her retirement annuity at the time of his retirement: PROVIDED, That
30 the board of trustees shall limit withdrawals of accumulated
31 contributions to such sums as will not reduce the member's retirement
32 allowance below one hundred and twenty dollars per month.

33 (d) A member whose retirement allowance is calculated under RCW
34 41.32.498 may also elect to receive a retirement allowance based on
35 options available under this subsection that includes the benefit
36 provided under RCW 41.32.770. This retirement allowance option shall
37 also be calculated so as to be actuarially equivalent to the maximum
38 retirement allowance and to the options available under this
39 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 will pay the member a joint
6 and fifty percent survivor benefit and record the member's spouse as
7 the 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) or (2) of this section is entitled to receive a retirement
21 allowance adjusted in accordance with (b) of this subsection, if they
22 meet the following conditions:

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

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

27 (b) The retirement allowance payable to the retiree, as of July 1,
28 1998, or the date of the designated beneficiary's death, whichever
29 comes last, shall be increased by the percentage derived in (c) of this
30 subsection.

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

32 (i) One hundred percent multiplied by the result of (c)(ii) of this
33 subsection converted to a percent;

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

36 (iii) The joint and survivor option factor shall be from the table
37 in effect as of July 1, 1998.

1 (d) The adjustment under (b) of this subsection shall accrue from
2 the beginning of the month following the date of the designated
3 beneficiary's death or from July 1, 1998, whichever comes last.

4 (4) No later than July 1, 2001, the department shall adopt rules
5 that allow a member additional actuarially equivalent survivor benefit
6 options, and shall include, but are not limited to:

7 (a)(i) A retired member who retired without designating a survivor
8 beneficiary shall have the opportunity to designate their spouse from
9 a postretirement marriage as a survivor during a one-year period
10 beginning one year after the date of the postretirement marriage
11 provided the retirement allowance payable to the retiree is not subject
12 to periodic payments pursuant to a property division obligation as
13 provided for in RCW 41.50.670.

14 (ii) A member who entered into a postretirement marriage prior to
15 the effective date of the rules adopted pursuant to this subsection and
16 satisfies the conditions of (a)(i) of this subsection shall have one
17 year to designate their spouse as a survivor beneficiary following the
18 adoption of the rules.

19 (b) A retired member who elected to receive a reduced retirement
20 allowance under this section and designated a nonspouse as survivor
21 beneficiary shall have the opportunity to remove the survivor
22 designation and have their future benefit adjusted.

23 (c) The department may make an additional charge, if necessary, to
24 ensure that the benefits provided under this subsection remain
25 actuarially equivalent.

26 **Sec. 3.** RCW 41.32.785 and 1998 c 340 s 7 are each amended to read
27 as follows:

28 (1) Upon retirement for service as prescribed in RCW 41.32.765 or
29 retirement for disability under RCW 41.32.790, a member shall elect to
30 have the retirement allowance paid pursuant to the following options,
31 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 designated person. Such person
11 shall be nominated by the member by written designation duly executed
12 and filed with the department at the time of retirement. The options
13 adopted by the department shall include, but are not limited to, a
14 joint and one hundred percent survivor option and a joint and fifty
15 percent survivor option.

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

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

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

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

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

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

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

3 (b) The retirement allowance payable to the retiree, as of July 1,
4 1998, or the date of the designated beneficiary's death, whichever
5 comes last, shall be increased by the percentage derived in (c) of this
6 subsection.

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

8 (i) One hundred percent multiplied by the result of (c)(ii) of this
9 subsection converted to a percent;

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

12 (iii) The joint and survivor option factor shall be from the table
13 in effect as of July 1, 1998.

14 (d) The adjustment under (b) of this subsection shall accrue from
15 the beginning of the month following the date of the designated
16 beneficiary's death or from July 1, 1998, whichever comes last.

17 (4) No later than July 1, 2001, the department shall adopt rules
18 that allow a member additional actuarially equivalent survivor benefit
19 options, and shall include, but are not limited to:

20 (a)(i) A retired member who retired without designating a survivor
21 beneficiary shall have the opportunity to designate their spouse from
22 a postretirement marriage as a survivor during a one-year period
23 beginning one year after the date of the postretirement marriage
24 provided the retirement allowance payable to the retiree is not subject
25 to periodic payments pursuant to a property division obligation as
26 provided for in RCW 41.50.670.

