

# FRP (Pre-LEOFF) Survivors Benefits

---

## Background

The Firemen's Relief and Pension Plan covered fire fighters prior to the creation of LEOFF. The plan provides retirement, disability, and survivor benefits for paid members of a fire department who were actively employed as a fire fighter or a fire dispatcher prior to March 1, 1970. The plan closed to new members on March 1, 1970, and all active members were transferred to LEOFF. The plan is administered by local governments for remaining members, and benefits are paid out of local government funds.

In the 2007 Legislative session, HB 1824 was introduced, and addressed the issue of continuing survivor benefits upon remarriage. This bill passed the House, but was not voted on in the Senate. Stakeholders for retired firefighters contacted the Select Committee on Pension Policy this interim to recommend legislation for 2008.

## Committee Activity

Presentations:

July 17, 2007- Full Committee

December 18, 2007 - Full Committee

Proposal:

December 18, 2007 - Full Committee

## Recommendation to Legislature

Create parity with the Law Enforcement Officers' and Firefighters' Retirement System Plan 1 for spouses of members in the Firemen's Relief and Pensions Plans (1955 Act) by providing an optional survivor benefit for spouses who are not currently eligible to receive survivor benefits, and allowing survivor benefits to continue after remarriage.

## Staff Contact

Darren Painter

Policy Analyst

360.786.6155

painter.darren@osa.leg.wa.gov

## In Brief

### ISSUE

*Stakeholders are proposing two changes to survivor benefits provided in the pre-LEOFF Firemen's Relief and Pension Plans (FRP).*

*Stakeholders are requesting that survivor pensions not stop when a surviving spouse remarries.*

*Stakeholders are also requesting that members be allowed to provide a survivor annuity to a spouse who is otherwise ineligible to receive one. This annuity would be provided at member cost.*

### MEMBER IMPACT

*There are no active members remaining in the FRP plan. It is unknown how many retired members or survivors would be impacted by these proposals since the plan is not administered by the State.*

Darren Painter  
Policy Analyst  
360.786.6155  
painter.darren@leg.wa.gov

# FRP (Pre-LEOFF) Survivor Benefits

## Current Situation

### Stakeholder Proposals

Stakeholders are proposing two changes to survivor benefits provided in the Firemen's Relief and Pension Plans:

- Continue paying survivor benefits when a surviving spouse remarries.
- Provide a new, member-paid survivor benefit option for certain spouses.

Stakeholders have requested that the new survivor benefit option be modeled after an option currently provided in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The option would allow members to provide an actuarially equivalent survivor annuity to a spouse who is otherwise ineligible for a survivor annuity. Members electing this new option would have their pensions actuarially reduced to pay the cost of providing the survivor annuity. The actuarial reduction would be removed if the spouse predeceases the member.

## Background

The FRP covered fire fighters prior to the creation of LEOFF. The plan provides retirement, disability, and survivor benefits for paid members of a fire department who were actively employed as a fire fighter or a fire dispatcher prior to March 1, 1970. The plan closed to new members on March 1, 1970, and all active members were transferred to LEOFF. The plan is administered by local governments for remaining members, and benefits are paid out of local government funds.

Benefits in the plan are funded through property tax levies and a portion of fire insurance premium taxes. Each municipality may levy property taxes of up to 45 cents per \$1,000 of assessed value against all taxable property to support the FRP. If all or a portion of the property taxes are not necessary to maintain the FRP, the taxes may be reduced or used for any other municipal purpose.

Additionally, the State distributes 25 percent of the tax collected on fire insurance premiums to support the FRP. Each eligible city, town, or fire protection district receives its share of the premium taxes based on their current number of active fire fighters.

Currently, FRP provides different survivor benefits depending on the circumstances of the member's death. The surviving spouse of a member who is killed in the line of duty receives a survivor pension of 50 percent of the member's basic salary. The surviving spouse of a member who dies while retired for service or for a duty-related disability continues to receive the member's benefit. The surviving spouse of a member who dies from a disability not related to duty receives a survivor pension of one-third of the member's basic salary with additional amounts provided for each child. If there is no surviving spouse, the pension that would otherwise have been payable to the spouse is divided among the eligible children in equal shares. Survivor benefits are provided at no additional cost to the member.

