
Appropriations Committee

HB 1207

Brief Description: Providing a death benefit for certain public employees.

Sponsors: Representatives Alexander, Conway, Cooper, Simpson, Delvin and Campbell; by request of Joint Committee on Pension Policy.

Brief Summary of Bill

- Creates a \$150,000 death benefit for injuries sustained in the course of employment for members of the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. For members of the retirement systems, the death benefit is payable from the plan. For non-member employees the death benefit is payable as a sundry claim.

Hearing Date: 1/28/03

Staff: David Pringle (786-7310).

Background:

Two death benefits are currently paid to members of the Public Employees Retirement System (PERS), the School Employees Retirement System (SERS), and the Teachers' Retirement System (TRS) for death resulting from injuries sustained in the course of employment. The first is the greater of either the member's contributions plus interest, or the member's earned retirement benefit actuarially reduced from the plan's normal retirement age to the age at death.

The second is a \$150,000 death benefit payable to PERS, SERS, and TRS members for deaths resulting from injuries sustained in the course of employment is \$150,000, payable as a sundry claim. This \$150,000 benefit is provided in budget language that expires June 30, 2003. Similar \$150,000 duty-related death benefit language was also included in the 2000 supplemental operating budget.

Members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) and the Washington State Patrol Retirement System (WSPRS) have received a \$150,000 duty-related death benefit payable from their respective retirement plans since 1996. The same benefit was extended to volunteer fire fighters and reserve police officers in 1998.

Survivors of members suffering duty-related deaths in LEOFF 1 and WSPRS members also receive up to 60 percent of the member's salary for the lives of eligible survivors. Survivors of LEOFF 2 members are entitled to the greater of a reduced retirement benefit or 150 percent of the member's contributions plus interest. In addition, public safety officers are eligible under the federal Public Safety Officers Benefit Act of 1976 for an inflation-indexed lump sum death benefit of approximately \$157,000.

A workers' compensation death benefit may also be payable from the Department of Labor and Industries for death resulting from injury sustained in the course of employment. A lump sum benefit may be payable from Labor and Industries for burial expenses, as well as a monthly benefit of 60 percent of gross wages up to 120 percent of the state's average wage (\$3,723 for FY02).

The spouse or dependents of an individual covered by Social Security may be eligible for a death benefit if they meet age, income, or other restrictions. The age eligibility for the Social Security death benefit is based on an age 65 eligibility for full benefits, and reduced benefits are available beginning at age 60. The size of the Social Security death benefit is dependent on the contributions the deceased made to Social Security during the member's career. For example, the maximum family benefit that could be paid from Social Security for the death of a male of age 45 earning \$40,000 per year is approximately \$2,300 per month.

According to the Office of the State Actuary's 1996-2001 Actuarial Experience Study, there are about 10 duty-related deaths each biennium in the PERS, SERS, and TRS systems combined.

Summary of Bill:

A \$150,000 benefit for death resulting from injuries sustained in the course of employment is payable to members of PERS, TRS, and SERS. The death benefit is payable from the retirement plan of the deceased member. If the deceased employee of a state agency, the common school system, or an institution of higher education is not a member of PERS, TRS, or SERS, the death benefit is payable as a sundry claim.

Appropriation: None.

Fiscal Note: Not requested.

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