

CHAPTER 128
[Engrossed Senate Bill No. 182]
WASHINGTON PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

AN ACT Relating to the Washington public employees' retirement system; amending section 1, chapter 274, Laws of 1947 as last amended by section 1, chapter 155, Laws of 1965 and RCW 41.40.010; amending section 2, chapter 274, Laws of 1947 as last amended by section 1, chapter 127, Laws of 1967 and RCW 41.40.020; amending section 8, chapter 155, Laws of 1965 and RCW 41.40.071; amending section 9, chapter 274, Laws of 1947 as last amended by section 6, chapter 174, Laws of 1963 and RCW 41.40.080; amending section 13, chapter 274, Laws of 1947 as last amended by section 3, chapter 127, Laws of 1967 and RCW 41.40.120; amending section 16, chapter 274, Laws of 1947 as last amended by section 4, chapter 127, Laws of 1967 and RCW 41.40.150; amending section 18, chapter 274, Laws of 1947 as last amended by section 8, chapter 127, Laws of 1967 and RCW 41.40.170; amending section 20, chapter 274, Laws of 1947 as last amended by section 7, chapter 127, Laws of 1967 and RCW 41.40.190; amending section 24, chapter 274, Laws of 1947 as last amended by section 7, chapter 50, Laws of 1951 and RCW 41.40.230; amending section 26, chapter 274, Laws of 1947 as last amended by section 8, chapter 291, Laws of 1961 and RCW 41.40.250; amending section 28, chapter 274, Laws of 1947 as last amended by section 5, chapter 155, Laws of 1965 and RCW 41.40.270; amending section 34, chapter 274, Laws of 1947 as last amended by section 17, chapter 200, Laws of 1953 and RCW 41.40.330; amending section 43, chapter 274, Laws of 1947 as last amended by section 1, chapter 84, Laws of 1965 and RCW 41.40.410; amending section 22, chapter 200, Laws of 1953 as amended by section 17, chapter 174, Laws of 1963 and RCW 41.40.412; amending section 23, chapter 200, Laws of 1953 and RCW 41.40.414; amending section 14, chapter 50, Laws of 1951 as last amended by section 18, chapter 174, Laws of 1963 and RCW 41.40.420; repeal-

ing section 30, chapter 274, Laws of 1947 as last amended by section 6, chapter 155, Laws of 1965 and RCW 41.40.290; repealing sections 24, 25 and 26, chapter 200, Laws of 1953 and RCW 41.40-.419, 41.40.416 and 41.40.418; repealing section 15, chapter 50, Laws of 1951 and RCW 41.40.430; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 274, Laws of 1947 as last amended by section 1, chapter 155, Laws of 1965 and RCW 41.40.010 are each amended to read as follows:

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

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

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

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

(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; and the term shall also include any labor guild, association, or organization the membership of a local lodge or division of which is comprised of at least forty percent employees of an employer (other than such labor guild, association, or organization) within this chapter.

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

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

(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 employ-

ment 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 and 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 has rendered eight or more years of service for the state or any political subdivision 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.

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

(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 times spent in of-

fice 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: PROVIDED, That service to any other public agency shall not be considered service as a state employee if such service has been used to establish benefits in any other public retirement system.

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

(11) "Membership service" means:

(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, except as qualified by RCW 41.40.120;

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

(c) Service not to exceed six consecutive months of probationary service rendered after April 1, 1949, and immediately prior to becoming a member, in the case of any member, upon payment in full by such member, prior to July 1, 1971, of the total amount of the employer's contribution to the retirement fund which would have been required under the law in effect when such probationary service was rendered if the member had been a member during such period.

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

(13) "Regular interest" means such rate as the retirement board may determine.

(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 the regular interest thereon.

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

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

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

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

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

(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.

(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.

(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.

(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.

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

(26) "Eligible position" means:

(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 subdivision (26).

(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.

(29) "Totally incapacitated for duty" means total inability to perform the duties of a member's employment or office or any other work for which the member is qualified by training or experience.

