

SENATE BILL REPORT

SB 6417

As Amended by House, March 5, 2020

Title: An act relating to allowing retirees to change their survivor option election after retirement.

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.

Brief History:

Committee Activity: Ways & Means: 1/27/20, 2/10/20 [DP].

Floor Activity:

Passed Senate: 2/18/20, 48-0.

Passed House: 3/05/20, 97-0.

Brief Summary of Bill

- Allows retirees of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 up to 90 calendar days after the receipt of their first retirement allowance to change their survivor election.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Muzzall, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Amanda Cecil (786-7460)

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 four survivorship benefit options to choose from:

- single life, where there is no survivorship benefit;

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- 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 of Bill: A retiree of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 has 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.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: The LEOFF 2 Board studied and endorsed this solution. This will give retirees time to make informed decisions. This is a good idea and should be applied to all the state's retirement systems for consistency.

Persons Testifying: PRO: Senator Jeff Holy, Prime Sponsor; Jacob White, Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board; Julie Salvi, Washington Education Association.

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

EFFECT OF HOUSE AMENDMENT(S):

- Expands the 90-day window to the other state retirement systems.

- Provides that the provisions of this bill begins on the date that IRS provides a determinate that this conforms with federal law.