

CHAPTER 231.

[S. B. 387.]

STATE EMPLOYEES' RETIREMENT SYSTEM.

AN ACT relating to state employees' retirement; and amending section 1, chapter 277, Laws of 1955 and RCW 41.40.010; and section 2, chapter 277, Laws of 1955 and RCW 41.40.120; repealing section 18, chapter 200, Laws of 1953 and RCW 41.40.360; and adding a new section to chapter 274, Laws of 1947 and to chapter 41.40 RCW.

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

SECTION 1. Section 1, chapter 277, Laws of 1955 and RCW 41.40.010 are each amended to read as follows:

RCW 41.40.010 amended.

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

Definitions.

(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."

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

"State treasurer."

(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."

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

"Member."

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

"Original member."

(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;

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ployees' re-
tirement
system.
Definitions.
"Original
member."

(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 months 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(e) Any member who has restored all his contributions that may have been withdrawn by him as provided by RCW 41.40.150 and who on the effective date of his retirement becomes entitled to be credited with ten years or more of membership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 eight 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."

(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."

(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 in-

cluded upon the basis of the schedules established by the member's employer. Definitions.

(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: *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. "Service."

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

(11) "Membership service" means: "Prior service."

(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. "Membership service."

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

(13) "Regular interest" means such rate as the retirement board may determine, such rate not to "Regular interest."

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be lower than one percent per annum nor more than four percent per annum compounded annually.

Definitions. "Accumulated contributions."

(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."

(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 this total years of service for which service credit is allowed.

"Final compensation."

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

"Annuity."

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

"Pension."

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

"Retirement allowance."

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

"Annuity reserve."

(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."

(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.

Definitions.
"Employee."

(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."

(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."

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

"Retirement."

(26) "Eligible position" means:

"Eligible position."

(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) [Subdivision (26)].

"Ineligible position."

(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."

SEC. 2. Section 2, chapter 277, Laws of 1955 and RCW 41.40.120 are each amended to read as follows:

RCW 41.40.120 amended.

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.

(1) Persons in ineligible positions;

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(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;

Proviso.

(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 the 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;

Proviso.

(4) Employees holding membership in, or receiving pension benefits under, any retirement plan operated wholly or in part by an agency or 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;

Proviso.

Proviso.

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

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

(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 18, chapter 200, Laws of 1953 and RCW 41.40.360 are each repealed. Repeal.

SEC. 4. There is added to chapter 274, Laws of 1947 and to chapter 41.40 RCW a new section to read as follows: New section.

(1) For the purpose of this section, the "fundable employer liability" at any date shall be the present value of "Fundable employer liability" defined—Contributions by employer enumerated.

(a) all future pension benefits payable in respect of all members in the retirement system at that date, and

(b) all future benefits in respect of beneficiaries then receiving retirement allowances or pensions.

(2) The contributions by the employer for benefits under the retirement system shall consist of the sum of a percentage of the compensation of members to be known as the "normal contribution", a percentage of such compensation to be known as the "unfunded liability contribution" and in the case of employers admitted to the retirement system after April 1, 1949, a percentage of such compensation to be known as the "additional contribution". The rates of such contributions shall be determined by the

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ployees' retire-
ment.

retirement board on the basis of assets and liabilities as shown by actuarial valuation.

Normal
contribution
rate deter-
mined.

(3) After the completion of each actuarial valuation subsequent to the first actuarial valuation of June 30, 1953, the retirement board shall determine the normal contribution rate and such contribution rate shall become effective in the ensuing biennium. Until the unfunded liability contribution shall have been discontinued, such normal contribution rate shall be computed to be sufficient, when applied to the present value of the future compensation of the average new member entering the system, to provide for the payment of all prospective pension benefits in respect of such member. After the unfunded liability contributions have been discontinued, such normal contribution rate shall be determined as the uniform and constant percentage of the prospective compensation of all members of the retirement system at the date of such valuation which is equivalent to the excess of the fundable employer liability over the amount of funds currently standing to the credit of the benefit account fund.

Unfunded
liability
contribution
determined.

(4) After the completion of each actuarial valuation subsequent to the first actuarial valuation of June 30, 1953, the retirement board shall determine the unfunded liability contribution, and such rate shall become effective in the ensuing biennium. The unfunded liability contribution rate shall not be less than that percentage of annual compensation of all members in the retirement system at the date of such subsequent valuation which is equivalent to four percent of the unfunded liability of the system. The unfunded liability shall be determined at such date as the excess of the fundable employer liability over the sum of the present value of the future normal contributions payable in respect of all members in the retirement system at that date, and the amount of all funds currently standing to the credit

of the benefit account fund. The unfunded liability contributions shall continue until there remains no unfunded liability.

(5) Any employer admitted to the retirement system after April 1, 1949, shall make an additional contribution at a rate equal to not less than twenty-five percent of the sum of the normal contribution rate and the unfunded liability contribution rate until such time as the sum of such additional contributions equals the amount of contributions which such employer would have been required to contribute between April 1, 1949, and the date of such employer's admission to the retirement system: *Provided*, All additional contributions hereunder and under the provisions of RCW 41.40.160 (2) must be completed within ten years from the date of the employer's admission.

Additional contribution for employers admitted after March, 1949.

Passed the Senate March 13, 1957.

Passed the House March 13, 1957.

Approved by the Governor March 23, 1957.

CHAPTER 232.

[S. B. 160.]

AIR POLLUTION CONTROL DISTRICTS.

AN ACT relating to the control and prevention of air pollution; authorizing the creation of air pollution control districts and prescribing powers and duties for certain officers and individuals.

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

SECTION 1. It is the public policy of the state to maintain the highest practical standards of purity of the air in order to promote public enjoyment of the state's natural scenic and outdoor recreational resources, to foster and develop public health, and to facilitate the growth of desirable natural and

Declaration of policy.