

ing for the enforcement of the claims of a corporation against the person in whose name such safe or box stood, nor bar the right of a safe deposit company to recover so much of the debt due it as shall not be paid by the proceeds of the sale of the property deposited with it.

Passed the Senate March 7, 1923.

Passed the House March 6, 1923.

Permitted to become a law without the signature of the Governor.

J. GRANT HINKLE,
Secretary of State.

CHAPTER 187.

[S. B. 66.]

TEACHERS' RETIREMENT FUND.

AN ACT providing for the creation, management and maintenance of a state teachers' retirement fund and defining the powers and duties of officers in relation thereto.

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

SECTION 1. The word "teacher" wherever used in this act shall be held and construed to mean and include any person regularly employed as teacher, instructor, principal, supervisor, state, county or city superintendent, in the public schools of this state, or as an assistant to any such teacher, instructor, principal, supervisor or superintendent. The word "member" wherever used in the act shall be held and construed to mean and include any teacher who shall be a contributor to the retirement fund mentioned in section 2, also any person who shall be an annuitant of such fund, also any teacher while temporarily absent on leave for professional preparation, as hereinafter provided. The word "annuitant" wherever used in this act shall be held and construed to mean and include any member who

Definitions:

Teacher.

Member.

Annuitant.

Trustees. shall have been retired and shall be entitled to receive an annuity under the provisions of this act. The word "trustees" wherever used in this act shall be held and construed to mean and include a regularly elected, qualified or acting member of the board of trustees provided for in section 3.

Fund created. SEC. 2. There is hereby created and established a state teachers' retirement fund which shall consist of contributions from teachers and from such other source as may be provided by law, which fund shall be received and disbursed by the state treasurer and shall be administered by the state as in this act provided.

Board of trustees, personnel. SEC. 3. A board of trustees, which shall be known as the board of trustees of the state teachers' retirement fund, consisting of the state superintendent of public instruction, the state insurance commissioner and three members of the fund, at least one of whom shall be a class room teacher, to be chosen by the state board of education shall administer the retirement fund mentioned in the last preceding section. The three member trustees shall be appointed as follows: On or before the 28th day of June, 1923, one member shall be appointed for the period of one year, one for the period of two years and the third for a period of three years beginning July 1st, 1923. One member trustee shall be appointed in the same manner each year thereafter for a period of three years from the 1st day of July. Any vacancy in the board of trustees shall be filled by the state board of education by the appointment of a member for the unexpired term.

Appointed.

Rules and regulations. SEC. 4. The board of trustees shall have power to make any rules, regulations and orders not inconsistent with the provisions of this act, which may be necessary or convenient in the carrying into effect and enforcement of this act.

SEC. 5. On the second Monday of July, 1923, the board of trustees shall meet and organize by the election of a president and a secretary to serve for the term of one year, and thereafter shall annually on the second Monday in July, elect said officers for the term of one year. The secretary of the board of trustees may or may not be a member of the board. The trustees shall serve without pay, but the secretary, whether a trustee or not, shall receive such reasonable salary as the board may authorize: *Provided*, Trustees shall be entitled to actual traveling expenses made necessary by reason of attendance upon meetings of the board upon filing with the secretary an itemized claim therefor, such claim to be approved by the president and secretary of the board. The state treasurer, the state auditor and the attorney general shall be ex-officio treasurer, auditor and legal adviser, respectively, of the board of trustees, and shall be liable, respectively, upon their official bonds for the faithful performance of their duties under the provisions of this act, and shall serve without extra compensation: *Provided, further*, In case of emergency or whenever they shall deem it for the best interests of the fund, the trustees may employ attorneys and pay reasonable fees for the services rendered out of the retirement fund.

Organization meeting.

State treasurer
state auditor,
attorney
general,
ex-officio
officers.

SEC. 6. The board of trustees shall hold regular meetings on the second Monday in October, January, April and July of each year, and may hold special meetings at the call of the president or three trustees, and may adjourn any regular meeting from day to day, or time to time, until the business before the board is completed.

Regular board meetings.

SEC. 7. A place for the transaction of the business of the board of trustees and an office for the secretary, together with all necessary furniture and supplies, including books, records, blanks and forms

Office provided at state capitol.

as prescribed by the state bureau of inspection and supervision of public offices, shall be furnished by the state, such office to be located at the state capitol. All other expenses, including the salaries of the secretary and all necessary clerical assistants, shall be paid out of the retirement fund.

Membership
upon
application.