In order to qualify for survivor benefits, a surviving spouse must have been married to the member at the time of the member's death in the line of duty or retirement for disability, or married five years prior to the member's retirement for service.

*Some spouses are not eligible to receive survivor benefits from the plan.*

The survivor benefit paid to a surviving spouse of a member who died in the line of duty or was retired for disability is stopped if the spouse remarries. In contrast, the survivor benefit paid to the surviving spouse of a member retired for service continues even if the spouse remarries. Survivor benefits paid to child survivors cease when the child attains the age of eighteen or is married.

## History

### **Survivor Benefits in LEOFF**

The changes stakeholders are proposing for FRP are similar to changes that have been made in the LEOFF system.

Initially, survivor benefits payable to surviving spouses in LEOFF Plan 1 were stopped if the spouse remarried. Over time, the plan was amended so that benefits payable to surviving spouses continued even if the spouse remarried.

*The changes stakeholders are proposing for FRP are similar to changes that have been made in the LEOFF system.*

The plan was further amended in 2002 to allow members to provide an actuarially equivalent survivor annuity to a spouse otherwise ineligible for a survivor annuity from the plan. The cost of the new survivor benefit was paid for by members electing it. Members who were already married to an ineligible spouse were given a one-year window to designate their spouse as a beneficiary for the new survivor benefit option.

### **Legislative/SCPP**

*Non-SCPP Legislation was introduced in 2007 that would have addressed the stakeholder proposal regarding remarriage of surviving spouses.*

In 2007, non-SCPP legislation was introduced that would have addressed one of the stakeholder proposals regarding survivor pensions in the FRP. HB 1824 would have removed provisions in the FRP that stop the survivor pension for certain spouses who remarry. The bill did not address the other stakeholder proposal concerning a new survivor benefit option. The bill passed the House, but did not receive a hearing in the Senate.

The SCPP received an initial briefing on FRP survivor benefits on July 17, 2007. The Executive Committee discussed this issue at its November meeting and directed staff to provide a briefing to the full committee at the December 18 meeting and draft a bill implementing both stakeholder proposals for possible executive action.

## **Examples**

### **Remarriage of Surviving Spouse**

Emma is the widow of a fire fighter who retired from the FRP for disability. Emma has been collecting a survivor pension for 20 years, and is currently receiving \$3,000 per month. If Emma were to remarry, her survivor pension would be stopped. However, if Emma's husband had been retired for service, Emma would be able to remarry without having her survivor pension stopped.

### **Ineligible Spouse – Post-Retirement Marriage**

Bill is a former fire fighter who retired for *disability* from the FRP 37 years ago. At the time of his retirement, Bill was not married. Five years after retiring, Bill married Becky. Because Becky was not married to Bill *at the time of his*

*retirement*, she is not eligible for a survivor benefit from the plan.

### **Ineligible Spouse – Married at Retirement**

John is a former fire fighter who retired for service from the FRP 37 years ago. Six months prior to his retirement, John was married to his current wife Joan. Because Joan was not married to John *five years prior to his retirement*, she is not eligible for a survivor benefit from the plan

## Policy Analysis

### **Other Washington Plans**

The majority of fire fighters in Washington State are covered by the LEOFF system, and this paper will use the LEOFF system as the basis for comparison.

The first stakeholder proposal relates to the remarriage of surviving spouses. In both plans of the LEOFF system, survivor pensions do not cease when a surviving spouse remarries -- regardless of whether the survivor benefit was paid for by the member or provided at no additional cost to the member.

*Surviving spouses in the LEOFF system may generally qualify for a member-paid survivor pension regardless of when or how long they were married to the member. Pensions are not stopped even if the spouse remarries.*

The second stakeholder proposal relates to the eligibility of a spouse to qualify for a survivor pension. Here, the approach taken by the plans differs depending on whether the survivor benefit is paid for by the member or provided at no additional member cost.

