

HOUSE BILL REPORT

HB 2485

As Reported by House Committee On: Appropriations

Title: An act relating to survivor benefits from the public employees' retirement system for survivors of members in registered domestic partnerships prior to December 2012.

Brief Description: Addressing survivor benefits from the public employees' retirement system for survivors of members in registered domestic partnerships prior to December 2012.

Sponsors: Representatives Moeller, Reykdal and Bergquist.

Brief History:

Committee Activity:

Appropriations: 1/27/14, 2/4/14 [DPS].

Brief Summary of Substitute Bill

- Provides the survivor of a member of the Public Employees' Retirement System (PERS) Plans that was a registered domestic partner of a member prior to December 1, 2008, was married to the member prior to January 1, 2013, was the designated beneficiary of the member, and was predeceased by the member prior to January 1, 2014, the option to designate themselves as a survivor beneficiary and receive a joint and 50 percent survivor benefit.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Green, Haigh, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Pettigrew, Seaquist, Springer, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 9 members: Representatives Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Christian, Fagan, G. Hunt, Parker, Schmick and Taylor.

Staff: David Pringle (786-7310).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Public Employees' Retirement System, Plans 1 and 2 (PERS 1 and 2), the Teachers' Retirement System, Plans 1, 2, and 3 (TRS 1, 2 and 3), and the School Employees' Retirement System, Plans 2 and 3 (SERS 2 and 3), as well as most other Washington State Retirement System plans 2 are optional survivor benefit plans. This means that members who elect to have a survivor benefit for a spouse or other designated person must take an actuarial reduction in their pension benefit to do so. The amount of the reduction is based on three factors: (1) the difference in the age of the member and designated survivor; (2) the expected survivor's benefit; and (3) the member's retirement system and plan.

Members of the PERS 1 and 2, the TRS 1, 2 and 3, the SERS 2 and 3, and the LEOFF 2 all have the option of including joint and survivor coverage as part of their pension benefit. The monthly pension of a retiree who chooses a survivor benefit is reduced to pay for the survivor benefit. The designation of the retiree's beneficiary, who may be someone other than a spouse, must be made at the time of retirement. Among the survivor benefit options provided is a joint and 50 percent survivor benefit, which pays a reduced retirement benefit during the member's life, and following the member's death provides one-half that amount for the life of the survivor beneficiary.

Since 2000, a member who retired without designating a survivor beneficiary has been provided the option of designating the spouse from a post-retirement marriage as a survivor. This option is available during a one-year period that begins after the retiree has been married for one year, provided that the retiree's monthly benefit is not subject to a property settlement agreement from a court decree of dissolution or legal separation.

State registered domestic partnerships were created by the Legislature in 2007. The law provided an equal legal status for state registered domestic partners to married spouses that was expanded in 2010 for most purposes under state law. The 2010 expansion of state registered domestic partnerships specified that the Washington State Retirement System would apply these equal treatment provisions beginning January 1, 2014. In 2012 the Legislature enacted Chapter 3, Laws of 2012, authorizing same sex marriage. Following voter approval of Referendum 74, persons in domestic partnerships were permitted to apply and receive a marriage license beginning December 6, 2012.

Summary of Substitute Bill:

The survivor of a member of the Public Employees' Retirement System Plans 1, 2, or 3 (PERS) that was a registered domestic partner of a member prior to December 1, 2008, was married to the member prior to January 1, 2013, was the designated beneficiary of the member, and was predeceased by the member prior to January 1, 2014, may designate themselves as a survivor beneficiary and receive a joint and 50 percent survivor benefit.

Substitute Bill Compared to Original Bill:

The substitute bill provides the limited post-retirement marriage window to all of PERS, as opposed to only to PERS Plans 2 and 3 in the original bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Married couples can use the survivor benefits in the state retirement systems to provide security for their families. The post-retirement marriage window has a one-year delay, and for the narrow group defined in this bill, their inability to meet this one-year requirement because they could not marry is remedied. The Secretary of State provided us with a letter stating that our Registered Domestic Partnership was a marriage back to an earlier date, but that was not recognized by the Department of Retirement Systems (Department). When my partner retired, I was selected as the pension beneficiary, but she did not believe that I could be chosen as her survivor. As she was becoming more sick, and then following our marriage, the Department told us we needed to be married for a year and a day prior to being able to select me as a survivor beneficiary. We were not able to resolve this before she passed away. This conflict between the Secretary of State's declaration of past Registered Domestic Partnerships being marriages and the Department's interpretation should be cleared up.

(Opposed) None.

Persons Testifying: Representative Moeller, prime sponsor; Anke Matoga; and Vicki Smith.

Persons Signed In To Testify But Not Testifying: None.