

SENATE BILL REPORT

SB 5335

As of January 30, 2019

Title: An act relating to paying state retirement benefits until the end of the month in which the retiree or beneficiary dies.

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

Sponsors: Senators Bailey, Hobbs, Schoesler, Conway and Hunt; by request of LEOFF Plan 2 Retirement Board and Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/30/19.

Brief Summary of Bill

- Provides a full month of public pension benefits paid in the month that a retiree dies.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

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. DRS has a longstanding administrative practice of paying benefits through a retiree's date of death. If 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, 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 pro-rated benefits for only those 25 days. If they have already received a check for the full month, 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

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for the 2019-21 biennium are based on the current practice of paying benefits up to the date of death.

The Select Committee on Pension Policy considered this practice during the 2018 interim.

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

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This bill was considered and recommended by the Select Committee on Pension Policy. This is an important bill impacting many retirees and their families.

Persons Testifying: PRO: Jacob White, Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: No one.