Sec. 2. Section 2, chapter 274, Laws of 1947 as last amended by section 1, chapter 127, Laws of 1967 and RCW 41.40.020 are each amended to read as follows:

A state employees' retirement system is hereby created for the employees of the state of Washington and its political subdivisions. The administration and management of the retirement system, the responsibility for making effective the provisions of this chapter, and the authority to make all rules and regulations necessary therefor are hereby vested in a retirement board. All such rules and regulations shall be governed by the provisions of chapter 34.04 RCW, as now or hereafter amended. The retirement system herein provided for shall be known as the Washington Public Employees' Retirement System.

Sec. 3. Section 8, chapter 155, Laws of 1965 and RCW 41.40.071 are each amended to read as follows:

The members of the retirement board shall be the trustees of the several funds created by this chapter and the retirement board shall have full power to invest or reinvest, or to authorize the state finance committee to invest or reinvest, such funds in the following classes of investments, and not otherwise:

(1) Bonds, notes, or other obligations of the United States, or of any corporation wholly owned by the government of the United States, or those guaranteed by, or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof;

(2) Bonds or other evidences of indebtedness of this state or a duly authorized authority or agency thereof; and full faith and credit obligations of, or obligations unconditionally guaranteed as to principal and interest by any other state of the United States and the Commonwealth of Puerto Rico;

(3) Bonds, debentures, notes, or other full faith and credit obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada: PROVIDED, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder;

(4) Bonds, notes, or other obligations of any municipal corporation, political subdivision or state supported institution of higher learning of this state, issued pursuant to the laws of this state: PROVIDED, That the issuer has not, within ten years prior to the making of the investment, been in default for more than ninety days in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes, or obligations;

(5) Bonds, notes, or other obligations issued, guaranteed or assumed by any municipal or political subdivision of any other state of the United States: PROVIDED, That any such municipal or political subdivision, or the total of its component parts, shall have a population as shown by the last preceding federal census of not less than

ten thousand and shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes or other obligations for more than ninety days;

(6) Bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by any city of Canada which has a population of not less than one hundred thousand inhabitants: PROVIDED, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder: PROVIDED FURTHER, That the issuer shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes or other obligations for more than ninety days;

(7) Bonds, notes, or other obligations issued, assumed, or unconditionally guaranteed by the international bank for reconstruction and development, or by the federal national mortgage association or the inter-American bank;

(8) Bonds, debentures, or other obligations issued by a federal land bank, or by a federal intermediate credit bank, under the act of congress of July 17, 1916, known as the "federal farmloan act", as amended or supplemented from time to time;

(9) Obligations of any public housing authority or urban redevelopment authority issued pursuant to the laws of this state relating to the creation or operation of a public housing or urban redevelopment authority;

(10) Obligations of any other state or the Commonwealth of Puerto Rico, municipal authority or political subdivision within the state or the commonwealth issued pursuant to the laws of such state or commonwealth with principal and interest payable from tolls or other special revenues: PROVIDED, That the issuer has not, within ten years prior to the making of the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes, or obligations;

(11) Bonds ((and)) , debentures and other obligations issued by any corporation duly organized and operating in any state of the United States of America: PROVIDED, That such securities can qualify for an "A" rating or better by two nationally recognized rating agencies;

(12) Capital notes or debentures of any national or state bank doing business in the United States of America;

(13) Equipment trust certificates issued by any corporation duly organized and operating in any state of the United States of America;

(14) Investments in savings and loan associations organized under federal or state law, insured by the federal savings and loan insurance corporation, and operating in this state: PROVIDED, That the investment in any such savings and loan association shall not exceed the amount insured by the federal savings and loan insurance corporation;

(15) Savings deposits in commercial banks and mutual savings banks organized under federal or state law, insured by the federal deposit insurance corporation, and operating in this state: PROVIDED, That the deposit in such banks shall not exceed the amount insured by the federal deposit insurance corporation;

(16) First mortgages on unencumbered real property which are insured by the federal housing administration under the national housing act (as from time to time amended), or are guaranteed by the veterans administration under the servicemen's readjustment act of 1944 (as from time to time amended), or are otherwise insured or guaranteed by the United States of America, or by any agency or instrumentality of the United States of America, so as to give the investor protection at least equal to that provided by the said national housing act or the said servicemen's readjustment act;

(17) Appropriate contracts of life insurance or annuities from insurers duly authorized to do business in the state of Washington, if and when such purchase or purchases in the judgment of the retirement board be appropriate or necessary to carry out the purposes of this

chapter.

