

SENATE BILL REPORT

ESB 5873

As Passed Senate, February 5, 2016

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: Ways & Means: 2/24/15, 2/26/15 [DP].
Passed Senate: 3/06/15, 49-0; 2/05/16, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hewitt, O'Ban, Parlette, Schoesler, Warnick, Hatfield and Kohl-Welles.

Staff: Steve Jones (786-7440)

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 7600 retirees and 100 active members.

When a LEOFF 1 retiree dies, the surviving spouse is 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.

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

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automatic survivor benefit because they had not been married for at least one year prior to the member's retirement. For these LEOFF 1 retirees, the cost of providing the survivor benefits is paid through a reduction in the benefits being paid to the retirees. 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 Engrossed Bill: A new window period is provided to 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. Those LEOFF 1 retirees 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.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: Testimony from 2015 Regular Session: PRO: This is a very good bill. I have not seen a better one for a long time. Some LEOFF 1 retirees did not know about the prior window period for providing a survivor benefit. It will provide a degree of comfort to some members and their spouses. The bill would have no cost to the state. 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. Please amend the bill to provide a survivor benefit to widows and widowers of deceased LEOFF 1 members who were not aware of the prior open window period.

Persons Testifying: Persons Testifying from 2015 Regular Session: PRO: Mark Curtis, LEOFF 1 Coalition, lobbyist; Joyce Willms, LEOFF I Coalition Government Relations; Dave Peery, LEOFF I, Secretary; Dick Warbrouck, Retired Firefighters of WA; Sonja Ericson, citizen.