

budget shall summarize construction expenditures by designated highways and by functional classes of highways.

SEC. 8. The state highway commission shall annually on July 1st submit a report to the joint fact-finding committee on highways, streets and bridges showing both its long range objectives and the estimated and planned percentage of the long range objectives to be met by its current six year construction program for each functional class of highways. The commission shall include in its report a summary of its methods and procedures for the selection of projects within the budgetary limits of each functional class of highways to comprise the current six year construction program.

Annual report  
to joint  
fact-finding  
committee.

SEC. 9. Section 47.01.150, chapter 13, Laws of 1961 and RCW 47.01.150 are each repealed.

Repeal.

Passed the Senate March 5, 1963.

Passed the House March 14, 1963.

Approved by the Governor March 25, 1963.

---

## CHAPTER 174.

[ S. B. 309. ]

### STATE EMPLOYEES' RETIREMENT SYSTEM.

AN ACT relating to the state employees' retirement system; amending section 1, chapter 274, Laws of 1947, as last amended by section 1, chapter 291, Laws of 1961, and RCW 41.40.010; amending section 3, chapter 274, Laws of 1947, as amended by section 2, chapter 291, Laws of 1961, and RCW 41.40.030; amending section 4, chapter 274, Laws of 1947, as amended by section 3, chapter 291, Laws of 1961, and RCW 41.40.040; amending section 6, chapter 274, Laws of 1947, as amended by section 3, chapter 240, Laws of 1949, and RCW 41.40.060; amending section 8, chapter 274, Laws of 1947, as last amended by section 9, chapter 281, Laws of 1961, and RCW 41.40.070; amending section 9, chapter 274, Laws of 1947, as last amended by section 2, chapter 220, Laws of 1955, and

RCW 41.40.080; amending section 11, chapter 274, Laws of 1947, as last amended by section 4, chapter 200, Laws of 1953, and RCW 41.40.100; amending section 16, chapter 274, Laws of 1947, as last amended by section 3, chapter 277, Laws of 1955, and RCW 41.40.150; amending section 17, chapter 274, Laws of 1947, as last amended by section 8, chapter 200, Laws of 1953, and RCW 41.40.160; amending section 18, chapter 274, Laws of 1947, as last amended by section 9, chapter 200, Laws of 1953, and RCW 41.40.170; amending section 19, chapter 274, Laws of 1947, as last amended by section 4, chapter 277, Laws of 1955, and RCW 41.40.180; amending section 27, chapter 274, Laws of 1947, as amended by section 18, chapter 240, Laws of 1949, and RCW 41.40.260; amending section 28, chapter 274, Laws of 1947, as last amended by section 9, chapter 291, Laws of 1961, and RCW 41.40.270; amending section 32, chapter 274, Laws of 1947, as last amended by section 7, chapter 277, Laws of 1955, and RCW 41.40.310; amending section 4, chapter 231, Laws of 1957, as amended by section 11, chapter 291, Laws of 1961, and RCW 41.40.361; amending section 43, chapter 274, Laws of 1947, as last amended by section 13, chapter 291, Laws of 1961, and RCW 41.40.410; amending section 22, chapter 200, Laws of 1953, and RCW 41.40.412; amending section 14, chapter 50, Laws of 1951, as amended by section 20, chapter 200, Laws of 1953, and RCW 41.40.420; and declaring an emergency.

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

RCW 41.40.010 amended.

SECTION 1. Section 1, chapter 274, Laws of 1947, as last amended by section 1, chapter 291, Laws of 1961, and RCW 41.40.010 are each amended to read as follows:

State employees' retirement. Terms defined.

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.

(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 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, Proviso. 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

State  
employees'  
retirement.  
Terms  
defined.

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 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

Proviso.

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.

(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, such rate not to be lower than one percent per annum nor more than four percent per annum compounded annually.

(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 year period of service for which service credit is allowed; or if he has less than five years of service then the annual average compensation earnable during his total years of service for which service credit is allowed.

(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

State  
employees'  
retirement.  
Terms  
defined.

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.

**Note:** See also section 1, chapter 225, Laws of 1963.

SEC. 2. Section 3, chapter 274, Laws of 1947, as amended by section 2, chapter 291, Laws of 1961, and RCW 41.40.030 are each amended to read as follows:

RCW 41.40.030 amended.