(18) Subject to the limitations hereinafter provided, investments may be made in the shares of certain open-end investment companies: PROVIDED, That not more than five percent of the system's total investments may be made in the shares of any one such open-end investment company. The total amount invested in any one company shall not exceed five percent of the assets of such company and shall only be made in the shares of such companies as are registered as "open-end companies" under the federal Investment Company Act of 1940, as amended. Such company must be at least ten years old and have net assets of at least fifty million dollars. It must have no outstanding bonds, debentures, notes, or other evidences of indebtedness, or any stock having priority over the shares being purchased, either as to distribution of assets or payment of dividends. It must have paid dividends from investment income in each of the ten years next preceding purchase;

(19) Subject to the limitations hereinafter provided, investments may be made in preferred or common stock of corporations created or existing under the laws of the United States, or any state, district or territory thereof: PROVIDED, That

(a) The board receives advice in writing on all stock investments, both purchases and sales, from an investment counsel. This counsel shall be an investment counseling firm hired on a contractual basis. Such advice shall become part of the official minutes of the next succeeding meeting of the board. The counsel shall not be engaged in the business of buying, selling, or otherwise marketing securities during the time of its employment by the board.

(b) Stock and open-end investment company investments shall not exceed, in the aggregate, twenty-five percent of the total assets of the system.

(c) Such investment in the stock of any one company shall not exceed five percent of the common shares outstanding.

(d) No single common stock investment, based on cost, may

exceed two percent of the assets of the fund.

(e) Such stock is registered on a national securities exchange, as provided in the "Securities Exchange Act of 1934" as amended. Such registration shall not be required with respect to the following stocks:

(i) The common stock of a bank which is a member of the Federal Deposit Insurance Corporation and has capital funds represented by capital, surplus, and undivided profits of at least twenty million dollars.

(ii) The common stock of an insurance company which has capital funds, represented by capital, special surplus funds, and unassigned surplus, of at least twenty million dollars.

(iii) Any preferred stock.

(iv) The common stock of Washington corporations which meet all other listed qualifications except that of being registered on a national exchange.

(f) Such corporation has paid a cash and/or stock dividend on its common stock in at least eight of the ten years next preceding the date of investment, and the aggregate net earnings available for dividends on the common stock of such corporation for the whole of such period have been equal to the amount of such dividends paid, and such corporation has paid an earned cash and/or stock dividend in each of the last three years.

For the purpose of meeting disbursements for annuities and other payments in excess of the receipts, there shall be kept available by the retirement board an amount, not exceeding ten percent of the total amount in the funds provided by this chapter, on deposit in the state treasury.

All investments made and all investment agreements, contracts, or proceedings made or entered into by the retirement board in accordance with state laws governing any such investments, agreement,

contracts or proceedings prior to March 23, 1965, are hereby validated, ratified, approved and confirmed.

Sec. 4. Section 9, chapter 274, Laws of 1947 as last amended by section 6, chapter 174, Laws of 1963 and RCW 41.40.080 are each amended to read as follows:

(1) All bonds or other obligations purchased according to RCW 41.40.070 shall be forthwith placed in the hands of the state treasurer who is hereby designated as custodian thereof, and it shall be his duty to collect the principal thereof and the interest thereon as the same becomes due and payable, and place the same when so collected into the retirement system's funds herein provided for bonds or other obligations. The retirement board may authorize the finance committee to sell any of the said bonds, or other obligations upon like resolution, and the proceeds thereof shall be paid by the purchaser to the state treasurer upon delivery to him of such bonds or other obligations by the state treasurer.

(2) The state treasurer shall be the custodian of all other funds of the retirement system and all disbursements therefrom shall be paid by the state treasurer upon vouchers duly authorized by the retirement board and bearing the signature of the duly authorized officer of the retirement board.

