

HOUSE BILL REPORT

ESB 5873

As Reported by House Committee On: Appropriations

Title: An act relating to permitting persons retired from the law enforcement officers' and firefighters' retirement system plan 1 to select a survivor benefit option.

Brief Description: Permitting persons retired from the law enforcement officers' and firefighters' retirement system plan 1 to select a survivor benefit option.

Sponsors: Senators Conway, Bailey, Schoesler and Kohl-Welles.

Brief History:

Committee Activity:

Appropriations: 2/27/16, 2/29/16 [DP].

Brief Summary of Engrossed Bill

- Opens a new one-year window for retirees from the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) to choose an actuarially equivalent spousal survivor benefit.
- Provides the surviving spouse of a LEOFF 1 retiree, who died without selecting an actuarially reduced survivor benefit, a benefit equal to two-thirds of the deceased member's benefit if the surviving spouse exhausted all administrative remedies with the Department of Retirement Systems prior to March 1, 2015.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 29 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Robinson, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

Minority Report: Do not pass. Signed by 2 members: Representatives Condotta and Taylor.

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.

Minority Report: Without recommendation. Signed by 2 members: Representatives Dent and Manweller.

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) provides retirement benefits to full-time, fully compensated law enforcement officers and fire fighters employed by the state, cities, counties, and special districts and who were first employed by the state before October 1, 1977. The LEOFF 1 provides comprehensive pension, disability, and medical benefits to about 7,600 retirees and 100 active members.

When a LEOFF 1 retiree dies, certain surviving spouses are eligible to continue receiving the same retirement allowance being received by the retiree. In order to be eligible for this automatic full survivor benefit, the spouse must have been married to the LEOFF 1 member for one year prior to retirement, and continuously until the member dies.

In 2005 the LEOFF 1 survivor benefit options were amended to permit LEOFF 1 retirees to choose an actuarially equivalent survivor benefit for spouses who are not eligible for the automatic survivor benefit. For these LEOFF 1 retirees, the cost of providing this optional survivor benefit is paid through a reduction in the benefits being paid to the retirees during a retiree's expected lifetime. This option includes a requirement that the LEOFF 1 retiree must choose the survivor option during a one-year period that begins one year after the date of marriage to the spouse who is not eligible for the automatic survivor benefit.

Summary of Bill:

Between September 1, 2015, and September 1, 2016, LEOFF 1 retirees who: (1) are married to a spouse that is not eligible for the automatic full survivor benefit; (2) have been married to the spouse for at least two years prior to September 1, 2015; and (3) did not choose an actuarially equivalent survivor benefit within one year of getting married have one year from September 1, 2015, to designate their spouse as a survivor beneficiary for an actuarially equivalent survivor benefit. The Office of the State Actuary must provide the Department of Retirement Systems with administrative factors to ensure the survivor benefits are actuarially equivalent to the LEOFF 1 retiree's benefit.

Also, a retirement allowance is provided beginning August 1, 2015, to the surviving spouse of a LEOFF 1 retiree who died without selecting an actuarially reduced survivor benefit if the surviving spouse exhausted all administrative remedies with the Department of Retirement Systems prior to March 1, 2015.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Some LEOFF 1 retirees did not know about the prior window period for providing a survivor benefit, so opening a new window would be fair. It will provide a degree of comfort to some members and their spouses. The bill would have no cost to the state, as it would be paid out of the LEOFF 1 pension fund. The cost of the benefit would be paid by the retiree accepting a reduction in the current pension. A lot of spouses do not receive social security benefits. Some members and spouses that did not get the notice about the post-retirement marriage window need to be provided with help, because after exhausting all administrative reviews at the Department of Retirement Systems and in court, no relief could be granted. Retired law enforcement officers are most concerned about taking care of their spouses.

(Opposed) None.

Persons Testifying: Richard Warbrouck, Retired Firefighters of Washington; Sonja Ericson-Russell; and Marc Curtis, LEOFF 1 Coalition.

Persons Signed In To Testify But Not Testifying: None.