

Select Committee on Pension Policy



Lump Sum Duty-Death Benefit

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How Did This Issue Come Before The SCPP?

- Stakeholders are requesting the SCPP
 - Revisit the issue of increasing the Lump Sum Duty-Death (LSDD) benefit for general public employees
 - Consider making a recommendation to 2011 Legislature
- Executive Committee directed staff to prepare a bill draft



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Today's Briefing

- Background
- Committee/Legislative activity
- Policy considerations
- Next steps



Background

- State retirement systems provide LSDD for public employees
 - \$150,000 for general employees
 - \$214,000 for police and fire
- Benefit amount for police and fire automatically increases for inflation
- Benefit amount for general employees doesn't automatically increase for inflation
 - Has not changed since 1999



Committee Activity

- SCPP studied this issue in the last four interims
- Recommended legislation in 2007, 2008, and 2009
 - Automatic increases for inflation (2007 and 2008)
 - Increasing to \$175,000 (2009)
 - Recommendations not enacted by Legislature
- SCPP held a special meeting in January 2010
 - Consider a LEOFF 2 Board bill increasing duty-death benefits for police fire
 - No recommendation

Legislature Improved Duty-Death Benefits For Police And Fire In 2010

- Passed LEOFF 2 Board bill
 - EHB 2519
- Broad changes impacting death and survivor benefits for members of LEOFF and WSPRS
- Pension changes
 - Increased LSDD to \$214,000--recovers past inflation
 - Automatic increases for future inflation
 - Enhanced survivor annuities
 - Retroactive
- Other changes
 - Required colleges and universities to waive tuition and fees
 - Increased workers' compensation cash-out benefit

Other Legislative Activity In 2010

- House revived and amended 2009 SCPP bill (EHB 1547)
 - Increased LSDD to \$214,000
 - Applied to systems other than LEOFF and WSPRS
 - Retroactive
- Passed House, not heard in Senate



Comparison Of Lump Sum Duty-Death Benefits

Lump Sum Duty-Death Benefits		
Benefit	Police & Fire	General
Retirement Systems		
Statutory Amount	\$214,000	\$150,000
Automatic Increase	Yes	No
Workers' Compensation	\$12,000 ¹	\$12,000 ¹
Federal PSOB ²	\$318,000 ¹	N/A

¹As of December 2010.

²Public Safety Officers' Benefits program. Also available to corrections and other public safety officers.

Comparison Of Other Duty-Death Benefits

Duty-Death Survivor Annuities And Other Benefits ¹		
Benefit	Police & Fire	General
DRS Survivor Annuities		
Unreduced	X	Partial
Waive Minimum Service	X	
10 Percent AFC Minimum	X	
Workers' Compensation		
Survivor Annuities	X	X
Improved Cash-Out	X	
Other		
Reimburse Survivor Health Care Premiums	X	
Tuition Waiver/Reimbursement ²	X	

¹As of December 2010.
²Police officers, fire fighters, corrections and other public safety officers may qualify for Federal PSOB reimbursement of education expenses.


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- ### Policy Considerations
- Value of the LSDD for general public employees has declined by more than 30 percent due to inflation
 - Police and fire receive a higher LSDD than general employees
 - Duty-death benefits may play a greater role in recruiting and retaining employees in more dangerous occupations
 - Key policy questions
 - Is the current amount adequate for general public employees?
 - If not, should the amount be increased?
 - Adjusted for inflation (\$197,000)
 - Equal to base amount for police and fire (\$214,000)
 - Other amount?
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November Executive Committee Activity

- Scheduled a public hearing/possible executive session
 - Bill draft increasing the LSDD
 - General public employees
- Directed staff to ensure the bill wouldn't increase contribution rates in the upcoming biennium

Key Provisions Of Staff Bill Draft

- Increases amount of lump sum to \$214,000
 - PERS, TRS, SERS, PSERS, VFFRPS
- What it does not do
 - Automatically increase amount for inflation
 - Apply retroactively
 - Include other enhancements provided for police and fire



Fiscal Impact Summary: Increase To \$214,000

- No rate impact for upcoming biennium

(\$ in millions)	All Systems
2011-2013	
Total GFS	\$0.0
Total Employer	0.0
2013-2015	
Total GFS	0.2
Total Employer	0.6
25-Year	
Total GFS	4.2
Total Employer	\$13.3



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Possible Next Steps

- No further action
- Recommend the bill as drafted
 - Sample motion
 - I move the committee recommend the Lump Sum Duty-Death benefit bill draft to the 2011 Legislature
- Amend the bill draft
 - Sample motion
 - I move the committee amend the Lump Sum Duty-Death benefit bill draft to bill to ...
- Other action?



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