

SENATE BILL REPORT

SB 5144

As Passed Senate, June 6, 2001

Title: An act relating to creating a supplemental actuarially reduced survivor benefit for qualified law enforcement officers' and fire fighters' retirement system plan 1 members who choose to actuarially reduce their benefits.

Brief Description: Creating a supplemental actuarially reduced survivor benefit for qualified law enforcement officers' and fire fighters' retirement system plan 1 members who choose to actuarially reduce their benefits.

Sponsors: Senators Winsley, Long, Honeyford, Franklin, Carlson, Fraser and Rasmussen; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/30/01, 4/2/01 [DP].

Passed Senate: 4/12/01, 44-0.

First Special Session: Passed Senate: 5/16/01, 47-0.

Second Special Session: Passed Senate: 6/6/01, 43-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Pete Cutler (786-7454)

Background: The spouse of a Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) member is eligible to receive an allowance for life upon the death of the member. The benefit is provided automatically, without charge to the member, and is equal to the retirement allowance received by the retiree. In order to be eligible for this benefit, the spouse must have been married to the LEOFF 1 member for one year prior to retirement or separation from service. If a LEOFF 1 retiree gets married after retirement, there is no way for the new spouse to qualify for a survivor allowance.

In almost all other state retirement plans a member who wishes to provide a survivor benefit for a spouse must accept an actuarial reduction in the member's retirement allowance in order to pay for the cost of extending an allowance for the life of the surviving spouse. Prior to 2000, members had to select a survivor option when applying for retirement; no changes were permitted thereafter. In 2000, the Legislature amended most of the state retirement plans to provide retirees the option of providing a survivor benefit for a spouse who the member married after retirement. The new option is limited to situations where the retiree's allowance has not previously been divided with an ex-spouse, and where the retiree applies for the survivor benefit in a one-year period that begins one year after the post-retirement

marriage. The cost of providing the survivor benefit is funded by means of an actuarial reduction in the retiree's allowance. This new option provided by the 2000 legislation was not extended to LEOFF 1 retirees.

Summary of Bill: LEOFF Plan 1 retirees who get married after retirement are provided a new option of selecting an actuarially reduced retirement allowance that includes a survivor allowance for the post-retirement spouse. The option is limited to a one-year window period that opens one year after the post-retirement marriage, and is not available to a retiree whose retirement allowance has previously been divided with an ex-spouse pursuant to a court order.

Appropriation: None.

Fiscal Note: Requested on January 22, 2001.

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

Testimony For: This bill would provide LEOFF retirees with a valuable new option to provide a survivor benefit to the spouse from a post-retirement marriage, at no cost to the pension fund.

Testimony Against: None.

Testified: Charlie Marsh, St. Association of Retired Police Officers (pro); Bill Hanson, WACOPS (pro w/concerns).