(3) The state treasurer is hereby authorized and directed to deposit any portion of the funds of the retirement system not needed for immediate use in the same manner and subject to all the provisions of law with respect to the deposit of state funds by such treasurer, and all interest earned by such portion of the retirement system's funds as may be deposited by the state treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the retirement fund or the retirement system expense fund.

(4) There is hereby established in the state treasury two separate funds, namely:

(a) The retirement system fund, into which shall be paid all

moneys received by the retirement board and from which shall be paid all refunds, adjustments, retirement allowances and other benefits provided for herein. All contributions by members to the retirement system expense fund as provided in RCW 41.40.330 and contributions by employers for the expense of operating the retirement system as provided for herein shall be transferred by the state treasurer from the retirement system fund to the retirement system expense fund upon authorization of the retirement board;

(b) The retirement system expense fund, from which shall be paid the expenses of the administration of the retirement system.

(5) In order to reimburse the retirement system expense fund on an equitable basis the retirement board shall, after crediting the estimated amount to be collected as employees' contributions, ascertain and report to each employer the sum necessary to defray its proportional share of the entire expense of the administration of this chapter during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the said administration as the ratio of (~~the number of~~) monthly salaries of the employer's members bears to the total (~~number of members~~) salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(6) The retirement board shall compute and bill each employer at the end of each month for the amount due for that month to the retirement system expense fund and the same shall be paid as are its other obligations. Such computation as to each such employer shall be made on a (~~basis directly proportional to the ratio the number of the said employer's members bears to the total number of members in the system~~) percentage rate of salary established by the board: PROVIDED, That the retirement board may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(7) For the purpose of providing amounts to be used to defray the cost of such administration, the retirement board shall ascertain at the beginning of each biennium and request from the legislature an appropriation from the retirement system expense fund sufficient to cover estimated expenses for the said biennium.

Sec. 5. Section 13, chapter 274, Laws of 1947 as last amended by section 3, chapter 127, Laws of 1967 and RCW 41.40.120 are each amended to read as follows:

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 or who are employed, appointed or elected on or after July 1, 1965, with the following exceptions:

(1) Persons in ineligible positions;

(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 initial or successive terms of office held by the person at the time application is made: 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: AND PROVIDED FURTHER, That any persons holding elective offices or persons appointed by the governor who are members in the retirement system and who have, prior to becoming such members, previously held an elective office, and did not at the start of such initial or successive terms of office exercise their option to become members,

may apply for membership and be accepted by action of the retirement board, to be effective during such term or terms of office, and shall be allowed to recover or regain the service credit applicable to such term or terms of office upon payment of the employee and employer contributions therefor;

(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)) 41.40.190;

(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 institution of higher learning or community college operated by an employer, primarily as an incident to and in furtherance of their education or training, or the education or training of a spouse;

(8) Employees of (~~the University of Washington and the Washington State University~~) an institution of higher learning or community college operated by an employer 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;

(10) Persons appointed after April 1, 1963 by the liquor control board as agency vendors.

(11) Employees of a labor guild, association, or organization: PROVIDED, That elective officials and employees of a labor guild, association, or organization which qualifies as an employer within this chapter shall have the option of applying for membership and to be accepted by the action of the retirement board.

(12) Persons hired in eligible positions on a temporary basis for a period not to exceed six months: PROVIDED, That if such employees are employed for more than six months in an eligible position they shall become members of the system.

Sec. 6. Section 16, chapter 274, Laws of 1947 as last amended by section 4, chapter 127, Laws of 1967 and RCW 41.40.150 are each amended to read as follows:

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)) RCW 41.40.190, he shall thereupon cease to be a member except;

(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 five years of membership service following his first resumption of employment, be returned to the status, either as an original member or new member which he held at time of separation.

(3) A member who separates or has separated after having completed at least ((ten)) five years of service 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 attain-

ment 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 and this section shall not apply.

(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;

(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 re-entry 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.

(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 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 on 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 and this section shall not apply.

