

SUBJECT: Requiring ERS to pay lump sum death benefit within seven days

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 6 ayes — Eiland, Flynn, Griggs, Krusee, Rodriguez, Straus
0 nays
1 absent — McClendon

WITNESSES: For — Janis Carter, Texas Funeral Directors Association
Against — None
On — Chris Anderson, Texas Comptroller's Office; William S. Nail, Employees Retirement System

BACKGROUND: Government Code, sec. 814.501, directs ERS to pay a lump sum death benefit of \$5,000 when the board receives proof of a retiree's death. The benefit is payable to a person designated by the retiree in a signed, witnessed document filed with ERS before the retiree's death.

DIGEST: HB 70 would require ERS by rule to adopt procedures to provide for the payment of the \$5,000 retiree death benefit not later than the seventh day after the date the board received the required proof of death. The rules would have to be adopted by November 1, 2005.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS SAY: HB 70 would ensure that ERS issues retiree death benefits in a timely manner so that the retiree's beneficiary could pay funeral expenses and other bills. The anguish of a family member's death can be compounded by delays in the payment of death benefits just when survivors may face a variety of financial demands, including health costs, funeral expenses, and travel costs. In some cases, it can take months to receive this benefit, and

some funeral homes no longer will accept this delayed payment, leaving families to have to come up with other resources to cover funeral costs.

Establishing this requirement in statute would provide a greater incentive for ERS to meet this deadline. Although the agency has an internal policy of trying to make payments within 10 days of receiving the death certificate, the statute would clarify that the seven-day deadline must be met.

**OPPONENTS
SAY:**

HB 70 is unnecessary because ERS already has an internal policy of trying to provide death benefits for retirees within 10 days. Delays may occur at various points in the process, but most of these are outside the control of ERS staff. In many cases, ERS does not receive proof of death until weeks or months after a retiree dies, when even a timely payment can seem delayed.