In LEOFF 1, a surviving spouse must be married to the member one year prior to retirement for service to qualify for a survivor benefit at no member cost. LEOFF 1 also provides an additional member-paid survivor benefit option for spouses not otherwise eligible for the free survivor annuity (including post-retirement spouses).

LEOFF 2 generally provides survivor benefits at member cost and does not generally limit the ability of a spouse to receive a benefit based on when or how long they were married to the member (including post-retirement spouses).

In both plans of the LEOFF system, member-paid survivor benefits are administered by means of an actuarial reduction to the member's pension. Both plans have

provisions to restore the member's pension to the unreduced amount if the spouse predeceases the member -- commonly referred to as a "pop-up" provision.

*There is also a pre-LEOFF police system with provisions for surviving spouses similar to the FRP.*

There also exists a pre-LEOFF Police Relief and Pensions (PRP) system that has provisions similar to the FRP in regards to survivor benefits for spouses. The PRP closed to new members on March 1, 1970, and all active members were transferred to LEOFF. Like the FRP, the plan is administered by local governments for remaining members, and benefits are paid out of local government funds. As in the FRP, survivor pensions paid to surviving spouses are stopped if the spouse remarries, and a spouse must be married five years prior to the member's retirement for service to qualify for survivor benefits. The PRP also provides a \$300 per month pension for a surviving spouse who is otherwise ineligible for a survivor pension.

### **Other States**

An examination of how plans covering fire fighters in Washington's comparative states handle spousal eligibility for survivor pensions and the remarriage of surviving spouses is relevant to the discussion of this issue.

*Other states generally provide options for most spouses to receive a survivor pension and do not stop such pensions if the survivor remarries.*

Generally, Washington's comparative states provide survivor benefits at member-cost. These states do not have length of marriage requirements for a spouse of a service retiree to be eligible for a member-paid survivor annuity. The majority of other states also allow members some opportunity to designate a post-retirement spouse for a survivor benefit, and "Pop-up" provisions are common.

In addition to member-paid benefits, California also offers an employer-provided (at no member cost) survivor annuity benefit. The spouse must have been married at least one year prior to the member's retirement to qualify for the employer-provided annuity.

Plans covering fire fighters in Washington's comparative states do not stop a survivor pension if the surviving spouse remarried.

See **Appendix A** for more detailed information on survivor benefits in other states.

*Policy-makers may take different views depending on whether benefits are member-paid or offered at no additional cost to the member.*

### **Free vs. Member-Paid Benefits**

The two stakeholder proposals on FRP survivor benefits generally address the ability of a spouse to qualify for a survivor pension from the plan. Policy-makers may take different views on this issue depending on whether benefits are member-paid or offered at no additional cost to the member.

When survivor benefits are paid for entirely by the member, they may be viewed more along the lines of providing member flexibility in payment options. There may be little perceived need to place restrictions on who may qualify for such benefits since the cost is entirely born by the member. When survivor benefits are paid for by the member, there is little reason from both a plan design and public policy perspective to either limit a spouse's ability to receive a survivor benefit or to stop survivor benefits if a surviving spouse remarries.

*When survivor benefits are provided free to the member, there may be greater reason to limit who qualifies.*

In contrast, survivor benefits that are provided free to the member may be viewed more along the lines of a public benefit. In such cases, policy-makers may wish to place restrictions on who qualifies for such benefits and limit the circumstances under which the benefits are paid. Such restrictions may serve many purposes such as:

- Lowering the cost of providing survivor benefits.
- Directing benefit dollars to recipients with the greatest perceived need.
- Preventing perceived abuse.

For example, policy-makers may require a spouse to be married to the member for a certain number of years prior to the member's retirement or death. Such a restriction may serve to ensure survivor benefits are going to spouses who were married to the member for some portion of their public career. It may also serve to prevent "death-bed" marriages—where a member who has a short time to live marries simply to provide the free survivor benefit to someone.

