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HOUSE BILL 2485

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State of Washington                      63rd Legislature                      2014 Regular Session

By Representatives Moeller, Reykdal, and Bergquist

Read first time 01/20/14. Referred to Committee on Appropriations.

1            AN ACT Relating to survivor benefits from the public employees'  
2 retirement system for survivors of members in registered domestic  
3 partnerships prior to December 2012; and amending RCW 41.40.660 and  
4 41.40.845.

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

6            **Sec. 1.** RCW 41.40.660 and 2003 c 294 s 6 are each amended to read  
7 as follows:

8            (1) Upon retirement for service as prescribed in RCW 41.40.630 or  
9 retirement for disability under RCW 41.40.670, a member shall elect to  
10 have the retirement allowance paid pursuant to one of the following  
11 options, 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 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 (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 the member's spouse do not give written consent to an  
18 option under this section, the department shall pay a joint and fifty  
19 percent survivor benefit calculated to be actuarially equivalent to the  
20 benefit options available under subsection (1) of this section unless  
21 spousal consent is not required as provided in (b) of this subsection.

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

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

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

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

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

36 (ii) The retiree provides to the department proper proof of the  
37 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 provided the retirement allowance payable to the retiree is not subject  
23 to periodic payments pursuant to a property division obligation as  
24 provided for in RCW 41.50.670.

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

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

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

37 (5) No later than July 1, 2003, the department shall adopt rules to  
38 permit:

1 (a) A court-approved property settlement incident to a court decree  
2 of dissolution made before retirement to provide that benefits payable  
3 to a member who meets the length of service requirements of RCW  
4 41.40.720 and the member's divorcing spouse be divided into two  
5 separate benefits payable over the life of each spouse.

6 The member shall have available the benefit options of subsection  
7 (1) of this section upon retirement, and if remarried at the time of  
8 retirement remains subject to the spousal consent requirements of  
9 subsection (2) of this section. Any reductions of the member's benefit  
10 subsequent to the division into two separate benefits shall be made  
11 solely to the separate benefit of the member.

12 The nonmember ex spouse shall be eligible to commence receiving  
13 their separate benefit upon reaching the age provided in RCW  
14 41.40.630(1) and after filing a written application with the  
15 department.

16 (b) A court-approved property settlement incident to a court decree  
17 of dissolution made after retirement may only divide the benefit into  
18 two separate benefits payable over the life of each spouse if the  
19 nonmember ex spouse was selected as a survivor beneficiary at  
20 retirement.

21 The retired member may later choose the survivor benefit options  
22 available in subsection (4) of this section. Any actuarial reductions  
23 subsequent to the division into two separate benefits shall be made  
24 solely to the separate benefit of the member.

25 Both the retired member and the nonmember divorced spouse shall be  
26 eligible to commence receiving their separate benefits upon filing a  
27 copy of the dissolution order with the department in accordance with  
28 RCW 41.50.670.

29 (c) The department may make an additional charge or adjustment if  
30 necessary to ensure that the separate benefits provided under this  
31 subsection are actuarially equivalent to the benefits payable prior to  
32 the decree of dissolution.

33 (6)(a) No later than July 1, 2014, the department shall adopt rules  
34 to permit the spouse of a member who: (i) Was a registered domestic  
35 partner of the member prior to December 1, 2008; (ii) was married to  
36 the deceased member prior to January 1, 2013; (iii) was the designated  
37 beneficiary of the member; and (iv) was predeceased by the member prior  
38 to January 1, 2014, the opportunity to designate themselves as a

1 postretirement marriage survivor between July 1, 2014, and December 31,  
2 2014, provided the retirement allowance payable to the retiree is not  
3 subject to periodic payments pursuant to a property division obligation  
4 as provided for in RCW 41.50.670.

5 (b) The survivor benefit payable to a member meeting the  
6 requirements of (a) of this subsection is the equivalent of a joint and  
7 fifty percent survivor option, and is not payable until the surviving  
8 spouse reimburses the department for any accumulated contributions  
9 previously paid to the surviving spouse as the designated beneficiary  
10 of the member.