Sec. 7. Section 18, chapter 274, Laws of 1947 as last amended by section 8, chapter 127, Laws of 1967 and RCW 41.40.170 are each amended to read as follows:

A member of the retirement system who has served or shall serve on active federal service in the military or naval forces of the United States and who left or shall leave an employer to enter

such service shall be deemed to be on military leave of absence if he has resumed or shall resume employment as an employee within one year from termination thereof, or if he has applied or shall apply for reinstatement of employment and is refused employment for reasons beyond his control within one year from termination of the military service shall upon resumption of service within ten years from termination of military service or shall in all events after completing twenty-five years of creditable service have his service in such armed forces credited to him as a member of the retirement system: PROVIDED, That no such military service in excess of five years shall be credited: AND PROVIDED FURTHER, That he restore all withdrawn accumulated contributions, which restoration must be completed within ~~((three))~~ five years of membership service following his first resumption of employment.

Sec. 8. Section 20, chapter 274, Laws of 1947 as last amended by section 7, chapter 127, Laws of 1967 and RCW 41.40.190 are each amended to read as follows:

Upon retirement from service, as provided for in RCW 41.40.180, a member shall ~~((receive))~~ be eligible for a service retirement allowance ((which)) computed on the basis of the law in effect at the time of retirement, together with such post-retirement pension increases as may from time to time be expressly authorized by the legislature. The service retirement allowance payable to members retiring on and after the effective date of this 1969 amendatory act shall consist of:

(1) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) A basic service pension of one hundred dollars per annum; and

(3) A membership service pension, subject to the provisions of subdivision ~~((5))~~ (4) of this section, which shall be equal to one ~~((one-hundred-twentieth))~~ one-hundredth of his average final compensation for each year or fraction of a year of membership service

credited to his service account; and

(4) A prior service pension which shall be equal to one-seventieth of his average final compensation for each year or fraction of a year of prior service not to exceed thirty years credited to his service accounts. In no event shall any original member upon retirement at age seventy with ten or more years of service credit receive less than nine hundred dollars per annum as a retirement allowance, nor shall any member upon retirement at any age receive a retirement allowance of less than ~~((seven-hundred-twenty))~~ nine hundred dollars per annum if such member has twelve or more years of service credit, or less than one thousand and ~~((eighty))~~ two hundred dollars per annum if such member has sixteen or more years of service credit, or less than one thousand ~~((four-hundred-and-forty))~~ five hundred and sixty dollars per annum if such member has twenty or more years of service credit. In the event that the retirement allowance as to such member provided by subdivisions (1), (2), (3), and (4) hereof shall amount to less than the aforesaid minimum retirement allowance, the basic service pension of the member shall be increased from one hundred dollars to a sum sufficient to make a retirement allowance of the applicable minimum amount ~~((+{5}-79))~~ : PROVIDED, That in order to be eligible to receive the annuity portion derived from the member's accumulated contributions under subdivision (1) and the pension portions provided by the employer under subdivisions (2) and (3) of this section, a new member must have at least five years of membership service credited to his service account, unless he becomes eligible for benefits provided for herein under RCW 41.40.200, 41.40.210 and 41.40.220.

(5) Upon making application for a service retirement allowance under RCW 41.40.180, a member who is eligible therefor shall make an election as to the manner in which such service retirement shall be paid from among the following designated options, calculated so as to be actuarially equivalent to each other:

Option I A. A member electing this option shall receive a retirement allowance payable throughout his life only with termina-

tion at death, which shall be computed as provided for in subsections (1) through (4) of this section.

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, still living at the time of his death, then to his surviving spouse, or if there be neither such designated person or persons still living at the time of his death nor a surviving spouse, then to his legal representative; or

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. Unless payment shall be made under RCW 41.40.270, option II shall automatically be given effect as if selected for the benefit of the surviving spouse upon the death in service, or while on authorized leave of absence for a period not to exceed one hundred and twenty days from the date of payroll separation, of any member who is qualified for a service retirement allowance or has completed ten years of service at the time of death, except that if the member is not then qualified for a service retirement allowance, such option II benefit shall be based upon the actuarial equivalent of the sum necessary to pay the accrued regular retirement allowance commencing when the deceased member would have first qualified for a service retirement allowance; 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.