SEC. 8. Any teacher while employed as such in this state or who is absent on leave from any school district, not being a member of a local teachers' retirement fund in this state, may at any time prior to May 1st, 1924, file with the secretary of the board of trustees, upon a blank to be furnished for that purpose, an application for membership in the state teachers' retirement fund, verified under oath by the applicant, and showing a detailed statement of the applicant's service as a teacher in any district in this state and elsewhere, giving the years and months of service in each, respectively, and shall file with such application, upon blanks to be furnished for the purpose, such proof of service certified by the clerk or other officer having charge of the records of the district where the service was rendered, as may be required by the board of trustees.

Blanks.

Applications
considered.

SEC. 9. All applications for membership shall be considered by the board of trustees at the next regular meeting after the same are filed, or at a special meeting called for that purpose before the next regular meeting, and, if the application is found to be in proper form and accompanied by the proof required by the trustees, the applicant's name shall be entered upon the membership register of the fund, together with the respective totals of years and months of service allowed in any district in this state, and elsewhere, respectively, and a certificate of membership showing the date of issue and the former teaching service allowed, shall be delivered

to the applicant and a duplicate thereof transmitted to the secretary or clerk of the school district where such teacher is employed, who shall cause the same to be entered upon the records of the district. In making allowance for former service, a year of service shall be a legal school year where the service was rendered and fractions of years of service may be counted in computing the total years of service when the sum of such fraction equals one or more years: *Provided*, That no teacher shall receive more than one year's credit for teaching in any school year, as defined by the school code of this state: *Provided further*, No teacher having the right to make application for membership prior to May 1st, 1924, as provided in section 8, who has failed or refused to do so, shall be received into membership.

SEC. 10. Every teacher except those mentioned in the last proviso of section 9 and those now or hereafter members of a local teachers' retirement fund in this state entering the employment of any school district in this state not having a local teachers' retirement fund, shall become a member of such state fund by virtue of such employment, and it shall be the duty of the secretary or clerk of the district or institution, at the time a new teacher is employed, to file with the secretary of the fund a notice, in writing, stating the name of the teacher and the date when the employment begins, and to notify the teacher in writing of the provisions of this act with reference to membership in the fund and that an application for credit for former service, on a form to be furnished for that purpose, may be filed with the secretary of the fund within six months from the date of the beginning of such employment. In case such application is filed within six months the same shall be considered by the board of trustees and credit allowed and certificate of membership issued as in the case of original applications for mem-

All teachers
by virtue of
employment
are members.

bership. In case such application for credit for former service is not filed within six months, the teacher's name shall be entered upon the membership register of the fund without credit for former service and a certificate of membership without such credit shall be issued as in the case of original application for membership.

SEC. 11. It shall be the duty of the board of directors of each school district, to assess against and deduct from the salary of each member of the fund employed by the district, membership dues at the following rates, to-wit: Twelve dollars (\$12.00) per year up to and including the tenth year of total service; twenty-four dollars (\$24.00) per year from and including the eleventh and up to and including the twentieth year of total service; and thirty-six dollars (\$36.00) from and including the twenty-first year of total service, until the total contribution of the member to the fund shall equal seven hundred and twenty dollars (\$720.00). Said assessments and deductions to be made in two equal semi-annual installments from the salary of such member earned in the months of November and April, respectively, of each school year. A receipt for the amount deducted, signed by the secretary or clerk of the district, shall be delivered to the member with the warrant for the installment of salary from which the deduction is made. Every member of the fund other than annuitants and those from whose salaries deductions are being made and every member of the fund granted leave of absence for professional preparation shall on or before the fifth day of December and May respectively of each year, pay to the state treasurer for the benefit of the fund a like amount as is hereinabove required to be deducted from the salary of a member employed by any district and take the treasurer's receipt therefor. It

Deduction
from salary
of teacher.

Amounts.

shall be the duty of the secretary or clerk of any district on or before the 10th day of December and May, respectively, in each year, to draw a warrant upon the county treasurer payable out of the general fund of the district and in favor of the state treasurer covering the total amount of deductions made during the preceding six months, and upon the presentation of such warrant the county treasurer shall transfer the amount thereof from the general fund of the district to the state treasurer. The state treasurer shall place the amounts so received to the credit of the teachers' retirement fund and shall disburse the same upon warrants issued by order of the board of trustees signed by the president and secretary of the fund.

Paid to
state
treasurer.

