
Appropriations Committee

HB 1414

Brief Description: Paying state retirement benefits until the end of the month in which the retiree or beneficiary dies.

Sponsors: Representatives Volz, Ormsby, Irwin, Fitzgibbon, Griffey, Graham, Pellicciotti, Kloba and Bergquist; by request of LEOFF Plan 2 Retirement Board and Select Committee on Pension Policy.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Removes the proration of the final month's benefit when a state retirement system member dies, and instead provides a full month of public pension benefits.
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Hearing Date: 2/7/19

Staff: David Pringle (786-7310).

Background:

The Department of Retirement Systems (DRS) is responsible for administering retirement benefits for retirees of the state's various public pension systems. Benefits are paid monthly to retirees and survivors. The DRS has a longstanding administrative practice of paying benefits through a retiree's date of death. If the DRS is not notified of the death before the cut-off time for processing the payment, the estate will receive a payment for the full month. In these cases, the DRS sends an invoice to the estate for repayment of any benefits paid beyond the date of death. For example, if a retiree or survivor dies on day 25 of a 30-day month, they receive prorated benefits for only those 25 days. If they have already received a check for the full month, the DRS will seek repayment of the remaining five days.

Pension system rates are set biennially by the Pension Funding Council and adjusted periodically based on system changes. Rates are established based on the the cost of the current benefit structure, including current practices. The current rates and the rates adopted for the 2019-21 biennium are based on the current practice of paying benefits up to the date of death.

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.

Summary of Bill:

When a retiree or beneficiary dies, the DRS must pay benefits through the end of the month in which death occurred. When a retiree has selected a survivor benefit, that benefit will begin on the first day of the following month. This change applies prospectively beginning on January 1, 2020.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2020.