(6) Retirement allowances paid to members eligible to retire under the provisions of RCW 41.40.180 (2), 41.40.200, 41.40.210, 41.40.220, 41.40.230, 41.40.240 and 41.40.250 shall accrue from the first day of the calendar month immediately following the calendar month during which the member is separated from service. Retirement allowances paid to members eligible to retire under any other provisions of this chapter shall accrue from the first day of a calendar month but in no event earlier than the first day of the calendar month immediately following the calendar month during which the member is separated from service.

Sec. 9. Section 24, chapter 274, Laws of 1947 as last amended by section 7, chapter 50, Laws of 1951 and RCW 41.40.230 are each amended to read as follows:

Subject to the provisions of RCW 41.40.310 and 41.40.320, upon application of a member, or his employer, a member who has been an employee at least ~~((ten))~~ five years, and who becomes totally and permanently incapacitated for duty as the result of causes occurring not in the performance of his duty, may be retired by the retirement board: 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 incapacitated for the further performance of duty, and such incapacity is likely to be permanent and that such member should be retired: PROVIDED FURTHER, That the retirement board concurs in the recommendation of the medical adviser.

Sec. 10. Section 26, chapter 274, Laws of 1947 as last amended by section 8, chapter 291, Laws of 1961 and RCW 41.40.250 are each amended to read as follows:

Upon retirement for disability, as provided in RCW 41.40.230, a member who has not attained age sixty shall receive a disability retirement allowance, subject to the provisions of RCW 41.40.310 and 41.40.320. Upon attaining age sixty he shall receive a service retirement allowance as provided for in RCW 41.40.190 except that the

annuity portion thereof shall consist of a continuation of the cash refund annuity previously provided to him. His disability retirement allowance prior to age sixty shall consist of:

(1) A cash refund annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) A pension, in addition to the annuity, equal to one (~~one-hundred-twentieth~~) one-hundredth of his average final compensation for each year of service. (~~The pension provided by the employer under this paragraph shall not exceed fifteen hundred dollars per annum; and the total disability retirement allowance, consisting of subdivisions (1) and (2) of this section, shall not exceed eighteen hundred dollars per annum, or one-half of the retiring member's average final compensation whichever is the smaller.~~) If the recipient of a retirement allowance under this section shall die before the total of the annuity portions of the retirement allowance paid to him equals the amount of his accumulated contributions at the date 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, still living at the time of his death, then to his surviving spouse, or if there be neither such designated person or persons still living at the time of his death nor a surviving spouse, then to his legal representatives.

Sec. 11. Section 28, chapter 274, Laws of 1947 as last amended by section 5, chapter 155, Laws of 1965 and RCW 41.40.270 are each amended to read as follows:

Should a member die before the date of his retirement the amount of the accumulated contributions standing to his credit in the employees' savings fund, at the time of his death, 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: PROVIDED, That if there be no such designated person or persons still living at the time of the member's death, his accumulated contributions standing to his credit in the employees' savings fund shall be paid to his surviving spouse as if in fact such spouse had been nominated by written designation as aforesaid, or if there be no such surviving spouse, then to his legal representatives: PROVIDED, HOWEVER, That this section, unless elected, shall not apply to any member who shall hereafter die while still in service leaving a surviving spouse who is entitled to, and elects to take an option II benefit as provided for in ((RCW-41-40-290)) RCW 41.40.190: PROVIDED FURTHER, That this section, unless elected, shall not apply to any member who has applied for service retirement in RCW 41.40.180 and thereafter dies between the date of his separation from service and his effective retirement date, where the member has selected either option II or option III in ((RCW-41-40-290)) RCW 41.40.190. The beneficiary named in the member's final application for service retirement may elect to receive either a cash refund or monthly payments according to the option selected by the member.

