
HOUSE BILL 2678

State of Washington

66th Legislature

2020 Regular Session

By Representatives Bergquist, Griffey, Lovick, and Sullivan; by request of LEOFF Plan 2 Retirement Board

1 AN ACT Relating to allowing retirees to change their survivor
2 option election after retirement; and amending RCW 41.26.460.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 41.26.460 and 2019 c 102 s 1 are each amended to
5 read as follows:

6 (1) Upon retirement for service as prescribed in RCW 41.26.430 or
7 disability retirement under RCW 41.26.470, a member shall elect to
8 have the retirement allowance paid pursuant to the following options,
9 calculated so as to be actuarially equivalent to each other.

10 (a) Standard allowance. A member electing this option shall
11 receive a retirement allowance payable throughout such member's life.
12 However, if the retiree dies before the total of the retirement
13 allowance paid to such retiree equals the amount of such retiree's
14 accumulated contributions at the time of retirement, then the balance
15 shall be paid to the member's estate, or such person or persons,
16 trust, or organization as the retiree shall have nominated by written
17 designation duly executed and filed with the department; or if there
18 be no such designated person or persons still living at the time of
19 the retiree's death, then to the surviving spouse or domestic
20 partner; or if there be neither such designated person or persons

1 still living at the time of death nor a surviving spouse or domestic
2 partner, then to the retiree's legal representative.

3 (b) The department shall adopt rules that allow a member to
4 select a retirement option that pays the member a reduced retirement
5 allowance and upon death, such portion of the member's reduced
6 retirement allowance as the department by rule designates shall be
7 continued throughout the life of and paid to a designated person.
8 Such person shall be nominated by the member by written designation
9 duly executed and filed with the department at the time of
10 retirement. The options adopted by the department shall include, but
11 are not limited to, a joint and one hundred percent survivor option
12 and a joint and fifty percent survivor option.

13 (2)(a) A member, if married or a domestic partner, must provide
14 the written consent of his or her spouse or domestic partner to the
15 option selected under this section, except as provided in (b) and (c)
16 of this subsection. If a member is married or a domestic partner and
17 both the member and member's spouse or domestic partner do not give
18 written consent to an option under this section, the department will
19 pay the member a joint and fifty percent survivor benefit and record
20 the member's spouse or domestic partner as the beneficiary. Such
21 benefit shall be calculated to be actuarially equivalent to the
22 benefit options available under subsection (1) of this section unless
23 spousal or domestic partner consent is not required as provided in
24 (b) and (c) of this subsection.

25 (b) Written consent from a spouse or domestic partner is not
26 required if a member who is married or a domestic partner selects a
27 joint and survivor option under subsection (1)(b) of this section and
28 names the member's spouse or domestic partner as the survivor
29 beneficiary.

30 (c) If a copy of a dissolution order designating a survivor
31 beneficiary under RCW 41.50.790 has been filed with the department at
32 least thirty days prior to a member's retirement:

33 (i) The department shall honor the designation as if made by the
34 member under subsection (1) of this section; and

35 (ii) The spousal or domestic partner consent provisions of (a) of
36 this subsection do not apply.

37 (3)(a) Any member who retired before January 1, 1996, and who
38 elected to receive a reduced retirement allowance under subsection
39 (1)(b) or (2) of this section is entitled to receive a retirement

1 allowance adjusted in accordance with (b) of this subsection, if they
2 meet the following conditions:

3 (i) The retiree's designated beneficiary predeceases or has
4 predeceased the retiree; and

5 (ii) The retiree provides to the department proper proof of the
6 designated beneficiary's death.

7 (b) The retirement allowance payable to the retiree, as of July
8 1, 1998, or the date of the designated beneficiary's death, whichever
9 comes last, shall be increased by the percentage derived in (c) of
10 this subsection.

