

THREE: APPENDICES

MISCELLANEOUS ASSUMPTIONS

continued

Survivor Remarriage Benefit

What are the Survivor Remarriage Benefit Assumptions and How Do We Use them?

When a member of LEOFF 2 or WSPRS dies from duty-related causes, their survivors receive a retirement benefit from the retirement system and a pension benefit from Labor & Industries (L&I). When, and if, a survivor of a duty-related death remarries, DRS assumes payment of the L&I pension benefit and the cost is borne by the corresponding retirement plan trust fund. This benefit was passed into law during the 2015 Legislative Session; see the **Law Changes** section for details.

We use three assumptions to estimate the liability associated with the Survivor Remarriage Benefit for LEOFF 2 and WSPRS. The assumptions include the probability a survivor remarries, the number of years until remarriage, and the annual COLA of the benefit. The COLA for this benefit is the annual increase in Washington State of the “average annual wage” as defined in [RCW 50.04.355](#).

High Level Takeaways

We lowered the probability a survivor remarries and changed the time period until remarriage to be consistent across active and inactive members. Under the old assumptions structure, we assumed different time periods for active members and inactive members. We retained the assumed growth of the COLA applied to this benefit.

Note that we developed the initial assumptions for the fiscal note, using national remarriage data and our professional judgement, in order to determine the potential impact of the establishing bill. We used experience after the bill became law to set the new assumptions for this benefit.

Data and Assumptions

We used survivor data between 2015 and 2018 to study these assumptions. No special data was added.

We assumed all survivors of duty-related death have a probability of remarriage regardless of age or gender. We make the same assumption for both active members and inactive members. We also assumed LEOFF 2 and WSPRS survivors will remarry and utilize this benefit at the same rate. Therefore, we combined LEOFF 2 and WSPRS data to study this assumption.

General Methodology

Probability a Survivor Remarries

We calculated the percent of survivors that remarried by dividing the number of remarried survivors by the total number of survivors in the study period.

Number of Years Until Remarriage

To determine the number of years until survivors remarry, we averaged the amount of time until remarriage across all survivors. For survivors that remarried before this benefit became law, we used the amount of time between the member’s death and the remarriage. For survivors that remarried after this benefit became law, we used the amount of time between either the member’s date of death or the effective date of the law, and the remarriage.

Benefit COLA Assumption

We continued to rely on the assumed General Salary Growth assumption, as determined in our [2019 Report on Financial Condition and Economic Experience Study](#), as the annual assumed growth in the cost of living.

Law Changes

- ❖ [SHB 1194 \(2015\)](#) – Establishing Law.

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Analysis and Results

Analysis

Past Experience

Experience shows fewer survivors remarried than under our initial assumed probability, but those remarriages occurred near our assumed number of years until remarriage.

Survivors and Remarriages		
Survivors	Remarried	Rate
81	18	22.2%

Number of Years Until Remarriage		
Date of Death Before or After Effective Date		
	Before	After
Count	10	8
Years	4.5	2.0

Methods and Format of Assumptions

To set the percent remarriage assumption, we observed the simple average percent that remarried and used our professional judgement regarding our future expectations, taking into account the data studied when we prepared analysis for the establishing bill.

We considered retaining the current format of using different assumptions for active and inactive members. We ultimately chose to change the format because we believe that the anticipated demand amongst current survivors has dissipated since the passing of this bill.

We changed the method used to estimate the current survivor liability. We limited the number of years over which we apply our assumptions to a four-year window. The window begins at the time of the member's death or the effective date of the law, whichever was more recent. This window represents our assumed number of years until remarriage. Effectively, we assign each survivor a number that begins at four and will decrement each year in the future until reaching zero.

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Results

We found that of the 81 survivors of duty related deaths, 18 remarried – approximately 22 percent. We also found that, on average, survivors waited 3.3 years to remarry following the member’s death.

The following table shows the old and new assumptions used for the survivor remarriage benefit.

Remarriage Assumptions for Duty-Related Death Survivors in LEOFF 2 and WSPRS		
Percent of Survivors Assumed to Remarry		
	Old	New
	40%	30%
Assumed Number of Years Until Remarriage		
	Old	New
Current Survivors	2	4
Future Survivors	4	4
Benefit COLA Assumption*	3.50%	3.50%

Survivors of duty-related deaths may qualify for a death benefit paid by Labor and Industries (L&I). Upon remarriage the death benefit is paid from the respective system's pension trust fund.

Note: We assume all duty-related death survivors could qualify for the remarriage benefit.

**The benefit COLA changes with the state average wage.*