

# ESB 5873: LEOFF 1 Survivor Benefits

## Bill Provisions

ESB 5873 has two main provisions:

- ❖ Creating a new one year window for Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 1 retirees to designate a spouse as eligible for an actuarially equivalent survivor benefit.
- ❖ Providing a survivor two-thirds annuity benefit to certain LEOFF 1 survivors.

## New Survivor Designation Window

To qualify for designation as a survivor, the spouse must:

- ❖ Be ineligible for the death benefits provided in RCW 41.26.160 and RCW 41.26.161.
- ❖ Have been married to the member for at least two years prior to September 1, 2015.

The Office of the State Actuary must provide the Department of Retirement Systems with administrative factors to ensure the benefits are actuarially equivalent if all assumptions are realized.

## Survivor Two-Thirds Annuity Benefit

The bill also provides a survivor two-thirds annuity benefit for certain survivors beginning August 1, 2015. Specifically, if a member did not select a survivor benefit, and the surviving spouse has exhausted all administrative remedies for establishing eligibility by March 1, 2015, then the survivor will begin receiving an annuity on August 1, 2015, that is equal to two-thirds of what the member was receiving per month at the time of death.

## Cost Summary

The new survivor designation window component of the bill is not expected to impact the actuarial funding of the system. This is because members who elect this actuarially equivalent benefit would have their future benefits reduced in order to provide a lifetime benefit for their survivor. Costs could arise if experience is different than expected or if anti-selection occurs.

The two-thirds benefit for certain survivors beginning August 1, 2015, is expected to impact one individual as identified by DRS. The value of this additional lifetime benefit increases the LEOFF 1 liabilities by about \$0.25 million. Since LEOFF 1 is currently in a surplus funded status, no additional contributions are required at this time.

## **Legislative Action**

This bill passed the Senate floor (49 yeas; 0 nays), but received no action in the House during the 2015 Legislative Session.

## **Committee Activity**

The SCPP considered this bill at the October and December meetings. At the December meeting, the committee received public comment and voted to endorse this bill for the 2016 Legislative Session.

## **Recommendation to the 2016 Legislature**

Enact Engrossed Substitute Bill 5873, creating a new window for LEOFF 1 retirees to designate a spouse for a survivor benefit and providing a two-thirds annuity benefit to certain LEOFF 1 survivors.

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