Sec. 12. Section 34, chapter 274, Laws of 1947 as last amended by section 17, chapter 200, Laws of 1953 and RCW 41.40.330 are each amended to read as follows:

(1) Beginning October 1, 1947, each employee who is a member of the retirement system shall contribute five percent of that part of his compensation earnable, not in excess of thirty-six hundred dollars in a calendar year, except as provided herein and in subsection (2) hereof, to the employees' savings fund, and shall contribute one dollar and fifty cents per annum to the retirement system expense fund: PROVIDED, HOWEVER, That beginning January 1, 1950, such retirement system expense fund contribution shall be increased to the amount of two dollars and fifty cents per annum and shall be made by semiannual payments of one dollar and twenty-five cents beginning January 1, 1950, and thereafter each employee entering mem-

bership shall contribute the sum of one dollar and twenty-five cents to the retirement system expense fund for the fractional portion of the semiannual period during which he enters or reenters membership: AND PROVIDED FURTHER, (~~That each employee shall upon resumption of contributing membership contribute his regular payments to the retirement system expense fund for any period of leave of absence from employment, except for military leave of absence as provided in RCW 41.40.170~~) That beginning July 1, 1969, the expense fund contributions shall be transferred from all employee account balances in the employees' savings fund to the retirement expense fund account, as set forth in this section. On and after April 1, 1953, each employee who is a member of the retirement system shall contribute five percent of his total compensation earnable. The officer responsible for making up the payroll shall deduct from the compensation of each member, on each and every payroll of such member for each and every payroll period subsequent to the date on which he became a member of the retirement system, an amount equal to five percent of such member's compensation earnable, as provided by this section. In determining the amount earnable by a member in a payroll period, the retirement board and the employer may consider the rate of compensation payable to such member on the first day of the payroll period as continuing through such payroll period, and deductions may be omitted from such compensation for any period less than a full payroll period, if an employee was not a member on the first day of the payroll period.

(2) Any member may, pursuant to regulations formulated from time to time by the board, provide for himself, by means of an increased rate of contribution to this account in the employees' savings fund, a prospective retirement allowance not to exceed one-half of his prospective average final compensation.

Sec. 13. Section 43, chapter 274, Laws of 1947 as last amended by section 1, chapter 84, Laws of 1965 and RCW 41.40.410 are each amended to read as follows:

The employees and appointive and elective officials of any political subdivision of the state may become members of the retirement system by the approval of the local legislative authority: PROVIDED, That on and after September 1, 1965, every school district of the state of Washington shall be an employer under this chapter and every employee of the school district who is eligible for membership under RCW 41.40.120 shall be a member of the retirement system and participate on the same basis as a person who first becomes a member through the admission of any employer into the retirement system on and after April 1, 1949. Each such political subdivision becoming an employer under the meaning of this chapter shall make contributions to the funds of the retirement system as provided in RCW 41.40.080, 41.40.361 and 41.40.370 and its employees shall contribute to the employees' savings fund at the rate established under the provisions of RCW 41.40.330. In addition to the foregoing requirement, where the political subdivision becoming an employer hereunder has its own retirement plan any of the employee members thereof who may elect to transfer to this retirement system may, upon withdrawal of all or any part of their employees' contributions to the former plan, transfer such funds to the employees' savings fund at the time of their transfer of membership. For the purpose of administering and interpreting this chapter the board may substitute the names of political subdivisions of the state for the "state" and employees of the subdivisions for "state employees" wherever such terms appear in this chapter. The board may also alter any dates mentioned in this chapter for the purpose of making the provisions of the chapter applicable to the entry of any political subdivisions into the system. Any member transferring employment to another employer which is covered by the retirement system may continue as a member without loss of previously earned pension and annuity benefits. The board shall keep such accounts as are necessary to show the contributions of each political subdivision to the benefit account fund and shall have the power to debit and credit

the various accounts in accordance with the transfer of the members from one employer to another.

Sec. 14. Section 22, chapter 200, Laws of 1953 as amended by section 17, chapter 174, Laws of 1963 and RCW 41.40.412 are each amended to read as follows:

Any person aggrieved by any (~~final~~) decision of the retirement board affecting his legal rights, duties or privileges must before he appeals to the courts, file with the director of the retirement system by mail or personally within sixty days from the day such decision was communicated to such person, a notice for a hearing before the retirement board. The notice of hearing shall set forth in full detail the grounds upon which such person considers such decision unjust or unlawful and shall include every issue to be considered by the retirement board, and it must contain a detailed statement of facts upon which such person relies in support thereof. Such persons shall be deemed to have waived all objections or irregularities concerning the matter on which such appeal is taken, other than those specifically set forth in the notice of hearing or appearing in the records of the retirement system.