Policy-makers may also choose to stop survivor benefits when a surviving spouse remarries. Such a restriction may serve to prevent a spouse from collecting more than one survivor benefit from the plan if they remarry another plan

member. It may also serve to direct survivor pension dollars to those surviving spouses who do not have access to income from another marriage.

*Some restrictions may run counter to broader public policy concerns.*

While there are reasons from a plan design perspective to restrict the ability of a spouse to collect a survivor pension, some restrictions may run counter to broader public policy concerns. Restrictions related to the length and timing of marriage may result in a member not being able to provide a survivor annuity for a spouse of many years. Restrictions related to collecting survivor pensions after remarriage may serve as a disincentive for a surviving spouse to ever remarry. For those spouses who do remarry, the loss of a survivor pension may create financial difficulty—particularly if the pension had been collected and relied upon for many years.

### **Cost Implications**

The two stakeholder proposals relating to FRP survivor benefits have very different cost implications. Continuing survivor pension payments that would otherwise be stopped upon the remarriage of the surviving spouse has a direct cost to the plan. Because the FRP has been closed for many years and there are no longer any active members, such additional costs cannot be funded over the working lifetime of plan members. It is unknown whether the tax revenue currently allocated to pay the benefits of the plan is sufficient to cover the cost of any additional benefit improvements.

Providing members a new actuarially equivalent survivor benefit option for otherwise ineligible spouses has no cost to the plan—the benefit is entirely paid for by the member. However, implementing such an option may generate administrative costs for the various local governments that still pay FRP benefits. Plan administrators may need to consult with actuaries or other experts to develop the new survivor option.

*Members may wish to consider if policy concerns warrant advancing a legislative proposal with an unknown cost.*

The total cost of the stakeholder proposals relating to FRP survivor benefits is indeterminate at this time due to lack of available data (see attached fiscal note). The plan is administered by local boards and there is no centralized reporting. The cost of the proposals would be entirely born by the local governments paying the benefits. SCPP

members may wish to consider whether the policy concerns warrant advancing a legislative proposal with an unknown cost.

## Conclusion

Stakeholders have made two proposals regarding survivor benefits in the FRP. Both of the proposals generally address the ability of a spouse to collect a survivor pension from the plan. One proposal is to continue paying survivor pensions when a surviving spouse remarries. This proposal has a cost that is indeterminate at the present time due to insufficient data. The other proposal is to provide a new member-paid survivor benefit option for an otherwise ineligible spouse. This proposal has no cost to the plan. Both proposals are consistent with current practice in the LEOFF system.

## Executive Committee Recommendations

The Executive Committee has not made a recommendation on this issue. However, staff was directed to prepare a bill draft incorporating both stakeholder proposals.

## Bill Draft

A code reviser draft of the bill (Z-0765.2/08) is attached. Staff prepared the bill draft based upon HB 1824 from the 2007 Session and current LEOFF statute. HB 1824 was referred to for language to continue survivor benefits upon remarriage. The actuarially equivalent survivor option for otherwise ineligible spouses was modeled after current provisions in LEOFF Plan 1.

### Stakeholder Input

*Correspondence from:*  
*Richard Warbrouk,*  
*President, Retired*  
*Firefighters of Washington.*

## Draft Fiscal Note

Attached.

## Supporting Information

### Appendix A

<b>Plans Covering Fire Fighters in Other States</b>				
<b>State</b>	<b>Survivor Benefit Ceases on Remarriage</b>	<b>Restrictions on Eligible Spouse for Service Retirement Survivor Benefit</b>	<b>May Designate a Post-Retirement Spouse for Survivor Benefits</b>	<b>Pop-Up</b>
California				
<i>Employer-Provided</i>	No	Married 1 year prior	No	
<i>Member-Paid</i>	No	No	Yes	Yes
Iowa	No	No	Yes	Yes
Missouri	No	No	No	Yes
Ohio	No	No	Yes	Not specified
Colorado	No	No	Yes	Yes
Florida	No	No	Yes	Not specified
Idaho	No	No	Yes	Yes
Iowa	No	No	No	Yes
Minnesota	No	No	No	Yes
Oregon	No	No	Yes	Yes
Wisconsin	No	No	Yes	Yes