27 (ii) A member who entered into a postretirement marriage prior to
28 the effective date of the rules adopted pursuant to this subsection and
29 satisfies the conditions of (a)(i) of this subsection shall have one
30 year to designate their spouse as a survivor beneficiary following the
31 adoption of the rules.

32 (b) A retired member who elected to receive a reduced retirement
33 allowance under this section and designated a nonspouse as survivor
34 beneficiary shall have the opportunity to remove the survivor
35 designation and have their future benefit adjusted.

36 (c) The department may make an additional charge, if necessary, to
37 ensure that the benefits provided under this subsection remain
38 actuarially equivalent.

1 **Sec. 4.** RCW 41.32.851 and 1995 c 239 s 108 are each amended to
2 read as follows:

3 (1) Upon retirement for service as prescribed in RCW 41.32.875 or
4 retirement for disability under RCW 41.32.880, 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 Upon the death of the retired member, all benefits shall cease.

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

20 (2) A member, if married, must provide the written consent of his
21 or her spouse to the option selected under this section. If a member
22 is married and both the member and the member's spouse do not give
23 written consent to an option under this section, the department shall
24 pay a joint and fifty percent survivor benefit calculated to be
25 actuarially equivalent to the benefit options available under
26 subsection (1) of this section.

27 (3) No later than July 1, 2001, the department shall adopt rules
28 that allow a member additional actuarially equivalent survivor benefit
29 options, and shall include, but are not limited to:

30 (a)(i) A retired member who retired without designating a survivor
31 beneficiary shall have the opportunity to designate their spouse from
32 a postretirement marriage as a survivor during a one-year period
33 beginning one year after the date of the postretirement marriage
34 provided the retirement allowance payable to the retiree is not subject
35 to periodic payments pursuant to a property division obligation as
36 provided for in RCW 41.50.670.

37 (ii) A member who entered into a postretirement marriage prior to
38 the effective date of the rules adopted pursuant to this subsection and
39 satisfies the conditions of (a)(i) of this subsection shall have one

1 year to designate their spouse as a survivor beneficiary following the
2 adoption of the rules.

3 (b) A retired member who elected to receive a reduced retirement
4 allowance under this section and designated a nonspouse as survivor
5 beneficiary shall have the opportunity to remove the survivor
6 designation and have their future benefit adjusted.

7 (c) The department may make an additional charge, if necessary, to
8 ensure that the benefits provided under this subsection remain
9 actuarially equivalent.

10 **Sec. 5.** RCW 41.35.220 and 1998 c 341 s 23 are each amended to read
11 as follows:

12 (1) Upon retirement for service as prescribed in RCW 41.35.420 or
13 41.35.680 or retirement for disability under RCW 41.35.440 or
14 41.35.690, a member shall elect to have the retirement allowance paid
15 pursuant to one of the following options, calculated so as to be
16 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 person nominated by the member by
34 written designation duly executed and filed with the department at the
35 time of retirement. The options adopted by the department shall
36 include, but are not limited to, a joint and one hundred percent
37 survivor option and a joint and fifty 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 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) No later than July 1, 2001, the department shall adopt rules
17 that allow a member additional actuarially equivalent survivor benefit
18 options, and shall include, but are not limited to:

19 (a)(i) A retired member who retired without designating a survivor
20 beneficiary shall have the opportunity to designate their spouse from
21 a postretirement marriage as a survivor during a one-year period
22 beginning one year after the date of the postretirement marriage
23 provided the retirement allowance payable to the retiree is not subject
24 to periodic payments pursuant to a property division obligation as
25 provided for in RCW 41.50.670.

26 (ii) A member who entered into a postretirement marriage prior to
27 the effective date of the rules adopted pursuant to this subsection and
28 satisfies the conditions of (a)(i) of this subsection shall have one
29 year to designate their spouse as a survivor beneficiary following the
30 adoption of the rules.

31 (b) A retired member who elected to receive a reduced retirement
32 allowance under this section and designated a nonspouse as survivor
33 beneficiary shall have the opportunity to remove the survivor
34 designation and have their future benefit adjusted.

35 (c) The department may make an additional charge, if necessary, to
36 ensure that the benefits provided under this subsection remain
37 actuarially equivalent.

1 **Sec. 6.** RCW 41.40.188 and 1998 c 340 s 8 are each amended to read
2 as follows:

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

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

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

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

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

1 benefit options available under subsection (1) of this section unless
2 spousal consent is not required as provided in (b) of this subsection.

