

CHAPTER 277.

[S. B. 66.]

STATE EMPLOYEES' RETIREMENT SYSTEM.

AN ACT relating to the state employees' retirement system; amending sections 1, 5, 7 and 10, chapter 200, Laws of 1953, section 2, chapter 201, Laws of 1953, section 15, chapter 200, Laws of 1953, sections 6 and 9, chapter 50, Laws of 1951, and amending RCW 41.40.010, 41.40.120, 41.40.150, 41.40.180, 41.40.200, 41.40.290, and 41.40.310, and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 1, chapter 200, Laws of 1953, and RCW 41.40.010, are each amended to read as follows: Amendment.

As used in this chapter, unless a different meaning is plainly required by the context: Definitions as herein used.

(1) "Retirement system" means the state employees' retirement system provided for in this chapter. "Retirement system."

(2) "Retirement board" means the board provided for in this chapter to administer said retirement system. "Retirement board" defined.

(3) "State treasurer" means the treasurer of the state of Washington. "State treasurer" defined.

(4) "Employer" means every branch, department, agency, commission, board, and office of the state and any political subdivision of the state admitted into the retirement system. "Employer" defined.

(5) "Member" means any employee included in the membership of the retirement system, as provided for in RCW 41.40.120. "Member" defined.

(6) "Original member" of this retirement system means: "Original member" defined.

(a) Any person who became a member of the system prior to April 1, 1949;

(b) Any person who becomes a member through the admission of an employer into the retirement

system on and after April 1, 1949, and prior to April 1, 1951;

(c) Any person who first becomes a member by securing employment with an employer prior to April 1, 1951, provided he has rendered at least one or more years of service to any employer prior to October 1, 1947;

(d) Any person who first becomes a member through the admission of an employer into the retirement system on or after April 1, 1951, provided, such person has been in the regular employ of the employer for at least six months of the twelve month period preceding the said admission date;

(e) Any member who has restored all his contributions that may have been withdrawn by him as provided by RCW 41.40.150 and who on the effective date of his retirement becomes entitled to be credited with ten years or more of membership service except that the provisions relating to the minimum amount of retirement allowance for the member upon retirement at age seventy as found in RCW 41.40.190(4) shall not apply to the member.

(f) Any member who has been a contributor under the system for two or more years, after restoring all contributions previously withdrawn, if any, and who has rendered ten or more years of service for the state or any political subdivision thereof prior to the time of the admission of the employer into the system; except that the provisions relating to the minimum amount of retirement allowance for the member upon retirement at age seventy as found in RCW 41.40.190(4) shall not apply to the member.

"New member" defined.

(7) "New member" means a person who becomes a member on or after April 1, 1949, except as otherwise provided in this section.

"Compensation earnable" defined.

(8) "Compensation earnable" means salaries or wages earned during a payroll period for personal

services and where the compensation is not all paid in money maintenance compensation shall be included upon the basis of the schedules established by the member's employer.

(9) "Service" means periods of employment rendered to any employer for which compensation is paid, and includes time spent in office as an elected or appointed official of an employer. Full time work for ten days or more or an equivalent period of work in any given calendar month shall constitute one month of service. Only months of service shall be counted in the computation of any retirement allowance or other benefit provided for in this chapter. Years of service shall be determined by dividing the total number of months of service by twelve. Any fraction of a year of service as so determined shall be taken into account in the computation of such retirement allowance or benefits. Service by a state employee officially assigned by the state on a temporary basis to assist another public agency, shall be considered as service as a state employee.

"Service"
defined.

(10) "Prior service" means all service of an original member rendered to any employer prior to October 1, 1947.

"Prior service"
defined.

(11) "Membership service" means:

"Membership
service"
defined.

(a) In the case of any person who first becomes a member through the admission of an employer into the retirement system on and after April 1, 1949, all service rendered after October 1, 1947;

(b) In the case of all other members, all service as a member.

(12) "Beneficiary" means any person in receipt of a retirement allowance, pension or other benefit provided by this chapter.

"Beneficiary"
defined.

(13) "Regular interest" means such rate as the retirement board may determine, such rate not to be lower than one percent per annum nor more than four percent per annum compounded annually.

"Regular in-
terest" defined.

"Accumulated contributions" defined.

(14) "Accumulated contributions" means the sum of all contributions for the purchase of annuities standing to the credit of a member in his individual account together with regular interest thereon.

"Average final compensation" defined.

(15) "Average final compensation" means the annual average of the greatest compensation earnable by a member during any consecutive five year period of service for which service credit is allowed; or if he has less than five years of service then the annual average compensation earnable during his total years of service for which service credit is allowed.

"Final compensation" defined.

(16) "Final compensation" means the annual rate of compensation earnable by a member at the time of termination of his employment.