*Data obtained from plan administrator websites, member handbooks, and other publications available online as of 11/26/2007.*

O:\Reports\Interim Issues\2007\8.FRP-PreLEOFF-Sruvivor\_Bens.doc

---

**BILL REQUEST - CODE REVISER'S OFFICE**

---

BILL REQ. #: Z-0765.2/08 2nd draft

ATTY/TYPIST: LL:seg

BRIEF DESCRIPTION: Providing benefits for the survivors of certain firefighters.

1 AN ACT Relating to benefits for the survivors of certain  
2 firefighters; amending RCW 41.18.080 and 41.18.100; and adding a new  
3 section to chapter 41.18 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.18 RCW  
6 to read as follows:

7 (1) Any retired firefighter married to a spouse ineligible for  
8 survivor benefits under RCW 41.18.040, 41.18.080, and 41.18.100 may  
9 choose an actuarially equivalent benefit adopted by the board that pays  
10 the retired firefighter a reduced retirement allowance, and upon death  
11 such portion of the retired firefighter's reduced retirement allowance  
12 as designated by the retired firefighter shall be continued throughout  
13 the life of the spouse.

14 (2) A retired firefighter who married a spouse ineligible for  
15 survivor benefits under RCW 41.18.040, 41.18.080, and 41.18.100 prior  
16 to the effective date of this section has one year after the effective  
17 date of this section to designate their spouse as a survivor  
18 beneficiary.

1 (3) The benefit provided to a child survivor beneficiary under RCW  
2 41.18.040, 41.18.080, and 41.18.100 shall not be affected or reduced by  
3 the retired firefighter's selection of the actuarially reduced spousal  
4 survivor benefit provided by this section, and shall be equivalent to  
5 the amount payable as if the choice under subsection (1) of this  
6 section was not made.

7 (4)(a) Any retired firefighter who chose to receive a reduced  
8 retirement allowance under subsection (1) of this section is entitled  
9 to receive a retirement allowance adjusted in accordance with (b) of  
10 this subsection if:

11 (i) The retiree's survivor spouse designated in subsection (1) of  
12 this section predeceases the retiree; and

13 (ii) The retiree provides to the board proper proof of the  
14 designated beneficiary's death.

15 (b) The retirement allowance payable to the retiree from the  
16 beginning of the month following the date of the beneficiary's death  
17 shall be the current monthly amount payable as if the selection under  
18 subsection (1) of this section was not made.

19 **Sec. 2.** RCW 41.18.080 and 2007 c 218 s 49 are each amended to read  
20 as follows:

21 Any firefighter who has completed his or her probationary period  
22 and has been permanently appointed, and sustains a disability not in  
23 the performance of his or her duty which renders him or her unable to  
24 continue his or her service, may request to be retired by filing a  
25 written request with his or her retirement board within sixty days from  
26 the date of his or her disability. The board may, upon such request  
27 being filed, consult such medical advice as it deems fit and proper.  
28 If the board finds the firefighter capable of performing his or her  
29 duties, it may refuse to recommend retirement and order the firefighter  
30 back to duty. If no request for retirement has been received after the  
31 expiration of sixty days from the date of his or her disability, the  
32 board may recommend retirement of the firefighter. The board shall  
33 give the firefighter a thirty-day written notice of its recommendation,  
34 and he or she shall be retired upon expiration of said notice. Upon  
35 retirement he or she shall receive a pension equal to fifty percent of  
36 his or her basic salary. For a period of ninety days following such  
37 disability the firefighter shall receive an allowance from the fund

