

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2604

56th Legislature
2000 Regular Session

Passed by the House March 7, 2000
Yeas 98 Nays 0

Speaker of the House of Representatives

Speaker of the House of Representatives

Passed by the Senate March 1, 2000
Yeas 43 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2604** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2604

AS AMENDED BY THE SENATE

Passed Legislature - 2000 Regular Session

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, 41.40.660, and 43.43.278; creating a new section; and
4 providing an effective date.

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

6 **Sec. 1.** RCW 41.26.460 and 1998 c 340 s 5 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) or (2) of this section is entitled to receive a retirement
35 allowance adjusted in accordance with (b) of this subsection, if they
36 meet the following conditions:

37 (i) The retiree's designated beneficiary predeceases or has
38 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. 2.** RCW 41.32.530 and 1998 c 340 s 6 are each amended to read
2 as follows:

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

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

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

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

35 (d) A member whose retirement allowance is calculated under RCW
36 41.32.498 may also elect to receive a retirement allowance based on
37 options available under this subsection that includes the benefit
38 provided under RCW 41.32.770. This retirement allowance option shall
39 also be calculated so as to be actuarially equivalent to the maximum

1 retirement allowance and to the options available under this
2 subsection.

3 (2)(a) A member, if married, must provide the written consent of
4 his or her spouse to the option selected under this section, except as
5 provided in (b) of this subsection. If a member is married and both
6 the member and the member's spouse do not give written consent to an
7 option under this section, the department will pay the member a joint
8 and fifty percent survivor benefit and record the member's spouse as
9 the beneficiary. Such benefit shall be calculated to be actuarially
10 equivalent to the benefit options available under subsection (1) of
11 this section unless spousal consent is not required as provided in (b)
12 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. 3. No later than July 1, 2000, the department
27 of retirement systems shall allow a member who: (1) Has attained
28 ninety years of age, and (2) elected to receive a reduced retirement
29 allowance under RCW 41.32.530 and designated a nonspouse as survivor
30 beneficiary, the opportunity to remove the survivor designation and
31 have their future benefit adjusted.

32 **Sec. 4.** RCW 41.32.785 and 1998 c 340 s 7 are each amended to read
33 as follows:

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

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

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

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

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

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

38 (ii) The spousal consent provisions of (a) of this subsection do
39 not apply.

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

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

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

10 (b) The retirement allowance payable to the retiree, as of July 1,
11 1998, or the date of the designated beneficiary's death, whichever
12 comes last, shall be increased by the percentage derived in (c) of this
13 subsection.

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

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

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

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

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

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

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

34 (ii) A member who entered into a postretirement marriage prior to
35 the effective date of the rules adopted pursuant to this subsection and
36 satisfies the conditions of (a)(i) of this subsection shall have one
37 year to designate their spouse as a survivor beneficiary following the
38 adoption of the rules.

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

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

8 **Sec. 5.** RCW 41.32.851 and 1995 c 239 s 108 are each amended to
9 read as follows:

10 (1) Upon retirement for service as prescribed in RCW 41.32.875 or
11 retirement for disability under RCW 41.32.880, a member shall elect to
12 have the retirement allowance paid pursuant to one of the following
13 options, calculated so as to be actuarially equivalent to each other.

14 (a) Standard allowance. A member electing this option shall
15 receive a retirement allowance payable throughout such member's life.
16 Upon the death of the retired member, all benefits shall cease.

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

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

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

37 (a)(i) A retired member who retired without designating a survivor
38 beneficiary shall have the opportunity to designate their spouse from

1 a postretirement marriage as a survivor during a one-year period
2 beginning one year after the date of the postretirement marriage
3 provided the retirement allowance payable to the retiree is not subject
4 to periodic payments pursuant to a property division obligation as
5 provided for in RCW 41.50.670.

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

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

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

18 **Sec. 6.** RCW 41.35.220 and 1998 c 341 s 23 are each amended to read
19 as follows:

20 (1) Upon retirement for service as prescribed in RCW 41.35.420 or
21 41.35.680 or retirement for disability under RCW 41.35.440 or
22 41.35.690, a member shall elect to have the retirement allowance paid
23 pursuant to one of the following options, calculated so as to be
24 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 person nominated by the member by
4 written designation duly executed and filed with the department at the
5 time of retirement. The options adopted by the department shall
6 include, but are not limited to, a joint and one hundred percent
7 survivor option and a joint and fifty percent survivor option.

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

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

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

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

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

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

33 (ii) A member who entered into a postretirement marriage prior to
34 the effective date of the rules adopted pursuant to this subsection and
35 satisfies the conditions of (a)(i) of this subsection shall have one
36 year to designate their spouse as a survivor beneficiary following the
37 adoption of the rules.

38 (b) A retired member who elected to receive a reduced retirement
39 allowance under this section and designated a nonspouse as survivor

1 beneficiary shall have the opportunity to remove the survivor
2 designation and have their future benefit adjusted.

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

6 **Sec. 7.** RCW 41.40.188 and 1998 c 340 s 8 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 1998, 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) One hundred 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, 1998.

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, 1998, whichever comes last.

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

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

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

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

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

23 **Sec. 8.** RCW 41.40.660 and 1998 c 340 s 9 are each amended to read
24 as follows:

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

29 (a) Standard allowance. A member electing this option shall
30 receive a retirement allowance payable throughout such member's life.
31 However, if the retiree dies before the total of the retirement
32 allowance paid to such retiree equals the amount of such retiree's
33 accumulated contributions at the time of retirement, then the balance
34 shall be paid to the member's estate, or such person or persons, trust,
35 or organization as the retiree shall have nominated by written
36 designation duly executed and filed with the department; or if there be
37 no such designated person or persons still living at the time of the
38 retiree's death, then to the surviving spouse; or if there be neither

1 such designated person or persons still living at the time of death nor
2 a surviving spouse, then to the retiree's legal representative.

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

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

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

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

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

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

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

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

36 (b) The retirement allowance payable to the retiree, as of July 1,
37 1998, or the date of the designated beneficiary's death, whichever
38 comes last, shall be increased by the percentage derived in (c) of this
39 subsection.

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

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

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

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

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

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

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

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

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

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

33 **Sec. 9.** RCW 43.43.278 and 1999 c 74 s 4 are each amended to read
34 as follows:

35 By July 1, 2000, the department of retirement systems shall adopt
36 rules that allow a member to select(~~(, in lieu of benefits under RCW~~
37 ~~43.43.270,)) an actuarially equivalent retirement option that pays the
38 member a reduced retirement allowance and upon death shall be continued~~

1 throughout the life of a lawful surviving spouse. The continuing
2 allowance to the lawful surviving spouse shall be subject to the yearly
3 increase provided by RCW 43.43.260(5) in lieu of the annual increase
4 provided in RCW 43.43.272. The allowance to the lawful surviving
5 spouse under this section, and the allowance for an eligible child or
6 children under RCW 43.43.270, shall not be subject to the limit for
7 combined benefits under RCW 43.43.270.

8 NEW SECTION. **Sec. 10.** Section 6 of this act takes effect
9 September 1, 2000.

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