

FINAL BILL REPORT

SB 6417

C 161 L 20
Synopsis as Enacted

Brief Description: Allowing retirees to change their survivor option election after retirement.

Sponsors: Senators Holy and Van De Wege; by request of LEOFF Plan 2 Retirement Board.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Members of the state's retirement systems must choose a survivorship benefit option at the time of retirement. A survivorship benefit allows for all or a portion of the pension benefit to continue for a survivor following the member's death. Members currently have the following four survivorship benefit options to choose from:

- single life, where there is no survivorship benefit;
- a full survivorship benefit, or 100 percent;
- a two-thirds survivorship benefit, or 66.67 percent; and
- a half survivorship benefit, or 50 percent.

With a survivorship benefit, the member's lifetime monthly benefit is actuarially reduced. This means that today's value of the member's lifetime benefit remains the same, however depending on the benefit option selected, the monthly payments received by the member may be larger or smaller because they are stretched out over the course of the member's and survivor's lifetime.

A retiree's survivor option choice is irrevocable unless the following occur:

1. They designated someone other than their spouse to receive their survivor benefit. The non-spouse survivor can be removed.
2. They marry or remarry after retirement. To qualify, they must request the change between their first and second years of marriage.
3. They chose a survivor option, and their survivor dies before they do. Their benefit is adjusted to a single life option.
4. They return to membership. If they go back to work for any period of time as a contributing retirement plan member, they can retire again and select a new benefit option or survivor.

Summary: Retirees of the state's pension system have up to 90 calendar days after the receipt of their first retirement allowance to prospectively change their survivor election. If a retiree changes their survivor election the change is effective the first of the following month.

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.

The provisions of this bill take effect on the date that the state receives determination from the IRS that these changes conform with federal law.

Votes on Final Passage:

Senate	48	0	
House	97	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: June 11, 2020