11 **Sec. 2.** RCW 41.40.845 and 2003 c 294 s 9 are each amended to read  
12 as follows:

13 (1) Upon retirement for service as prescribed in RCW 41.40.820 or  
14 retirement for disability under RCW 41.40.825, a member shall elect to  
15 have the retirement allowance paid pursuant to one of the following  
16 options, calculated so as to be actuarially equivalent to each other.

17 (a) Standard allowance. A member electing this option shall  
18 receive a retirement allowance payable throughout such member's life.  
19 Upon the death of the member, the member's benefits shall cease.

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.

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

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

6 (ii) The spousal consent provisions of (a) of this subsection do  
7 not apply.

8 (3) No later than July 1, 2002, the department shall adopt rules  
9 that allow a member additional actuarially equivalent survivor benefit  
10 options, and shall include, but are not limited to:

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

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

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

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

30 (4) No later than July 1, 2003, the department shall adopt rules to  
31 permit:

32 (a) A court-approved property settlement incident to a court decree  
33 of dissolution made before retirement to provide that benefits payable  
34 to a member who meets the length of service requirements of RCW  
35 41.40.820(1) and the member's divorcing spouse be divided into two  
36 separate benefits payable over the life of each spouse.

37 The member shall have available the benefit options of subsection  
38 (1) of this section upon retirement, and if remarried at the time of

1 retirement remains subject to the spousal consent requirements of  
2 subsection (2) of this section. Any reductions of the member's benefit  
3 subsequent to the division into two separate benefits shall be made  
4 solely to the separate benefit of the member.

5 The nonmember ex spouse shall be eligible to commence receiving  
6 their separate benefit upon reaching the age provided in RCW  
7 41.40.820(1) and after filing a written application with the  
8 department.

9 (b) A court-approved property settlement incident to a court decree  
10 of dissolution made after retirement may only divide the benefit into  
11 two separate benefits payable over the life of each spouse if the  
12 nonmember ex spouse was selected as a survivor beneficiary at  
13 retirement.

14 The retired member may later choose the survivor benefit options  
15 available in subsection (3) of this section. Any actuarial reductions  
16 subsequent to the division into two separate benefits shall be made  
17 solely to the separate benefit of the member.

18 Both the retired member and the nonmember divorced spouse shall be  
19 eligible to commence receiving their separate benefits upon filing a  
20 copy of the dissolution order with the department in accordance with  
21 RCW 41.50.670.

22 (c) Any benefit distributed under chapter 41.31A RCW after the date  
23 of the dissolution order creating separate benefits for a member and  
24 nonmember ex spouse shall be paid solely to the member.

25 (d) The department may make an additional charge or adjustment if  
26 necessary to ensure that the separate benefits provided under this  
27 subsection are actuarially equivalent to the benefits payable prior to  
28 the decree of dissolution.

29 (5)(a) No later than July 1, 2014, the department shall adopt rules  
30 to permit the spouse of a member who: (i) Was a registered domestic  
31 partner of the member prior to December 1, 2008; (ii) was married to  
32 the deceased member prior to January 1, 2013; (iii) was the designated  
33 beneficiary of the member; and (iv) was predeceased by the member prior  
34 to January 1, 2014, the opportunity to designate themselves as a  
35 postretirement marriage survivor between July 1, 2014, and December 31,  
36 2014, provided the retirement allowance payable to the retiree is not  
37 subject to periodic payments pursuant to a property division obligation  
38 as provided for in RCW 41.50.670.

1       (b) The survivor benefit payable to a member meeting the  
2 requirements of (a) of this subsection is the equivalent of a joint and  
3 fifty percent survivor option, and is not payable until the surviving  
4 spouse reimburses the department for any accumulated contributions  
5 previously paid to the surviving spouse as the designated beneficiary  
6 of the member.

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