
SENATE BILL 6533

State of Washington

56th Legislature

2000 Regular Session

By Senators Franklin, Winsley, Bauer, Honeyford, Jacobsen, Long, Haugen, Fairley, Goings, Rasmussen, Patterson, Eide, Kohl-Welles, Stevens, B. Sheldon, Gardner, Spanel and Zarelli; by request of Joint Committee on Pension Policy

Read first time 01/18/2000. Referred to Committee on Ways & Means.

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

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

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

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

36 (1) Upon an application for retirement for service under RCW
37 41.32.480 or retirement for disability under RCW 41.32.550, approved by
38 the department, every member shall receive the maximum retirement

1 allowance available to him or her throughout life unless prior to the
2 time the first installment thereof becomes due he or she has elected,
3 by executing the proper application therefor, to receive the actuarial
4 equivalent of his or her retirement allowance in reduced payments
5 throughout his or her life with the following options:

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

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

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

30 (d) A member whose retirement allowance is calculated under RCW
31 41.32.498 may also elect to receive a retirement allowance based on
32 options available under this subsection that includes the benefit
33 provided under RCW 41.32.770. This retirement allowance option shall
34 also be calculated so as to be actuarially equivalent to the maximum
35 retirement allowance and to the options available under this
36 subsection.

37 (2)(a) A member, if married, must provide the written consent of
38 his or her spouse to the option selected under this section, except as
39 provided in (b) of this subsection. If a member is married and both

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

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

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

13 (ii) The spousal consent provisions of (a) of this subsection do
14 not apply.

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

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

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

24 (b) The retirement allowance payable to the retiree, as of July 1,
25 1998, or the date of the designated beneficiary's death, whichever
26 comes last, shall be increased by the percentage derived in (c) of this
27 subsection.

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

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

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

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

35 (d) The adjustment under (b) of this subsection shall accrue from
36 the beginning of the month following the date of the designated
37 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 (ii) A member who entered into a postretirement marriage prior to
9 the effective date of the rules adopted pursuant to this subsection and
10 satisfies the conditions of (a)(i) of this subsection shall have one
11 year to designate their spouse as a survivor beneficiary following the
12 adoption of the rules.

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (b) The retirement allowance payable to the retiree, as of July 1,
38 1998, or the date of the designated beneficiary's death, whichever

1 comes last, shall be increased by the percentage derived in (c) of this
2 subsection.

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

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

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

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

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

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

16 (a)(i) A retired member who retired without designating a survivor
17 beneficiary shall have the opportunity to designate their spouse from
18 a postretirement marriage as a survivor during a one-year period
19 beginning one year after the date of the postretirement marriage.

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

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

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

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

34 (1) Upon retirement for service as prescribed in RCW 41.32.875 or
35 retirement for disability under RCW 41.32.880, a member shall elect to
36 have the retirement allowance paid pursuant to one of the following
37 options, 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 Upon the death of the retired member, all benefits shall cease.

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 such person or persons as the
9 retiree shall have nominated by written designation duly executed and
10 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 joint and fifty
13 percent survivor option.

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

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

24 (a)(i) A retired member who retired without designating a survivor
25 beneficiary shall have the opportunity to designate their spouse from
26 a postretirement marriage as a survivor during a one-year period
27 beginning one year after the date of the postretirement marriage.

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

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

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

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

3 (1) Upon retirement for service as prescribed in RCW 41.35.420 or
4 41.35.680 or retirement for disability under RCW 41.35.440 or
5 41.35.690, a member shall elect to have the retirement allowance paid
6 pursuant to one of the following options, calculated so as to be
7 actuarially equivalent to 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 (2)(a) A member, if married, must provide the written consent of
30 his or her spouse to the option selected under this section, except as
31 provided in (b) of this subsection. If a member is married and both
32 the member and the member's spouse do not give written consent to an
33 option under this section, the department shall pay a joint and fifty
34 percent survivor benefit calculated to be actuarially equivalent to the
35 benefit options available under subsection (1) of this section unless
36 spousal consent is not required as provided in (b) of this subsection.

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

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

3 (ii) The spousal consent provisions of (a) of this subsection do
4 not apply.

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

8 (a)(i) A retired member who retired without designating a survivor
9 beneficiary shall have the opportunity to designate their spouse from
10 a postretirement marriage as a survivor during a one-year period
11 beginning one year after the date of the postretirement marriage.

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

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

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

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

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

31 (a) Standard allowance. A member electing this option shall
32 receive a retirement allowance payable throughout such member's life.
33 However, if the retiree dies before the total of the retirement
34 allowance paid to such retiree equals the amount of such retiree's
35 accumulated contributions at the time of retirement, then the balance
36 shall be paid to the member's estate, or such person or persons, trust,
37 or organization as the retiree shall have nominated by written
38 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 person nominated by the member by
10 written designation duly executed and filed with the department at the
11 time of retirement. The options adopted by the department shall
12 include, but are not limited to, a joint and one hundred percent
13 survivor option and a joint and fifty percent survivor option.

14 (c) A member may elect to include the benefit provided under RCW
15 41.40.640 along with the retirement options available under this
16 section. This retirement allowance option shall be calculated so as to
17 be actuarially equivalent to the options offered under this subsection.

18 (2)(a) A member, if married, must provide the written consent of
19 his or her spouse to the option selected under this section, except as
20 provided in (b) of this subsection. If a member is married and both
21 the member and the member's spouse do not give written consent to an
22 option under this section, the department shall pay a joint and fifty
23 percent survivor benefit calculated to be actuarially equivalent to the
24 benefit options available under subsection (1) of this section unless
25 spousal consent is not required as provided in (b) 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 (ii) A member who entered into a postretirement marriage prior to
25 the effective date of the rules adopted pursuant to this subsection and
26 satisfies the conditions of (a)(i) of this subsection shall have one
27 year to designate their spouse as a survivor beneficiary following the
28 adoption of the rules.

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

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

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

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

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

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 nominated by the member by
22 written designation duly executed and filed with the department at the
23 time of retirement. The options adopted by the department shall
24 include, but are not limited to, a joint and one hundred percent
25 survivor option and a joint and fifty percent survivor option.

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

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

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

1 (ii) The spousal consent provisions of (a) of this subsection do
2 not apply.

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

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

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

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

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

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

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

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

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

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

29 (a)(i) A retired member who retired without designating a survivor
30 beneficiary shall have the opportunity to designate their spouse from
31 a postretirement marriage as a survivor during a one-year period
32 beginning one year after the date of the postretirement marriage.

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 NEW SECTION. Sec. 8. Section 5 of this act takes effect September
7 1, 2000.

--- END ---