



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

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April 6, 2018

The Honorable Matt Manweller
Washington State Representative
Chair, Select Committee on Pension Policy
PO Box 40914
Olympia, WA 98504-0914

Dear Representative Manweller:

The Department of Retirement Systems respectfully requests that the Select Committee on Pension Policy study and consider endorsing legislative action on the following issues this interim:

1. Remove Notarization Requirements for Certain Survivorship Selections

Under current law, a member who is retiring must provide written, notarized consent from his or her spouse for any retirement survivorship option he or she selects – except in the case of a joint 50% survivorship option. This means that even when a member is providing a 100% or 66.67% survivorship option, the spouse must provide notarized consent, even though these options are greater than the default option of joint 50%. (The default option is in place because of Washington state's community property laws.) DRS would like the SCPP to consider removing the notarization requirement for any survivor option greater than 50%.

2. Offer an Annuity Purchase Option Across All Plans, Discontinue Purchase Service Credit

In recent years, the Legislature has approved a purchase annuity option in some of the state's retirement systems and plans, allowing members to acquire a guaranteed lifetime income stream by making a one-time payment at the time of retirement. This option is not available, however, for a sizeable portion of DRS members, most notably those in PERS, SERS and PSERS. Instead, these members can only extend their retirement benefit through a purchase of service credit (PSC) – a more complex process that comes with restrictions that are not found in an annuity. DRS requests that the SCPP study the potential for simplification and standardization by removing PSC and allowing the option of purchasing an annuity from the state retirement system across all plans.



3. Eliminate Pro Ration of Month of Death Benefit Payment

When a retiree or survivor passes away, the last monthly benefit payment must be pro-rated based on the number of days the person was alive in the month. For example, an individual who passes away on the 10th of the month will have accrued 1/3 of his or her monthly payment. In most cases, however, DRS isn't aware of a death until after the full monthly payment has been processed. In these instances, DRS must bill the family or the estate to recover the pro-rated overpayment. This comes at a time when survivors are already navigating through paperwork and other difficult issues related to the member's death. Additionally, pro-rating the last payment can cause hardships for health insurance payments. DRS suggests that the SCPP consider eliminating the pro ration of month of death benefit payments.

Please let us know how we can assist the committee in reviewing these issues. We are available to answer questions and provide additional background and data as needed.

Thank you for your consideration.

Sincerely,



Tracy Guerin
Director

cc: Members of the Select Committee on Pension Policy