The retirement board shall consist of seven members, as follows: The insurance commissioner, the attorney general, the state treasurer, the state auditor, and three employee representatives who shall have been members of the retirement system for at least five years, and each of whom shall be elected by members in their classification of employment for a term of three years: *Provided*, That the term of office of any employee representative serving as a member of the retirement board by appointment prior to March 21, 1961 shall continue until the expiration of the period of time for which such employee representative was appointed. The members of the system shall be divided into three classifications of employment for purposes of board representation as follows: Classification A shall consist of all employees of the state government; classification B shall consist of all employees of counties; and classification C shall consist of all members not included in classification A or B. Each member shall have the right to vote only for an employee representative from his respective classification.

Retirement board—Election, terms.

Proviso.

State  
employees'  
retirement  
Retirement  
board—Elec-  
tion, terms.

The first election will be held to elect a representative from classification C whose term shall begin July 1, 1961; the second election will be held to elect a representative from classification B whose term shall begin July 1, 1962; the third election will be held to elect a representative from classification A whose term shall begin July 1, 1963.

Any employee desiring to become a candidate to represent employees in his classification may during the first two weeks of May of the year in which the vacancy in the classification occurs, file with the director of the system a typewritten statement that he desires to be a candidate for the board. The letter supporting his candidacy must be signed by at least twenty active members of the retirement system in his classification. The election shall be conducted under the supervision of the state employees' retirement board pursuant to such rules as the board shall prescribe, but shall be so conducted that the voting shall be secret and the ballots may be returned by mail. Ballots in order to be counted shall be received by the director not later than the second Monday in June. The board shall thereupon proceed to count the ballots and shall certify to the secretary of state the candidate receiving the highest number of votes.

The terms of all employee representatives shall commence on the first day of July following their election.

RCW 41.40.040  
amended.

SEC. 3. Section 4, chapter 274, Laws of 1947, as amended by section 3, chapter 291, Laws of 1961, and RCW 41.40.040 are each amended to read as follows:

Vacancies—  
Effect of non-  
attendance.

(1) Any vacancy occurring by reason of resignation, death or disability ninety days or more before the expiration of the term of any employee representative of the retirement board shall be filled by appointment by the other members of the retirement board. The person appointed shall be a mem-



ber of the same classification as was the employee representative to whose position he is appointed. The employee representative thus appointed shall serve until the vacancy is filled by the election of a member of the same classification.

(2) Any employee representative of the retirement board who fails to attend the scheduled meetings of the retirement board for three consecutive months or longer, without valid excuse, shall be considered as having resigned from board membership and the retirement board shall declare his office vacated as of the adoption of a proper resolution, and proceed to fill the vacancy as herein provided.

SEC. 4. Section 6, chapter 274, Laws of 1947, as amended by section 3, chapter 240, Laws of 1949, and RCW 41.40.060 are each amended to read as follows:

RCW 41.40.060  
amended.

The retirement board shall elect from its membership a chairman and a vice chairman, and shall appoint a director and assistant director of the retirement system, and may employ or engage such other actuarial, medical, clerical, technical, and administrative employees or consultants as may be necessary for the proper operation of the retirement system. The compensation of all persons so appointed, employed and engaged shall be fixed in accordance with compensation schedules adopted by the board.

Board officers,  
employees.

SEC. 5. Section 8, chapter 274, Laws of 1947, as last amended by section 9, chapter 281, Laws of 1961, and RCW 41.40.070 are each amended to read as follows:

RCW 41.40.070  
amended.

(1) 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 to authorize the finance committee to invest same in bonds or other obligations

Investment of  
funds.

State employees' retirement. Investment of funds—Deposit for current use.

issued directly by or insured by or guaranteed by the federal government or any agency or public corporation thereof, of the state of Washington or of any county, city, village or school district of the state, or of any other legally constituted taxing subdivision within the state, or in revenue bonds issued by the state of Washington or any of its political subdivisions or instrumentalities, or in general obligation and revenue bonds issued by any state of the United States, or any duly constituted authority or agency of such state, or in the general obligation or revenue bonds of any political subdivision of any state of the United States, or in motor vehicle fund warrants issued to pay the costs of acquisition of real property or property rights therein necessary for the improvement of the state highway system when authorized by agreement between the state finance committee and the state highway commission requiring repayment of the invested funds from any moneys in the motor vehicle fund available for state highway construction, or, to the extent of twenty percent of the total investment portfolio, in corporate bonds and debentures issued by any corporation duly organized and operating in any state of the United States but only if such corporate securities are rated not less than "AA" by two nationally recognized rating agencies. All such bonds, or other obligations, shall be purchased at current market price and all such purchases shall be authorized by a resolution adopted by the retirement board. The retirement board may purchase out of the several funds hereinbefore created, appropriate contracts of life insurance or annuity from insurers duly authorized to do business in the state of Washington, if and when such purchase or purchases shall in the judgment of said retirement board be appropriate or necessary to carry out the purposes of this chapter.