"Annuity" defined.

(17) "Annuity" means payments for life derived from accumulated contributions of a member. All annuities shall be paid in monthly installments.

"Pension" defined.

(18) "Pension" means payments for life derived from contributions made by the employer. All pensions shall be paid in monthly installments.

"Retirement allowance" defined.

(19) "Retirement allowance" means the sum of the annuity and the pension.

"Annuity reserve" defined.

(20) "Annuity reserve" means the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the retirement board, of all payments to be made on account of any annuity or benefits in lieu of any annuity granted to a member under the provisions of this chapter.

"Pension reserve" defined.

(21) "Pension reserve" means the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the retirement board, of all payments to be made on account of any pension, or benefits in lieu of any pension, granted to a member under the provisions of this chapter.

"Employee" defined.

(22) "Employee" means any person who may become eligible for membership under this chapter, as set forth in RCW 41.40.120.

(23) "Contributions for the purchase of annuities" means amounts deducted from the compensation of a member, under the provisions of RCW 41.40.330, other than contributions to the retirement system expense fund.

"Contributions for the purchase of annuities" defined.

(24) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality and other tables as may be adopted by the retirement board.

"Actuarial equivalent" defined.

(25) "Retirement" means withdrawal from active service with a retirement allowance as provided by this chapter.

"Retirement" defined.

(26) "Eligible position" means:

"Eligible position" defined.

(a) Any position which normally requires five or more uninterrupted months of service a year for which regular compensation is paid to the occupant thereof;

(b) Any position occupied by an elected official or person appointed directly by the governor for which compensation is paid.

(27) "Ineligible position" means any position which does not conform with the requirements set forth in section (26).

"Ineligible position" defined.

(28) "Leave of absence" means the period of time a member is authorized by the employer to be absent from service without being separated from membership.

"Leave of absence" defined.

SEC. 2. Section 5, chapter 200, Laws of 1953, and RCW 41.40.120, are each amended to read as follows:

Amendment.

Membership in the retirement system shall consist of all regularly compensated employees and appointive and elective officials of employers as defined in this chapter who have served at least six months without interruption, with the following exceptions:

Membership in retirement system; qualification.

(1) Persons in ineligible positions;

Disqualified from membership.

(2) Employees of the legislature except the officers thereof elected by the members of the senate

and the house and legislative committees, unless membership of such employees be authorized by the said committee;

(3) Persons holding elective offices or persons appointed directly by the governor: *Provided*, That such persons shall have the option of applying for membership and to be accepted by the action of the retirement board, such membership may become effective at the start of the term of office: *And provided further*, That any such persons previously denied service credit because of any prior laws excluding membership which have subsequently been repealed, shall nevertheless be allowed to recover or regain such service credit denied or lost because of the previous lack of authority;

(4) Employees holding membership in, or receiving pension benefits under, any retirement plan operated wholly or in part by an agency of the state or political subdivision thereof, or who are by reason of their current employment contributing to or otherwise establishing the right to receive benefits from any such retirement plan: *Provided, however*, In any case where the state employees' retirement system has in existence an agreement with another retirement system in connection with exchange of service credit or an agreement whereby members can retain service credit in more than one system, such an employee shall be allowed membership rights should the agreement so provide: *And provided further*, That an employee shall be allowed membership if otherwise eligible while receiving survivor's benefits as secondary payee under the optional retirement allowances as provided by RCW 41.40.290;

(5) Patient and inmate help in state charitable, penal and correctional institutions;

(6) "Members" of a state veterans' home or state soldiers' home;

(7) Persons employed by an employer or serving in an institution operated by an employer, primarily as an incident to and in furtherance of their education or training;

(8) Employees of the University of Washington and the State College of Washington during the period of service necessary to establish eligibility for membership in the retirement plans operated by such institutions;

(9) Persons rendering professional services to an employer on a fee, retainer or contract basis or as an incident to the private practice of a profession.

SEC. 3. Section 7, chapter 200, Laws of 1953, and RCW 41.40.150, are each amended to read as follows:

Amendment.

Should any member die, or should he separate or be separated from service without leave of absence before attaining age sixty years, or should he become a beneficiary, except a beneficiary of an optional retirement allowance as provided by RCW 41.40.290, he shall thereupon cease to be a member: *Provided*, That any member who would have attained sixty years or more by April 1, 1949, who shall be involuntarily separated from service prior to that date, with ten years or more service, shall not thereby lose his right to benefits under this chapter. Should he again become employed by an employer he shall enter the retirement system as a new member and his membership service shall be computed from the date he last became a member, except;

Person deemed no longer member.

Member, sixty before April 1, 1949, involuntarily separated prior thereto, retains benefits hereunder.