1 equal to his or her basic salary. He or she shall during said ninety  
2 days be provided with such medical, hospital, and nursing care as the  
3 board deems proper. No funds shall be expended for such disability if  
4 the board determines that the firefighter was gainfully employed or  
5 engaged for compensation in other than fire department duty when the  
6 disability occurred, or if such disability was the result of  
7 dissipation or abuse. Whenever any firefighter shall die as a result  
8 of a disability sustained not in the line of duty, his widow or her  
9 widower shall receive a monthly pension equal to one-third of his or  
10 her basic salary (~~until remarried~~); if such widow or widower has  
11 dependent upon her or him for support a child or children of such  
12 deceased firefighter, he or she shall receive an additional pension as  
13 follows: One child, one-eighth of the deceased's basic salary; two  
14 children, one-seventh; three or more children, one-sixth. If there be  
15 no widow or widower, monthly payments equal to one-third of the  
16 deceased firefighter's basic salary shall be made to his or her child  
17 or children. The widow or widower may elect at any time in writing to  
18 receive a cash settlement, and if the board after hearing finds it  
19 financially beneficial to the pension fund, he or she may receive the  
20 sum of five thousand dollars cash in lieu of all future monthly pension  
21 payments, and other benefits, including benefits to any child and/or  
22 children.

23 **Sec. 3.** RCW 41.18.100 and 2007 c 218 s 51 are each amended to read  
24 as follows:

25 In the event a firefighter is killed in the performance of duty, or  
26 in the event a firefighter retired on account of service connected  
27 disability shall die from any cause, his widow or her widower shall  
28 receive a monthly pension under one of the following applicable  
29 provisions: (1) If a firefighter is killed in the line of duty his  
30 widow or her widower shall receive a monthly pension equal to fifty  
31 percent of his or her basic salary at the time of his or her death; (2)  
32 if a firefighter who has retired on account of a service connected  
33 disability dies, his widow or her widower shall receive a monthly  
34 pension equal to the amount of the monthly pension such retired  
35 firefighter was receiving at the time of his or her death. If she or  
36 he at any time so elects in writing and the board after hearing finds  
37 it to be financially beneficial to the pension fund, he or she may

1 receive in lieu of all future monthly pension and other benefits,  
2 including benefits to child or children, the sum of five thousand  
3 dollars in cash. If there be no widow or widower at the time of such  
4 firefighter's death or upon the widow's or widower's death the monthly  
5 pension benefits (~~hereinabove~~) provided for under this section shall  
6 be paid to and divided among his or her child or children share and  
7 share alike, until they reach the age of eighteen or are married,  
8 whichever occurs first. (~~The widow's or widower's monthly pension~~  
9 ~~benefit, including increased benefits to his or her children shall~~  
10 ~~cease if and when he or she remarries: PROVIDED, That~~) No pension  
11 payable under the provisions of this section shall be less than that  
12 specified under RCW 41.18.200.

--- END ---

# DRAFT FISCAL NOTE

RESPONDING AGENCY:	CODE:	DATE:	PROPOSAL NAME:
Office of the State Actuary	035	12/20/2007	Z-0765.2

## INTENDED USE

This draft actuarial fiscal note was prepared by the Office of the State Actuary. The changes in liability, contribution rates, and fiscal costs are based on our understanding of the proposal as of the date of this draft fiscal note. Liabilities, contribution rates, and fiscal costs presented herein are subject to change should actual bill language for this proposal be introduced as legislation in the upcoming Legislative Session. This draft fiscal note is intended to be used by the Select Committee on Pension Policy during the 2007 Interim only.

Any third party recipient of this draft fiscal note is advised to seek professional guidance concerning its content and interpretation and should not rely upon this communication in the absence of such professional guidance. The analysis presented in this draft fiscal note should be read as a whole. Distributing or relying on only portions of this draft fiscal note could result in misuse and may be misleading to others.

## EXECUTIVE SUMMARY

This proposal impacts members of the Firemen's Relief and Pensions Plans (1955 Act) by providing an optional survivor benefit for spouses who are not currently eligible to receive survivor benefits, and by allowing certain survivor benefits to continue after remarriage.