(2) 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 for by this chapter, on deposit in the state treasury.

SEC. 6. Section 9, chapter 274, Laws of 1947, as last amended by section 2, chapter 220, Laws of 1955, and RCW 41.40.080 are each amended to read as follows:

RCW 41.40.080  
amended.

(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.

Custody of  
securities and  
funds—Duty of  
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

State employees' retirement. Custody of securities and funds—Duty of treasurer.

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 the employer's members bears to the total number of 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 sys-

tem 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: *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. Proviso.

(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. 7. Section 11, chapter 274, Laws of 1947, as last amended by section 4, chapter 200, Laws of 1953, and RCW 41.40.100 are each amended to read as follows: RCW 41.40.100 amended.

For the purpose of the internal accounting record of the retirement board and not the segregation of moneys on deposit with the state treasurer there are hereby created the employees' savings fund, the benefit account fund, the income fund and such other funds as may from time to time be required. System funds created.

(1) The employees' savings fund shall be the fund in which shall be accumulated the contributions from the compensation of members for the purchase of annuities. The retirement board shall provide for the maintenance of an individual account with each member of the retirement system showing the amount of the member's contributions together with interest accumulations thereon. The contributions of a member returned to him upon his withdrawal from service, or paid in event of his death, as provided in this chapter, shall be paid from the em-

State  
employees'  
retirement.  
System funds  
created.

employees' savings fund. Any accumulated contributions forfeited by failure of a member, or his estate, to claim the same as provided for in this chapter shall be transferred from the employees' savings fund to the income fund. The accumulated contributions of a member, upon the commencement of his annuity payments, shall be transferred from the employees' savings fund to the benefit account fund.

(2) The benefit account fund shall be the fund in which shall be accumulated the reserves for the payment of all pensions and in which shall be held the reserves for annuity payments and death benefits, if any, in respect of any beneficiary receiving annuity payments. The amounts contributed by the employer to provide pension benefits shall be credited to the benefit account fund. The benefit account fund shall be the fund from which shall be paid all pensions, and all annuities, or benefits in lieu thereof because of which reserves have been transferred from the employees' savings fund to the benefit account fund. At the time a recipient of a retirement allowance again becomes a member there shall be transferred from the benefit account fund to the employees' savings fund and credited to the individual account of such a member a sum that shall be equal to the then present value of the annuity portion of his retirement allowance, computed upon the interest and mortality basis then in use by the retirement system for the computation of annuities.

(3) An income fund is hereby created for the purpose of crediting regular interest on the amounts in the various other funds with the exception of the retirement system expense fund, and to provide a contingent fund out of which special requirements of any of the other funds may be covered. Transfers for such special requirements shall be made only when the amount in the income fund exceeds the ordinary requirements of such fund as evidenced

by a resolution of the retirement board recorded in its minutes. The retirement board shall annually allow regular interest for the preceding year to each of the funds enumerated in subdivisions (1) and (2) of this section, and the amount so allowed shall be due and payable to said funds and shall be annually credited thereto by the retirement board and paid from the income fund: *Provided*, That interest on contributions from members within any one calendar year shall begin on the first day of the calendar year next following and shall be computed at the end of the calendar year: *Provided, however*, That when a member retires as provided in RCW 41.40.190, RCW 41.40.210, RCW 41.40.220(2), RCW 41.40.240, RCW 41.40.250 or RCW 41.40.290, he shall have pro rata interest credited on the accumulated contributions standing to his credit on the first day of the calendar year of his retirement. All accumulated contributions standing to the account of a terminated member and unclaimed after the expiration of fifteen years from the date of such termination except as provided in RCW 41.40.150 (3) and 41.40.170, shall thereafter become an integral part of the income fund. All income, interest, and dividends derived from the deposits and investments authorized by this chapter shall be paid into the income fund with the exception of interest derived from sums deposited in the retirement system expense fund. The retirement board is hereby authorized to accept gifts and bequests. Any funds that may come into the possession of the retirement system in such manner, or any funds which may be transferred from the employees' savings fund by reason of lack of claimant, or because of a surplus in any fund created by this chapter, or any other moneys the disposition of which is not otherwise provided for herein, shall be credited to the income fund.

RCW 41.40.150  
amended.

