



July 26, 2023

## Lump Sum Special Death Benefit

### INITIAL CONSIDERATION

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### ISSUE STATEMENT

LEOFF Plan 2 beneficiaries have been denied a one-time special death benefit because they missed the Department of Labor and Industries deadline for application.

### OVERVIEW

LEOFF Plan 2 beneficiaries are eligible for a one-time lump sum special death benefit if the member died as a result of a workplace injury or occupational disease. The Department of Labor and Industries (LNI) determines the beneficiary's eligibility for this benefit while the Department of Retirement Systems (DRS) pays the benefit. LEOFF Plan 2 beneficiaries have been denied this benefit because they missed LNI's application deadline.

### BACKGROUND AND POLICY ISSUES

Beneficiaries of LEOFF Plan 2 members have several benefits available to them should the member die in the line of duty. One benefit is the "special death benefit," a one-time, lump sum payment established in 1996 and payable to the member's estate or person (or persons) designated by the member as beneficiary.<sup>1</sup> If the member did not designate a beneficiary in writing, then the surviving spouse or legal representative receives payment. This benefit was initially paid only if the member sustained workplace injuries that resulted in death but, with the Board's endorsement, expanded in 2006 to include deaths from occupational disease or infection.<sup>2</sup>

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<sup>1</sup> [1996 Wash. Laws ch. 226.](#)

<sup>2</sup> [2006 Wash. Laws ch. 351.](#)

For several years the benefit amount was \$150,000, but in 2010 the Board endorsed legislation to increase the minimum benefit to \$214,000, with an annual cost of living adjustment.<sup>3</sup> The benefit payout is currently \$287,781.<sup>4</sup>

Procedurally, DRS provides the application for this benefit to the beneficiary or survivor only when it is notified of a potential line of duty death. The beneficiary must return the completed application to DRS along with the death certificate and if available, autopsy report or other medical records supporting the claim that the death resulted from a workplace injury or illness. DRS forwards the application and supporting documents to LNI for review and determination of eligibility. LNI determines eligibility “consistent with Title 51 RCW”<sup>5</sup> and is in the process of reviewing the timeframe for filing; currently this benefit has a one-year (from the date of death) statute of limitations. LNI then provides written notice of its decision to both DRS and the beneficiary.

If the application is approved, DRS provides payment to the beneficiary or surviving spouse. If the application is denied, the beneficiary may protest or appeal the decision through LNI’s administrative process. LNI provides notice of this process with its determination.

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<sup>3</sup> [2010 Wash. Laws ch. 261](#)

<sup>4</sup> For deaths occurring after July 1, 2023. For deaths occurring July 1, 2022 through June 30, 2023, the benefit payout was \$279,399.

<sup>5</sup> [RCW 41.26.048\(2\)](#).



# Lump Sum Special Death Benefit

Initial Consideration  
July 26, 2023

# Issue

- **LEOFF Plan 2 beneficiaries have been denied a one-time special death benefit because they missed the Department of Labor and Industries deadline for application**

# Special Death Benefit

- **LEOFF Plan 2 beneficiaries are eligible for a one-time lump sum special death benefit (currently \$287,781) if the member died as a result of a workplace injury or occupational disease**
  - **LNI determines the beneficiary's eligibility for this benefit**
  - **DRS pays the benefit out of the pension**
- **Beneficiaries have been denied this benefit because they missed LNI's application deadline**

# Legislative History

- Established in 1996
- In 2006, Board endorsed legislation that expanded the benefit to include deaths from occupational disease or infection
- In 2010, Board endorsed legislation increased the minimum benefit from \$150k to \$214k, with an annual COLA

# Was the intent of this statute to apply LNI deadlines to the Special Death Benefit?

- “The determination of eligibility for the benefit shall be made consistent with Title 51 RCW by [...]” LNI
- Pension benefits typically do not have deadlines, you are paid what you have earned
  - Special Death Benefit is paid out of pension trust fund not LNI
- LNI Benefits typically have a statute of limitations to apply for the benefit, in part due to the increasing difficulty of determining the cause of an injury the further away from it occurring

# Current Status

- **DRS and LNI are currently reviewing their current practices to determine if LNI deadlines should apply to this pension benefit or if a legislative change would be needed to correct the issue**



# Next Steps - Options

1. **Motion for staff to provide a Comprehensive Report**
2. **Motion for a Comprehensive Report contingent on DRS and LNI discussions not resolving the issue**
3. **No action - Board can wait until after an update has been provided on the outcome of the DRS and LNI discussions before making a decision on whether to receive a Comprehensive Report**



**Thank You**

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