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

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

8 (ii) The spousal consent provisions of (a) of this subsection do
9 not apply.

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

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

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

19 (b) The retirement allowance payable to the retiree, as of July 1,
20 1998, or the date of the designated beneficiary's death, whichever
21 comes last, shall be increased by the percentage derived in (c) of this
22 subsection.

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

24 (i) One hundred percent multiplied by the result of (c)(ii) of this
25 subsection converted to a percent;

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

28 (iii) The joint and survivor option factor shall be from the table
29 in effect as of July 1, 1998.

30 (d) The adjustment under (b) of this subsection shall accrue from
31 the beginning of the month following the date of the designated
32 beneficiary's death or from July 1, 1998, whichever comes last.

33 (4) No later than July 1, 2001, the department shall adopt rules
34 that allow a member additional actuarially equivalent survivor benefit
35 options, and shall include, but are not limited to:

36 (a)(i) A retired member who retired without designating a survivor
37 beneficiary shall have the opportunity to designate their spouse from
38 a postretirement marriage as a survivor during a one-year period
39 beginning one year after the date of the postretirement marriage

1 provided the retirement allowance payable to the retiree is not subject
2 to periodic payments pursuant to a property division obligation as
3 provided for in RCW 41.50.670.

4 (ii) A member who entered into a postretirement marriage prior to
5 the effective date of the rules adopted pursuant to this subsection and
6 satisfies the conditions of (a)(i) of this subsection shall have one
7 year to designate their spouse as a survivor beneficiary following the
8 adoption of the rules.

9 (b) A retired member who elected to receive a reduced retirement
10 allowance under this section and designated a nonspouse as survivor
11 beneficiary shall have the opportunity to remove the survivor
12 designation and have their future benefit adjusted.

13 (c) The department may make an additional charge, if necessary, to
14 ensure that the benefits provided under this subsection remain
15 actuarially equivalent.

16 **Sec. 7.** RCW 41.40.660 and 1998 c 340 s 9 are each amended to read
17 as follows:

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

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

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

1 written designation duly executed and filed with the department at the
2 time of retirement. The options adopted by the department shall
3 include, but are not limited to, a joint and one hundred percent
4 survivor option and a joint and fifty 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 the member's spouse do not give written consent to an
9 option under this section, the department shall pay a joint and fifty
10 percent survivor benefit calculated to be actuarially equivalent to the
11 benefit options available under subsection (1) of this section unless
12 spousal consent is not required as provided in (b) of this subsection.

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

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

18 (ii) The spousal consent provisions of (a) of this subsection do
19 not apply.

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

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

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

29 (b) The retirement allowance payable to the retiree, as of July 1,
30 1998, or the date of the designated beneficiary's death, whichever
31 comes last, shall be increased by the percentage derived in (c) of this
32 subsection.

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

34 (i) One hundred percent multiplied by the result of (c)(ii) of this
35 subsection converted to a percent;

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

38 (iii) The joint and survivor option factor shall be from the table
39 in effect as of July 1, 1998.

1 (d) The adjustment under (b) of this subsection shall accrue from
2 the beginning of the month following the date of the designated
3 beneficiary's death or from July 1, 1998, whichever comes last.

4 (4) No later than July 1, 2001, the department shall adopt rules
5 that allow a member additional actuarially equivalent survivor benefit
6 options, and shall include, but are not limited to:

7 (a)(i) A retired member who retired without designating a survivor
8 beneficiary shall have the opportunity to designate their spouse from
9 a postretirement marriage as a survivor during a one-year period
10 beginning one year after the date of the postretirement marriage
11 provided the retirement allowance payable to the retiree is not subject
12 to periodic payments pursuant to a property division obligation as
13 provided for in RCW 41.50.670.

14 (ii) A member who entered into a postretirement marriage prior to
15 the effective date of the rules adopted pursuant to this subsection and
16 satisfies the conditions of (a)(i) of this subsection shall have one
17 year to designate their spouse as a survivor beneficiary following the
18 adoption of the rules.

19 (b) A retired member who elected to receive a reduced retirement
20 allowance under this section and designated a nonspouse as survivor
21 beneficiary shall have the opportunity to remove the survivor
22 designation and have their future benefit adjusted.

23 (c) The department may make an additional charge, if necessary, to
24 ensure that the benefits provided under this subsection remain
25 actuarially equivalent.

26 NEW SECTION. Sec. 8. Section 5 of this act takes effect September
27 1, 2000.

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