11 (c) The percentage increase shall be derived by the following:

12 (i) One hundred percent multiplied by the result of (c)(ii) of
13 this subsection converted to a percent;

14 (ii) Subtract one from the reciprocal of the appropriate joint
15 and survivor option factor;

16 (iii) The joint and survivor option factor shall be from the
17 table in effect as of July 1, 1998.

18 (d) The adjustment under (b) of this subsection shall accrue from
19 the beginning of the month following the date of the designated
20 beneficiary's death or from July 1, 1998, whichever comes last.

21 (4) No later than July 1, 2001, the department shall adopt rules
22 that allow a member additional actuarially equivalent survivor
23 benefit options, and shall include, but are not limited to:

24 (a)(i) A retired member who retired without designating a
25 survivor beneficiary shall have the opportunity to designate their
26 spouse or domestic partner from a postretirement marriage or domestic
27 partnership as a survivor during a one-year period beginning one year
28 after the date of the postretirement marriage or domestic partnership
29 provided the retirement allowance payable to the retiree is not
30 subject to periodic payments pursuant to a property division
31 obligation as provided for in RCW 41.50.670.

32 (ii) A member who entered into a postretirement marriage or
33 domestic partnership prior to the effective date of the rules adopted
34 pursuant to this subsection and satisfies the conditions of (a)(i) of
35 this subsection shall have one year to designate their spouse or
36 domestic partner as a survivor beneficiary following the adoption of
37 the rules.

38 (b) A retired member who elected to receive a reduced retirement
39 allowance under this section and designated a nonspouse or a person
40 not their domestic partner as survivor beneficiary shall have the

1 opportunity to remove the survivor designation and have their future
2 benefit adjusted.

3 (c) The department may make an additional charge, if necessary,
4 to ensure that the benefits provided under this subsection remain
5 actuarially equivalent.

6 (5) No later than July 1, 2003, the department shall adopt rules
7 to permit:

8 (a) A court-approved property settlement incident to a court
9 decree of dissolution made before retirement to provide that benefits
10 payable to a member who meets the length of service requirements of
11 RCW 41.26.530(1) and the member's divorcing spouse or domestic
12 partner be divided into two separate benefits payable over the life
13 of each spouse or domestic partner.

14 The member shall have available the benefit options of subsection
15 (1) of this section upon retirement, and if remarried or in a
16 domestic partnership at the time of retirement remains subject to the
17 spousal or domestic partner consent requirements of subsection (2) of
18 this section. Any reductions of the member's benefit subsequent to
19 the division into two separate benefits shall be made solely to the
20 separate benefit of the member.

21 The nonmember ex spouse or former domestic partner shall be
22 eligible to commence receiving their separate benefit upon reaching
23 the ages provided in RCW 41.26.430(1) and after filing a written
24 application with the department.

25 (b) A court-approved property settlement incident to a court
26 decree of dissolution made after retirement may only divide the
27 benefit into two separate benefits payable over the life of each
28 spouse or domestic partner if the nonmember ex spouse or former
29 domestic partner was selected as a survivor beneficiary at
30 retirement.

31 The retired member may later choose the survivor benefit options
32 available in subsection (4) of this section. Any actuarial reductions
33 subsequent to the division into two separate benefits shall be made
34 solely to the separate benefit of the member.

35 Both the retired member and the nonmember divorced spouse or
36 domestic partner shall be eligible to commence receiving their
37 separate benefits upon filing a copy of the dissolution order with
38 the department in accordance with RCW 41.50.670.

39 (c) The department may make an additional charge or adjustment if
40 necessary to ensure that the separate benefits provided under this

1 subsection are actuarially equivalent to the benefits payable prior
2 to the decree of dissolution.

3 (6) Retirees have up to ninety calendar days after the receipt of
4 their first retirement allowance to change their survivor election
5 under subsections (1) and (2) of this section. If a member changes
6 the member's survivor election under this subsection the change is
7 effective the first of the following month and is prospective only.

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