

# Month of Death

## Issue

Should the Department of Retirement Systems (DRS) pay a full month of benefits for the month in which a retiree or survivor dies?

## Background

Retirement benefits are paid on a monthly basis, but annuitants (retirees and survivors) generally only receive benefits up to their 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.

This is a longstanding administrative practice. While statute does not expressly state when benefits should cease after death, DRS has general authority (see e.g., [RCW 41.50.130](#)) to bill retirees and survivors for overpayments of benefits.

At retirement, members of the Plans 3 can purchase an annuity from the Total Allocation Portfolio (TAP). The same proration of benefits in the month of death applies to members who purchase a TAP annuity.

## Highlights

- ❖ The proposal provides a full month of benefits in the month of death.
  - ◇ DRS will continue to pursue repayment of any benefits paid beyond the end of the calendar month in which the annuitant dies.
- ❖ The proposal impacts all systems that DRS administers, and applies to any optional annuities, such as the TAP annuities.
- ❖ Analyzing the proposal requires weighing the additional cost of benefits against more efficient administration, and the negative emotional and financial impacts to families from requiring repayment from someone's estate following a recent death.

## Committee Activity

The Select Committee on Pension Policy (SCPP) received a briefing from DRS on this topic at the June meeting, and held a work session with public testimony at the July meeting. At the September meeting, the SCPP voted to sponsor the bill draft. At the November meeting, the SCPP voted to revise the bill draft to remove a reservation of rights clause.

## Recommendation to the 2019 Legislature

Pay a full month of benefits for the month in which a retiree dies.

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