Sec. 15. Section 23, chapter 200, Laws of 1953 and RCW 41.40.414 are each amended to read as follows:

Following its receipt of a notice for hearing in accordance with RCW 41.40.412, (~~(A)~~) a hearing shall be held by members of the retirement board, or its duly authorized representatives, in the county of the residence of the claimant at a time and place designated by the retirement board. Such hearing shall (~~be de novo and summary and no witness testimony shall be received unless he shall first have been sworn to testify the truth, the whole truth and nothing but the truth in the matter being heard, or unless the testimony shall be taken by deposition according to the statutes relating to superior courts of the state. The retirement board shall be entitled to appear in all such proceedings and introduce testimony in support of the decision. The retirement board shall cause all oral~~

testimony-to-be-stenographically-reported-and-thereafter-transcribed and-when-transcribed,-the-same-with-all-depositions-shall-be-filed in-and-remain-a-part-of-the-record-of-the-hearing.--Members-of-the board-and-its-duly-authorized-representatives-shall-have-power-to administer-oaths,-to-preserve-and-enforce-order-during-such-hearings, to-issue-subpoenas-for-and-to-compel-the-attendance-and-testimony-of witnesses-or-the-production-of-books,-papers,-documents-and-other evidenee,-to-examine-witnesses-and-to-do-all-things-conformable-to law-which-may-be-necessary-to-enable-them,-or-any-of-them,-effect-ively-to-discharge-the-duties-of-their-office.) be conducted and governed in all respects by the provisions of chapter 34.04 RCW which relates to agency hearings in contested cases.

Sec. 16. Section 14, chapter 50, Laws of 1951, as last amended by section 18, chapter 174, Laws of 1963 and RCW 41.40.420 are each amended to read as follows:

(~~Within thirty days after any final decision and order by the retirement board has been communicated to the claimant, such claimant may appeal to the superior court of Thurston county and such appeal shall be heard as a case in equity, but upon such appeal only such issues of law may be raised as were raised before the board.--The proceedings in every such appeal shall be informal and summary, but full opportunity to be heard upon the issues of law shall be had before judgment is pronounced.--Such appeal shall be perfected by serving a notice of appeal on the director of the retirement system by personal service or by mailing a copy thereof to the said director and by filing the notice of appeal together with proof of service thereof with the clerk of the court.--The service and the filing together with proof of service of a notice of appeal, all within thirty days, shall be jurisdictional.--The director shall within thirty days after receipt of such notice of appeal serve and file on behalf of the retirement board notice of appearance upon the appellant or his attorney of record and such appeal shall thereupon be deemed at issue. The director shall promptly serve upon the appellant and file with the~~

~~clerk-of-the-court,-a-certified-copy-of-the-complete-record-of-the hearing-before-the-retirement-board-which-shall,-upon-being-so-filed, become-the-record-in-such-case--Appeal-shall-lie-from-the-judgments of-the-superior-court-to-the-supreme-court-as-in-other-cases*)~~ Judicial review of any final decision and order by the retirement board shall be governed by the provisions of chapter 34.04 RCW as now or hereafter amended.

NEW SECTION. Sec. 17. The following acts and parts of acts and RCW sections are hereby repealed:

(1) Section 30, chapter 274, Laws of 1947 as last amended by section 6, chapter 155, Laws of 1965 and RCW 41.40.290;

(2) Sections 24, 25 and 26, chapter 200, Laws of 1953 and RCW 41.40.419, RCW 41.40.416 and RCW 41.40.418;

(3) Section 15, chapter 50, Laws of 1951 and RCW 41.40.430.

NEW SECTION. Sec. 18. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

NEW SECTION. Sec. 19. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the Senate February 20, 1969
 Passed the House March 11, 1969
 Approved by the Governor March 25, 1969
 Filed in office of Secretary of State March 25, 1969

CHAPTER 129
 [Engrossed Senate Bill No. 235]
 TREE FRUIT RESEARCH ACT

AN ACT Relating to research affecting tree fruits; providing for assessment; prescribing penalties; and adding a new chapter to Title 15 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Section 1. This act shall be known and cited as the "tree fruit research act".