SEC. 12. It shall be the duty of the secretary or clerk of the district, at the time of issuing the warrants above provided for, to certify to the secretary of the fund the names of the teachers assessed and the respective amounts deducted from the salary of each, together with the respective number of months of service since the last certificate. Upon receiving such certificate, it shall be the duty of the secretary of the fund to credit the members with the respective months of service, and respective amounts contributed by each, in the proper columns of the membership register after their respective names. Each member of the fund, other than annuitants, who is not employed by a district, or who has been granted leave of absence for professional preparation by the board of directors, shall on or before the 10th day of December, and on or before the 10th day of May of each year present his receipt from the state treasurer for his payment for the fund, to the secretary of the fund, together with a verified statement of the amount and character of service rendered or preparation pursued during the preceding half year, and it shall be the duty of the secretary to credit

Certificate of
names of
teachers and
amount of
assessments.

such service and contribution to such member on the membership register and endorse such credit on the receipt and return it to the member: *Provided*, That credit shall not be allowed a member absent on leave for professional preparation in excess of two years of total absence on such leave, or in excess of one year of absence on such leave in any ten-year period of total service.

Fiscal year.

Treasurer's report.

SEC. 13. The fiscal year of the retirement fund established under the provisions of this act shall begin on the first day of July in each year and end on the thirtieth day of June following, and it shall be the duty of the state treasurer, on or before the second Monday of July of each year, to certify to the board of trustees the balance of cash remaining in the fund at the close of the preceding fiscal year, and the face value of and the amount of interest accrued upon any securities belonging to the fund, and it shall be the duty of the treasurer, from time to time, upon written request of the trustees, to certify the amount of cash remaining in, and face value of and the amount of interest accrued upon any securities belonging to the fund at any given date.

Annual budget of receipts and disbursements.

SEC. 14. It shall be the duty of the board of trustees, at its regular meeting in July of each year, to make an estimate of the total receipts of the fund for the current fiscal year, including membership dues, interest earned on securities belonging to the fund, and an estimate of the total disbursements from the fund during the current fiscal year, including retirement annuities, disability annuities, the secretary's salary, other expense, refunds to discharged members and payments to beneficiaries of deceased members.

Surplus, invested.

SEC. 15. If at any time it shall appear to the board of trustees that the balance of cash remaining

in the fund, together with the estimated receipts for the remainder of the fiscal year, will exceed the estimated disbursements for the remainder of the year, in the sum of five thousand dollars (\$5,000.00) or more, it shall be the duty of the board of trustees to authorize the state treasurer to invest such excess in such bonds as are by law authorized for the investment of the permanent school funds of the state, and in such investment to give preference to school district bonds regularly created and issued. Upon such investment being authorized by the board of trustees, the treasurer shall purchase such bonds as directed, and shall collect all interest payments falling due thereon, and the principal at maturity, and credit the amounts so collected to the retirement fund. If at any time it shall appear to the board of trustees, that the cash remaining in the fund together with the estimated receipts for the remainder of the fiscal year will not meet the estimated disbursements as they shall fall due, it shall be the duty of the board to instruct the treasurer to sell so many of the bonds belonging to the fund as will produce cash sufficient for that purpose.

Bonds
purchased.

Bonds sold.

SEC. 16. Any member leaving the employment of a school district in this state other than as an annuitant or upon leave of absence expressly granted, shall upon being reemployed as a teacher in this state be credited with contributions previously made to the fund and upon satisfactory proof shall be credited with such service in teaching as has been rendered in the interim.

Re-employment,
credit
given.

SEC. 17. Any member of the fund who shall have been a teacher for a period of, or periods aggregating thirty years, embracing not less than two hundred and forty months of service, fifteen years of which service shall have been in the public schools of this state, shall be entitled, upon and during re-

Retirement
annuities
paid,
amount.

tirement from service in the public schools to receive a retirement annuity of four hundred and eighty dollars (\$480.00): *Provided*, That no retirement annuity shall be credited or paid to a member until the expiration of one year from the date of the certificate of membership of such member: *Provided further*, In case the credit for the membership dues of any member at the date of retirement shall be less than the sum of seven hundred twenty dollars (\$720.00), there shall be retained from the first retirement annuity payments a sufficient amount to make the total credit of such retiring member equal the sum of seven hundred twenty dollars (\$720.00) and thereafter such retiring member shall be entitled to the annuity payments provided for above.