SEC. 8. Section 16, chapter 274, Laws of 1947, as last amended by section 3, chapter 277, Laws of 1955, and RCW 41.40.150 are each amended to read as follows:

State  
employees' re-  
irement. Ter-  
mination of  
membership.

Should any member die, or should he separate or be separated from service without leave of absence before attaining age sixty years, or should he become a beneficiary, except a beneficiary of an optional retirement allowance as provided by RCW 41.40.290, he shall thereupon cease to be a member 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 three 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 after having completed at least fifteen years of service, or at least ten years of service and is age fifty or older or who separates after having completed at least ten years of service as an elective official shall remain a member during the period of his absence from service for the exclusive purpose only of receiving a retirement allowance to begin at attainment of age sixty-five, however, such a member may upon thirty days written notice to the board elect to receive a reduced retirement allowance on or after age sixty which allowance shall be the actuarial equivalent of the sum necessary to pay regular retirement benefits as of age sixty-five: *Provided*, That if such member should withdraw all or part of his accumulated con-

**Proviso.**



tributions, 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;

Proviso.

(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

Proviso.

State employees' retirement. Termination of membership. Proviso.

retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available: *And provided further*, That if such a recipient of a retirement allowance does not elect to apply for reentry into membership as provided in RCW 41.40.120 (3), or should he have reached the age of seventy and be ineligible to apply as provided in RCW 41.40.125, he shall be considered to remain in a retirement status and his retirement benefits shall continue without interruption.

(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.

Proviso.

RCW 41.40.160 amended.

SEC. 9. Section 17, chapter 274, Laws of 1947, as last amended by section 8, chapter 200, Laws of 1953, and RCW 41.40.160 are each amended to read as follows:

(1) Subject to the provisions of RCW 41.40.150, at retirement the total service credited to a member shall consist of all his membership service and, if he is an original member, all of his certified prior service.

Creditable  
service.

(2) Employees of a public utility or other private enterprise heretofore or hereafter acquired by a public agency as a matter of public convenience and necessity, where it is in the public interest to retain the trained personnel of such enterprise, all service to that enterprise shall, upon the acquiring public agency becoming an employer as defined in RCW 41.40.010 (4) be credited on the same basis as if rendered to the said employer: *Provided*, That this shall apply only to those employees who are in the service of the enterprise at the time of acquisition by the public agency and who remain in the service of the acquiring agency until they attain membership in the state employees' retirement system; and to those employees who were in the service of the enterprise at the time of acquisition by the public agency and subsequently attain membership through employment with any participating agency: *Provided further*, In the event that the acquiring agency is an employer at the time of the acquisition, employer's contributions in connection with members achieving service credit hereunder shall be made on the same basis as set forth in RCW 41.40.361 for an employer admitted after April 1, 1949.

Proviso.

Proviso.

SEC. 10. Section 18, chapter 274, Laws of 1947, as last amended by section 9, chapter 200, Laws of 1953, and RCW 41.40.170 are each amended to read as follows:

RCW 41.40.170  
amended.

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

Credit for  
military  
service.

State employees' retirement. Credit for military service.

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 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 years of membership service following his first resumption of employment.

Proviso.

Proviso.

RCW 41.40.180 amended.

SEC. 11. Section 19, chapter 274, Laws of 1947, as last amended by section 4, chapter 277, Laws of 1955, and RCW 41.40.180 are each amended to read as follows:

Retirement—Optional—Compulsory—Length of service.

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

Proviso.

(2) On and after April 1, 1949, any member who has attained age seventy shall be retired forthwith on the first day of the calendar month next succeeding that in which the said member shall have attained the age of seventy: *Provided*, That a member who has attained the age of seventy is possessed of special skill in the performance of particular duties,

Proviso.

the retirement board shall continue such member in service for such period or periods as may be applied for by the governing body of the political subdivision where the member is employed or the head of the department, agency, commission, board and offices of the state.

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

(4) The retirement board is authorized to waive advance notice of retirement upon good cause shown.

SEC. 12. Section 27, chapter 274, Laws of 1947, as amended by section 18, chapter 240, Laws of 1949, and RCW 41.40.260 are each amended to read as follows:

RCW 41.40.260 amended.

Subject to the provisions of RCW 41.40.280, should a member cease to be an employee, he may request upon a form provided by the retirement board a refund of all or part of the funds standing to his credit in the employees' savings fund and this amount shall be paid to him: *Provided*, That withdrawal of all or part of the funds by a member who is eligible for a service retirement allowance in RCW 41.40.180 or a disability retirement allowance in RCW 41.40.200, 41.40.210, 41.40.220, 41.40.230, 41.40.240 or 41.40.250 shall constitute a waiver of any service or disability retirement allowance.