(1) As provided in RCW 41.40.170.

(2) An employee who reenters or has reentered service within ten years from the date of his separation, shall upon completion of six months of continuous service and upon the restoration of all withdrawn contributions, which restoration must be completed within a total period of three years of membership service following his first resumption of employment, be returned to the status, either as an

Reentering service; qualifications for membership.

original member or new member which he held at time of separation.

Member separated for reasons beyond his control remains member during absence.

(3) A member separated for reasons beyond his control, who has completed at least fifteen years of service, or who has completed at least ten years of service and is age fifty or older shall remain a member during the period of his absence from service for the exclusive purpose only of receiving a retirement allowance to begin at attainment of age sixty-five, however, such a member may upon thirty days written notice to the board elect to receive a reduced retirement allowance on or after age sixty which allowance shall be the actuarial equivalent of the sum necessary to pay regular retirement benefits as of age sixty-five: *Provided*, That if such member should withdraw all or part of his accumulated contributions he shall thereupon cease to be a member unless the amounts so withdrawn be restored before his retirement age is reached.

Proviso.

Recipient of retirement allowance not yet seventy shall immediately become member of retirement system.

(4) (a) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy and who shall be employed in an eligible position shall be considered to have terminated his retirement status and he shall immediately become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended during the period of his eligible employment and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW 41.40.180: *Provided*, That where any such right to retire is exercised to become effective before the member has rendered six uninterrupted months of service the type of retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available;

Previous retirement allowance reinstated unless six months continuous service.

(b) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy, following his election to office or appointment to office directly by the governor, and who shall apply for and be accepted in membership as provided in RCW 41.40.120(3) shall be considered to have terminated his retirement status and he shall become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended from the date of his return to membership until the date when he again retires and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW 41.40.180: *Provided*, That where any such right to retire is exercised to become effective before the member has rendered six uninterrupted months of service the type of retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available: *And provided further*, That if such a recipient of a retirement allowance does not elect to apply for reentry into membership as provided in RCW 41.40.120(3), or should he have reached the age of seventy and be ineligible to apply as provided in RCW 41.40.125, he shall be considered to remain in a retirement status and his retirement benefits shall continue without interruption.

Termination of retirement status and membership status reacquired.

Six continuous months service or previous retirement allowance.

Proviso.

(5) Subject to the provisions of RCW 41.04.070, 41.04.080 and 41.04.100, any member who leaves the employment of an employer and enters the employ of a public agency or agencies of the state of Washington, other than those within the jurisdiction of the state employees' retirement system, and who establishes membership in a retirement system or a pension fund operated by such agency or agencies and who shall continue his membership therein until

Remaining member while changing employment.

attaining age sixty, shall remain a member for the exclusive purpose only of receiving a retirement allowance without the limitation found in RCW 41.40.190(5) to begin an attainment of age sixty-five, however, such a member may upon thirty days written notice to the retirement board elect to receive a reduced retirement allowance on or after age sixty which allowance shall be the actuarial equivalent of the sum necessary to pay regular retirement benefits commencing at age sixty-five: *Provided*, That if such member should withdraw all or part of his accumulated contributions, he shall thereupon cease to be a member unless the amount so withdrawn be restored before his retirement age is reached.

Proviso.

Amendment.

SEC. 4. Section 10, chapter 200, Laws of 1953, and RCW 41.40.180, are each amended to read as follows:

Members over sixty years old may retire upon written application to retirement board.

(1) On and after April 1, 1949, any member who has attained age sixty or over may retire upon his written application to the retirement board, setting forth at what time, not less than thirty days, nor more than ninety days subsequent to the execution and filing thereof, he desires to be retired: *Provided*, That in the national interest, during time of war engaged in by the United States, the retirement board may extend beyond age sixty, subject to the provisions of subsection (2) of this section, the age at which any member may be eligible to retire.

Retirement board may extend age.

Members over seventy shall be retired; retirement board may continue such member in service.

(2) On and after April 1, 1949, any member who has attained age seventy shall be retired forthwith on the first day of the calendar month next succeeding that in which the said member shall have attained the age of seventy: *Provided*, That a member who has attained the age of seventy is possessed of special skill in the performance of particular duties, the retirement board shall continue such member in service for such period or periods as may be applied for by the governing body of the political subdivision where the member is employed or the head of the

department, agency, commission, board and offices of the state.

(3) On and after April 1, 1953, any member who has completed thirty years of service may retire on his written application to the retirement board setting forth at what time, not less than thirty days, nor more than ninety days subsequent to the execution and filing thereof, he desires to be retired, subject to war measures.

Members completing thirty years of service may retire.

SEC. 5. Section 6, chapter 50, Laws of 1951, and RCW 41.40.200, are each amended to read as follows:

Amendment.