SEC. 18. Any member of the fund who shall have been a teacher for a period of, or periods aggregating ten years, embracing not less than eighty months of service, eight years of which service shall have been in the public schools of this state, shall be entitled, upon retiring from service in the public schools and proving to the satisfaction of the board of trustees that he or she has become incapacitated for service in the public schools, to receive a disability annuity of such part of four hundred and eighty dollars (\$480.00) as the number of years of total service of such member is a part of thirty, while incapacitated for service but for a period not to exceed two years, and any member of the fund who shall have been a teacher for a period of, or periods aggregating, twenty years, embracing not less than one hundred and sixty months of service, twelve years of which service shall have been in the public schools of this state, shall be entitled, upon retiring from service in the public schools and proving to the satisfaction of the board of trustees that he or she has become incapacitated for service in

Disability
annuities
paid,
amount.

the public schools, to receive a disability annuity of such part of four hundred and eighty dollars (\$480.00) as the number of years of total service of such member is a part of thirty, so long as such member is incapacitated for service: *Provided*, That no disability annuity shall become due until applicant has been incapacitated during three consecutive school months nor shall accrue until all sick benefits allowed by a district shall have ceased: *And provided further*, That no such disability annuity shall be paid until the expiration of one year from the date of the certificate of membership of any teacher.

SEC. 19. All retirement annuities shall be credited or paid in quarterly installments on the third Monday of October, January, April and July, for the quarters ending on the first day of said months and shall accrue from the first day of the quarter next following the date of retirement. All disability annuities shall be paid on the first day of the month next following the date of allowance for the amount accrued to that date, and thereafter in monthly installments on the first day of the month for the amount accruing for the previous month.

Annuities,
when paid.

SEC. 20. In case the funds available from the sources enumerated in this act and under the provisions shall at any time be insufficient to pay annuities and disability annuities, then the board of trustees shall estimate the funds available and shall pro-rate all annuity and disability annuity payments and thereafter such payments shall be made pro-rata. Annuities granted under the provisions of this act shall not be subject to attachment, garnishment, or seizure by execution in the hands of the board of trustees or the state treasurer, and such annuities shall not be subject to sale, assignment, pledge, mortgage or other alienation.

Insufficient
funds,
payments
pro-rated.

Employment
terminated,
payments
returned.

SEC. 21. Any member of the fund who shall be discharged from the employment of a district and fails to receive, or is refused further employment as teacher in the state before such member is entitled to a retirement annuity, shall be entitled to be paid back out of such fund, the amount such member has paid into such fund as membership dues, but without interest thereon, less such sum or sums as have been paid to such member as disability annuities.

Death of
member,
payments to
beneficiaries,
heirs, etc.

SEC. 22. In case of the death of any member before such member has been retired and granted a retirement annuity, the beneficiary or beneficiaries, designated upon a form provided for that purpose, signed by the member, witnessed by two witnesses and filed with the secretary of the board of trustees, or in case no beneficiary is designated, then the legatee or legatees, or heir or heirs, of the member, as the case may be, shall be entitled to be paid out of the fund a sum equal to one-half of the difference between the entire amount such deceased member has paid into the fund as membership dues, and the entire amount which has been paid to such deceased member as disability annuities. And in case of the death of any member after such member has been retired and granted a retirement annuity, such beneficiary or beneficiaries, legatee or legatees, heir or heirs, as the case may be, shall be entitled to be paid out of the fund a sum equal to one-half of the difference between the entire amount such deceased member has paid into the fund as membership dues, and the entire amount which has been paid to such deceased member as and for disability and retirement annuities.

Claims against
fund, in
writing.

SEC. 23. All original claims for retirement annuities, disability annuities, refunds to discharged members, and payments to beneficiaries, legatees or heirs of deceased members, shall be made in writing

on forms to be furnished for that purpose, verified under oath by the claimant, and filed with the secretary of the fund, and shall be supported by such proof, by affidavit or otherwise, of the facts upon which the claim is based, as may be required by the rules and regulations adopted by the board of trustees. Upon the filing of any claim the secretary shall set the same down for hearing before the board of trustees at the next ensuing regular meeting of the board, or at a special meeting called for that purpose in case the board shall determine that an emergency exists, and notify the claimant of the date of the hearing, and shall, at such hearing, certify to the board the facts with reference to the years and months of service, of membership dues paid by, and previous payments made to, the member upon whose record the claim is based, as shown by the records in the office of the secretary.

SEC. 24. If at the hearing it shall appear to the board that the claim is based upon sufficient facts, but is not in proper form or the requisite proof is not offered, the hearing may be adjourned for such reasonable time as the board may determine. The final action of the board in allowing or rejecting any claim shall be by resolution of a majority of the members of the board and entered on the minutes, and in case the claim is allowed, the secretary at the expiration of ten days from the date of allowance, if no appeal is taken, shall draw the necessary warrant on the state treasurer payable out of the retirement fund, deliver the same to the claimant and take a receipt therefor, and enter the payment on the membership register. All subsequent payments of annuities shall be authorized by resolution of the board entered on the minutes after the proper vouchers signed and verified by the annuitant as may be required by the rules have been submitted to

Form.

