



June 24, 2015

Disaster Response Coverage

Initial Consideration

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ISSUE STATEMENT

LEOFF 2 members who are called up to federal service to respond to natural disasters such as the Chelan wildfires or the Oso mudslide have different, and often less, pension protections than those called into service for military reserves or the National Guard.

OVERVIEW

This paper will do the following:

- Explain current Washington State benefits
- Provide a history of legislation that has affected these benefits
- Deliver information about Federal Military benefits
- Discuss policy issues

BACKGROUND & POLICY ISSUES

Washington State Benefits

A member who dies before retirement is entitled to a standard death benefit ranging from a refund of contributions, up to an actuarially reduced monthly benefit paid to a surviving spouse or minor child. The monthly benefit received by the survivor is determined by the number of years the member has in the system at the time of death.

In addition to the monthly benefit, if a member dies in the line of duty, as of July 1, 2015 a \$236,443 death benefit will be paid to their designated beneficiary.

Legislative History

The Select Committee on Pension Policy (SCPP) and LEOFF Plan 2 Retirement Board passed joint legislation to the 2009 Legislature which provides an unreduced survivor annuity to qualifying survivors of members of all systems and plans who leave public employment due to service in the National Guard or Military Reserves and die while service honorable during a *period of war*.

The “period of war” language creates a gap where members who are called by the National Guard or Military to respond to natural disasters are not covered by that 2009 bill. Additional

legislation with language tying natural disaster responders to the unreduced survivor annuity would be required.

Federal Benefits Available to Survivors of Military Service Members

Department of Defense (DoD) benefits for survivors of deceased members of the armed forces vary significantly in purpose and structure. Benefits such as the death gratuity provide immediate cash payments to assist these survivors in meeting their financial needs during the period immediately following a member's death. Similarly, the Service Members' Group Life Insurance (SGLI) provides the life insurance policy value in a lump sum payment following the service member's death. Other benefits such as the Veteran's Administration Dependency and Indemnity Compensation (DIC) and the Survivor Benefit Plan (SBP) are designed to provide long-term monthly income. Additional death benefits provided by the DoD for survivors and dependents include housing assistance, health care, commissary and exchange benefits, educational assistance, and burial, funeral, and related benefits. Survivors may also receive death benefits from Social Security.

Policy Issues

There are two key issues related to the military death benefit: (1) consideration by the pension plan for military service and (2) adequacy of benefits provided to survivors of members killed in military service.

Currently, no considerations are made for members who are called to military service to respond to natural disasters, and are killed during that service. The survivor of a member killed in military service responding to natural disasters is treated the same, and has benefits computed the same as the survivor of a member who left employment for other reasons. Thus, a primary policy question is whether survivors of members who die while called to respond to natural disasters should receive the same benefits as members who die while serving in the military during a period of war.

If special consideration is provided to survivors of these members, then what level of benefit should be provided? The current benefit only provides a refund of accumulated contributions. Should this rise to the level of a line of duty death providing full earned benefits or does it only merit an enhanced survivor benefit that is more adequate than a lump sum refund of contributions. Further, is a lump sum payment the form the benefit should take, as most of the Federal benefits are, or is an annuity a more adequate?



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Issue

- **LEOFF 2 members who are called up to federal service to respond to natural disasters such as the Chelan wildfires or the Oso mudslide have different, and often less, pension protections than those called into service for military reserves or the National Guard**

Current Benefits

- **Members who die before retirement are entitled to a standard death benefit**
- **The benefit is determined by the number of years the member has in the system at the time of death**
- **For duty-related deaths, designated beneficiaries are paid a state death benefit of \$236,443 (effective July 1, 2015).**

Previous Legislation

- **The Select Committee on Pension Policy (SCPP) and LEOFF Plan 2 Retirement Board passed joint legislation to the 2009 Legislature**
 - The bill provides an unreduced survivor annuity to qualifying survivors of members of all systems and plans who leave public employment due to service in the National Guard or Military Reserves and die while in honorable service during a *period of war*.

Coverage Gap

- **The “period of war” language creates a gap where members who are called by the National Guard or Military to respond to natural disasters are not covered by that 2009 bill.**
- **Additional legislation with language tying natural disasters to the unreduced survivor annuity would be required.**

Key Issues

- **Two key issues related to the military death benefit:**
 - Consideration by the pension plan for military service
 - Adequacy of benefits provided to survivors of members killed in military service
- **Currently, no special considerations are made for members who are called to military service to respond to natural disasters, and are killed during that service.**

Key Issues

- **Survivors of a member killed in military service for responding to natural disasters is treated the same, and has benefits computed the same as the survivor of a member who left employment for other reasons**
- **A primary policy question is whether survivors of members who die while called to respond to natural disasters should receive the same benefits as members who die while serving in the military during a period of war.**

Next Steps

- 1. Direct staff to continue to research and report on this issue**
- 2. Defer to another interim**
- 3. Dismiss the issue for now**

Questions?

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