Withdrawal from system—  
Refund of funds.

Proviso.

SEC. 13. Section 28, chapter 274, Laws of 1947, as last amended by section 9, chapter 291, Laws of 1961, and RCW 41.40.270 are each amended to read as follows:

RCW 41.40.270 amended.

Should a member die before the date of his retirement the amount of the accumulated contributions

Death before retirement—  
Disposition of contributions.

State employees' retirement. Death before retirement—Disposition of 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:

Proviso.

*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*,

Proviso.

That this section, unless elected, shall not apply to any member who shall have heretofore died or who shall hereafter die while still in service at an attained age of seventy years or more, or at an attained age of sixty years but less than seventy years having fifteen or more years of total service or ten or more years of membership service, or at any age having thirty or more years total service, all as provided for in RCW 41.40.290 when said member has elected option II or has a surviving spouse: *Provided further*,

Proviso.

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. 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.

RCW 41.40.310 amended.

SEC. 14. Section 32, chapter 274, Laws of 1947, as last amended by section 7, chapter 277, Laws of 1955, and RCW 41.40.310 are each amended to read as follows:

Once each year during the first five years follow-

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

Periodical  
examination of  
disability  
beneficiaries.

SEC. 15. Section 4, chapter 231, Laws of 1957, as amended by section 11, chapter 291, Laws of 1961, and RCW 41.40.361 are each amended to read as follows:

RCW 41.40.361  
amended.

(1) For the purpose of this section, the "fundable employer liability" at any date shall be the present value of

Employer's  
contribution.

(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.

State  
employees'  
retirement.  
Employer's  
contribution.

(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 retirement board on the basis of assets and liabilities as shown by actuarial valuation: *Provided*, That as to state employers the total combined contributions of the normal contribution and unfunded liability contribution shall not exceed a total combined percentage rate of six percent for each employer unless authorized by the legislature.

Proviso.

(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.

(4) After the completion of each actuarial valu-



ation 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 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 fifteen years from the date of the employer's admission.

Proviso.

SEC. 16. Section 43, chapter 274, Laws of 1947, as last amended by section 13, chapter 291, Laws of 1961, and RCW 41.40.410 are each amended to read as follows:

RCW 41.40.410 amended.

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. Each such political subdivision becoming an employer under

Optional entry of system by political subdivisions.

State employees' retirement. Optional entry of system by political subdivisions.

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. 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.

RCW 41.40.412 amended.

SEC. 17. Section 22, chapter 200, Laws of 1953, and RCW 41.40.412 are each amended to read as follows:

Hearing prior to appeal—  
Required—  
Notice.

Any person aggrieved by any final decision of the retirement board 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 objection 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. 18. Section 14, chapter 50, Laws of 1951, as amended by section 20, chapter 200, Laws of 1953, and RCW 41.40.420 are each amended to read as follows:

RCW 41.40.420  
amended.

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 from  
board.

Appeal shall lie from the judgment of the superior court to the supreme court as in other cases.

Severability.

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.

Emergency.

SEC. 20. This act is necessary for the immediate preservation of the public peace, health and safety, and for the support of the state government, and shall take effect immediately.

Passed the Senate February 21, 1963.

Passed the House March 11, 1963.

Approved by the Governor March 25, 1963.

---

CHAPTER 175.

[ H. B. 281. ]

WASHINGTON STATE PATROL RETIREMENT SYSTEM.

AN ACT relating to the Washington state patrol retirement system; amending section 14, chapter 250, Laws of 1947, as last amended by section 3, chapter 162, Laws of 1957 and RCW 43.43.250; amending section 15, chapter 250, Laws of 1947, as last amended by section 4, chapter 162, Laws of 1957 and RCW 43.43.260; amending section 16, chapter 250, Laws of 1947, as last amended by section 2, chapter 93, Laws of 1961 and RCW 43.43.270; and amending section 9, chapter 250, Laws of 1947, as last amended by section 4, chapter 93, Laws of 1961 and RCW 43.43.300.

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

RCW 43.43.250 amended.

SECTION 1. Section 14, chapter 250, Laws of 1947, as last amended by section 3, chapter 162, Laws of 1957 and RCW 43.43.250 are each amended to read as follows:

(1) Any member who has attained the age of sixty years shall be retired on the first day of the