



## Select Committee on Pension Policy

### Pension Garnishment

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### For Today

- Governor asked the SCPP to study whether pensions should be subject to garnishment under certain conditions
- Chair asked for an initial briefing on issue
- No action required today



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## Brief Overview

- SHB 1552 (Regarding Garnishment) enacted into law
  - Included, among other provisions, changes to garnishment provisions in pension statutes
- Received attention in media due to interaction with recent court case
- Governor wrote to SCPP
  - Letter included in meeting materials



## Garnishment Is Process Of Enforcing Payment

- In brief, a lien on someone's paychecks or bank accounts to enforce payment of money owed
- Subject to limitations
  - Some types of assets are exempt
  - Amounts may be capped



## General Rule – Pensions Are Exempt From Garnishment

- Includes, but is not limited to
  - State pensions
  - Federal government pensions
  - Federally qualified pensions
  - IRA, 401(K), 403(B)
- Existing exceptions to general rule
  - Divorce decrees
  - Child support enforcement
  - Federal court orders



## Court Case

- *Anthis v. Copland*, 270 P.3d 574 (2012)
  - Wrongful death claim against LEOFF retiree
  - Victim's spouse awarded damages
  - Defendant's only asset was his pension
  - Victim's spouse sought to garnish pension
- In brief, State Supreme Court held that pensions are not exempt from garnishment once the funds have been paid to the retiree.
- Court also stated that the Legislature could change this by adding language to current statutes.



## Legislature Amends Existing Garnishment Bill

- HB 1552 contained several modifications to garnishment statutes
  - For example, using new forms, and changing attorney fees
- Amendment added new provision
  - Pensions are exempt from garnishment, even when in possession of the retiree, or deposited in a bank account
  - Current exceptions for child support, etc. are unchanged
- Staff is not expert in garnishment procedures, but according to Governor's letter, this restores practice in place prior to court case
- Bill passed, and was signed into law



## Governor Asked SCPP To Study Pension Garnishment

1. Should additional exceptions be made to the general rule exempting pensions from garnishment?
  - For example, where the retiree caused serious bodily injury or death
  - Existing exceptions
    - Divorce decrees
    - Child support enforcement
    - Federal court orders
2. If so, to what extent should pensions be subject to garnishment?



## Next Steps

- Executive Committee to decide if study of pension garnishment should be added to interim work plan
  - If so, which aspects are pension policy and which are judicial policy?
- If the issue advances, possible future items
  - Consult or coordinate with other agencies
  - Detailed briefings or work sessions