The cost for this proposal is indeterminate as we do not have any data to perform a sufficient analysis.

See the Actuarial Determinations section of this draft fiscal note for additional detail.

## SUMMARY OF PROPOSAL

This proposal impacts the Firemen's Relief and Pensions Plans (1955 Act) by providing a new survivor benefit option and allowing certain survivor benefits to continue if the survivor remarries.

This proposal would create a new actuarially equivalent survivor benefit for spouses who are otherwise ineligible to receive ongoing survivor benefits under the plan. If a member who is married to an ineligible spouse elects this option, the member's retirement allowance will be actuarially reduced. Then, upon the death of the member, the reduced

retirement allowance will continue throughout the life of the spouse. The selection of this survivor option will not affect any payments due to child beneficiaries. Members who were married to an ineligible spouse prior to the effective date of the act will have one year from the effective date of the act to designate their spouse as a survivor beneficiary. The proposed option also provides a “pop-up” provision in the event the designated spouse predeceases the member. This provision would increase the amount of the member’s retirement allowance to the amount the member would have received had the member not selected the option.

This proposal would also allow survivor benefits for members who retired on disability or who died in the line of duty to continue if the survivor remarries.

Assumed Effective Date: 90 days after session.

## **CURRENT SITUATION**

The Firemen's Relief and Pensions Plans (1955 Act) provides retirement, disability, and survivor benefits for paid members of a fire department who are actively employed as a fire fighter or a fire dispatcher. The plan closed to new members on March 1, 1970, and the majority of members were transferred to the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The plan is administered by local governments and benefits are paid out of local government funds.

Currently, the plan provides different survivor benefits depending on the circumstances of the member's death. The surviving spouse of a member who is killed in the line of duty receives a survivor pension of 50% of the member's basic salary. The surviving spouse of a member who dies while retired for service or for a duty-related disability continues to receive the member's benefit. The surviving spouse of a member who dies from a disability not related to duty receives a survivor pension of one-third of the member's basic salary with additional amounts provided for each child. If there is no surviving spouse, the pension that would otherwise have been payable to the spouse is divided among the eligible children in equal shares.

In order to qualify for survivor benefits, a surviving spouse must have been married to the member at the time of the member’s death in service or disability, or married five years prior to the member’s retirement for service. The survivor benefit paid to a surviving spouse of a member retired for service continues even if the spouse remarries, while in all other cases, the survivor benefits are stopped if the spouse remarries. Survivor benefits paid to child survivors cease when the child attains the age of eighteen or is married.

## **SUMMARY OF MEMBERS IMPACTED**

We do not have any data to determine the number of members impacted by this proposal.

## **FISCAL IMPACT**

### **Actuarial Determinations**

The FRP Plan is administered by local governments and benefits are paid out of local funds. Neither the LEOFF Plans nor any other State Retirement Plans are impacted by these benefit improvements. The cost associated with this proposal is discussed under each of the benefit provisions below:

- (1) The provision of an actuarially equivalent survivor benefit for spouses who are otherwise ineligible is cost neutral as far as the benefit provision itself. An actuarially equivalent benefit is a benefit that has the same present value as the benefit it replaces. There are, however, some intrinsic costs in offering this benefit because the local governments will have to administer this additional benefit and possibly obtain actuarial services to calculate the actuarially equivalent values.
- (2) The cost to continue a survivor pension when the survivor remarries is essentially the “loss of savings” to the fund that would have occurred without this provision. We do not have any data to support a fiscal cost determination for this part of the proposal.

Based on information provided in HB 1824 during the 2007 Legislative Session, The City of Seattle, with the largest FRP membership, assumes that no surviving spouse will remarry when budgeting for the Plan. They also report that the number of surviving spouses who remarry is very small. This suggests that the impact of this part of the proposal is a small “loss of savings” to the Plan’s fund. If, however, this provision was made retroactive, the cost to provide this benefit back many years, plus the administrative work to find the impacted surviving spouses, could be significant.