Subject to the provisions of RCW 41.40.310 and 41.40.320, upon application of a member, or his employer, a member who becomes totally incapacitated for duty as the natural and proximate result of an accident occurring in the actual performance of duty, while in the service of an employer, without wilful negligence on his part, shall be retired: *Provided*, The medical adviser after a medical examination of such member made by or under the direction of the said medical adviser shall certify in writing that such member is mentally or physically totally incapacitated for the further performance of his duty to his employer and that such member should be retired: *Provided further*, That the retirement board concurs in the recommendation of the medical adviser: *And provided further*, No application shall be valid or a claim thereunder enforceable unless filed within two years after the date upon which the injury occurred.

Total incapacitation for duty as result of accident occurring in actual performance of duty, without negligence, grounds for retirement.

Medical advisor to certify.

Retirement board concurrence.

Time limitation on filing.

SEC. 6. Section 2, chapter 201, Laws of 1953, and section 15, chapter 200, Laws of 1953, and RCW 41.40.290, are each amended to read as follows:

Amendment.

Except as provided by RCW 41.40.250, any member may elect, in accordance with the provisions of this section and in lieu of a regular retirement allowance payable throughout life with termination at death, to receive as an optional retirement allowance

Election to receive actuarial equivalent of regular retirement allowance.

When election of optional retirement allowance not effective.

Option II automatically given effect if surviving spouse so elects.

the actuarial equivalent, at the time of his retirement, of his regular retirement allowance in accordance with the provisions of options I, II, and III, as hereinafter set forth. No election of an optional retirement allowance shall be effective in case the member making such election dies before his actual retirement date: *Provided*, That any option selected in writing by any member who shall have heretofore died or who shall hereafter die while still in service at an attained age of seventy years or more shall be effective and in any such case if no such option shall have been selected, then option II shall automatically be given effect as if in fact selected for the benefit of the surviving spouse, unless such spouse shall elect to take payment under RCW 41.40.270: *Provided, however*, That any member who shall hereafter die while still in service at an attained age of sixty years and not more than seventy years and who has fifteen or more years of total service or ten or more years of membership service, or who has thirty or more years of total service regardless of age shall have option II automatically given effect as if in fact selected for the benefit of the surviving spouse, unless such spouse shall elect to take payment under RCW 41.40.270.

Option I.

Option I. If he dies before the total of the annuity portions of the retirement allowance paid to him equals the amount of his accumulated contributions at the time of retirement, then the balance shall be paid to such person or persons having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board, or if there be no such designated person or persons, then to his legal representatives; or

Option II.

Option II. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written

designation duly executed and filed with the retirement board at the time of his retirement; or

Option III. Upon his death, one-half of his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board at the time of his retirement. Option III.

SEC. 7. Section 9, chapter 50, Laws of 1951, and RCW 41.40.310, are each amended to read as follows: Amendment.

(1) Once each year during the first five years following the retirement of a member on a disability pension or retirement allowance, and at least once in every three year period thereafter the retirement board may, and upon the member's application shall, require any disability beneficiary, who has not attained age sixty years, to undergo a medical examination; such examination to be made by or under the direction of the medical adviser at the place of residence of said beneficiary, or other place mutually agreed upon. Should any disability beneficiary, who has not attained age sixty years, refuse to submit to such medical examination in any such period, his disability pension or retirement allowance may be discontinued until his withdrawal of such refusal, and should such refusal continue for one year, all his rights in and to his disability pension, or retirement allowance, may be revoked by the retirement board. If upon such medical examination of a disability beneficiary, the medical adviser reports and his report is concurred in by the retirement board, that the disability beneficiary is physically able and capable of resuming employment, or is no longer totally incapacitated for duty as the result of the injury for which the disability was granted, his disability pension or retirement allowance shall cease.

Disability beneficiary may be required to undergo a medical examination.

Refusal to submit to medical examination can result in discontinuance of allowance.

Engaging in gainful occupation grounds for reduction of pension.

(2) Should the secretary report and certify to the retirement board that such disability beneficiary is engaged in a gainful occupation paying more than the difference between his disability retirement allowance and his final compensation, and should the retirement board concur in such report, then the amount of his pension shall be reduced to an amount which, together with his annuity, if he has an annuity, and the amount earned by him shall equal the amount of his final compensation. Should the earnings of such disability beneficiary be later changed, the amount of his pension shall be further modified in like manner.

Emergency.

SEC. 8. This act is necessary for the immediate preservation of the public peace, health, and safety, and for the support of the state government and its existing public institutions, and shall take effect as of April 1, 1955.

Passed the Senate March 6, 1955.

Passed the House March 2, 1955.

Approved by the Governor March 18, 1955.