Hearing on
claims.

the board, and the secretary shall draw the necessary warrant therefor at the expiration of five days from the date of authorization, if no appeal is taken, and deliver the same to the annuitant and shall on or before the fifth day of each month transmit certified copies of such warrant register from the preceding month to the state treasurer and the state auditor, respectively.

SEC. 25. Any claimant feeling aggrieved by the action of the board in rejecting any claim, or any annuitant aggrieved by the action of the board in discontinuing the payment of any annuity, or any five members aggrieved by the action of the board in allowing any claim or continuing the payment of any annuity allowance, may, within ten days from the date of such action appeal therefrom to the superior court of Thurston County by filing with the secretary a notice of appeal in writing, signed by the appellants and giving a bond to the fund, with sufficient security to be approved by the secretary, in the sum of fifty dollars (\$50.00), conditioned to pay all costs which may be adjudged against the appellants in the superior court, and in case the appeal is taken by members, a copy of the notice of appeal shall be served upon the claimant or annuitant as the case may be. Upon the taking of an appeal, the secretary shall certify to the clerk of the superior court all papers and documents filed in the matter of the claim, together with a transcript of the record of the action of the board thereon, the notice of appeal and the appeal bond, and the matter shall be set down for hearing *de novo* before the court without a jury and heard in the manner provided by law for setting and hearing appeals from justices of the peace, except as hereinabove provided. Appeals from the decisions of the superior court may be taken to the supreme court of this state in the

Appeal to
courts from
decisions
of board.

Court
hearing.

manner provided by law for taking appeals in equity cases.

SEC. 26. If any part of this act shall be adjudged to be invalid or unconstitutional, such adjudication of invalidity or unconstitutionality shall not affect the validity or constitutionality of the act as a whole, or of any part thereof not adjudged invalid or unconstitutional.

If any part
unconstitu-
tional.

SEC. 27. The members of any local teachers' retirement fund organized under chapter 163, Session Laws of 1917 and amendments thereto, existing at the time of taking effect of this act, may by a majority vote transfer their membership to the state teachers' retirement fund created by this act. Upon satisfactory proof of such action being made to the trustees and upon the turning over to the secretary of a certified copy of the membership record showing the names and addresses of all members in good standing, their teaching credits, amount contributed to the fund and amount received from the fund, the trustees shall cause a new certificate of membership to be issued to each of such members of the local fund. Such certificate shall contain a statement of the date of the member's original certificate, also whether such member is an annuitant of the local fund at the time of the transfer of membership, also the total of teaching credits as shown by the membership record. All amounts paid by such member to the local fund or received from the same fund shall be credited, or debited, to such member in the state fund and all annuitants of the local fund at the time of the transfer shall continue as annuitants of the state fund under the terms of this act and annuities may be granted to transferred members within a year after transfer if the total period of membership in the local and state funds shall be greater

See Rem.
Comp. Stat.
§ 4995 to 5019;
Pierce's Code
§ 4425 to 4449.

Transfer of
membership
from local
retirement
fund.

than one year: *Provided*, Before membership in the state fund shall become effective, all moneys and investments belonging to such local fund shall be transferred to the state treasurer to be deposited with, and become a part of the state teachers' retirement fund.

Transfer from state fund to local retirement fund.

See Rem. Comp. Stat. § 4995 to 5019; Pierce's Code § 4425 to 4449.

SEC. 28. Any member of the state fund who shall leave the employment of a district under the provisions of this act and enter the employment of a district in which a local retirement fund shall have been established under the provisions of chapter 163, Session Laws of 1917, and amendments thereto, shall be entitled to have the amount such member has contributed to the state fund, but without interest thereon, transferred to, and shall be given credit therefor in the local fund of the district where employed, and shall be entitled to have not more than three years of service in the state fund credited as service in the local fund in case the member shall apply for an annuity from the fund of the local district under the provisions of chapter 163, Session Laws of 1917, and amendments thereto: *Provided*, That such transferred service shall not reduce the total amount of service required, or the amount of service required in this state.

See Rem. Comp. Stat. § 4995 to 5019; Pierce's Code § 4425 to 4449.

Does not repeal existing law applicable to first class districts.

SEC. 29. This act shall not repeal chapter 163, Session Laws of 1917, nor amendments thereto, in so far as the same may be applicable to school districts of the first class, but said act and amendments thereto shall have full application to all such school districts and to the teachers employed therein unless transfer of membership shall have been made to the state teachers' retirement fund as provided in section 27.

Passed the Senate March 7, 1923.

Passed the House March 6, 1923.

Permitted to become a law without the signature of the Governor:

J. GRANT HINKLE,

Secretary of State.