

or portions shall be subject only to forest protection assessments.

Passed the House April 2, 1963.

Passed the Senate April 3, 1963.

Approved by the Governor April 17, 1963.

CHAPTER 14.

[H. B. 50.]

TEACHERS' RETIREMENT AND PENSIONS.

AN ACT relating to teachers' retirement and pensions and other benefits relating thereto; amending section 1, chapter 80, Laws of 1947, as amended by section 1, chapter 274, Laws of 1955, and RCW 41.32.010; amending section 3, chapter 80, Laws of 1947, as amended by section 2, chapter 274, Laws of 1955, and RCW 41.32.030; amending section 20, chapter 80, Laws of 1947, as last amended by section 1, chapter 297, Laws of 1961, and RCW 41.32.200; amending section 24, chapter 80, Laws of 1947, as last amended by section 1, chapter 132, Laws of 1961, and RCW 41.32.240; amending section 30, chapter 80, Laws of 1947, as last amended by section 7, chapter 132, Laws of 1961, and RCW 41.32.300; amending section 32, chapter 80, Laws of 1947, as amended by section 13, chapter 274, Laws of 1955, and RCW 41.32.320; amending section 35, chapter 80, Laws of 1947 as amended by section 16, chapter 274, Laws of 1955, and RCW 41.32.350; amending section 36, chapter 80, Laws of 1947, as amended by section 17, chapter 274, Laws of 1955, and RCW 41.32.360; amending section 41, chapter 80, Laws of 1947 as amended by section 19, chapter 274, Laws of 1955, and RCW 41.32.410; amending section 42, chapter 80, Laws of 1947 and RCW 41.32.420; amending section 43, chapter 80, Laws of 1947, as amended by section 20, chapter 274, Laws of 1955, and RCW 41.32.430; amending section 47, chapter 80, Laws of 1947 and RCW 41.32.470; amending section 51, chapter 80, Laws of 1947, as amended by section 24, chapter 274, Laws of 1955, and RCW 41.32-.510; amending section 54, chapter 80, Laws of 1947, as last amended by section 1, chapter 37, Laws of 1959, and RCW 41.32.540; amending section 55, chapter 80, Laws of 1947, as last amended by section 4, chapter 132, Laws of 1961, and RCW 41.32.550; adding new sections to chapter 80, Laws of 1947 and to chapter 41.32 RCW; repealing section 37, chapter 80, Laws of 1947 and RCW 41.32.370; repealing section 40, chapter 80, Laws of 1947 and RCW 41.32.400;

repealing section 45, chapter 80, Laws of 1947 and RCW 41.32.450; making an appropriation; and providing an effective date.

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

SECTION 1. Section 1, chapter 80, Laws of 1947 as amended by section 1, chapter 274, Laws of 1955, and RCW 41.32.010 are each amended to read as follows:

RCW 41.32.010 amended.

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

Teachers' retirement. Definitions.

(1) "Accumulated contributions" means the sum of all regular annuity contributions together with regular interest thereon less cost of operation.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality tables and regulations as shall be adopted by the board of trustees and regular interest.

(3) "Annuity" means the moneys payable per year during life by reason of accumulated contributions of a member.

(4) "Annuity fund" means the fund in which all of the accumulated contributions of members are held.

(5) "Annuity reserve fund" means the fund to which all accumulated contributions are transferred upon retirement.

(6) "Beneficiary" means any person in receipt of a retirement allowance or other benefit provided for by the teachers' retirement law.

(7) "Contract" means any agreement for service and compensation between a member and an employer.

(8) "Creditable service" means membership service plus prior service for which credit is allowable.

(9) "Dependent" means receiving one-half or more of support from a member.

Teachers'
retirement.
Definitions.

(10) "Disability allowance" means monthly payments during disability.

(11) "Earnable compensation" means all salaries and wages paid by an employer to an employee member of the retirement system for personal services rendered during a fiscal year, except that any part of salaries and wages in excess of ten thousand dollars per annum shall be excluded in determining the earnable compensation of a member. In all cases where compensation includes maintenance the board of trustees shall fix the value of that part of the compensation not paid in money.

(12) "Employer" means the state of Washington, the school district, or any agency of the state of Washington by which the member is paid.

(13) "Fiscal year" means a year which begins July 1st and ends June 30th of the following year.

(14) "Former state fund" means the state retirement fund in operation for teachers under chapter 187, Laws of 1923, as amended.

(15) "Local fund" means any of the local retirement funds for teachers operated in any school district in accordance with the provisions of chapter 163, Laws of 1917 as amended.

(16) "Member" means any teacher included in the membership of the retirement system. Also, any other employee of the public schools who, on July 1, 1947, had not elected to exempt himself from membership and who, prior to that date, had by an authorized payroll deduction, contributed to the annuity fund.

(17) "Membership service" means service rendered subsequent to the first day of eligibility of a person to membership in the retirement system.

(18) "Pension" means the moneys payable per year during life from the pension fund.

(19) "Pension fund" means a fund from which all pension obligations are to be paid.

(20) "Pension reserve fund" is a fund in the state treasury in which shall be accumulated an actuarial reserve adequate to meet present and future pension liabilities of the system.

(21) "Prior service" means service rendered prior to the first date of eligibility to membership in the retirement system for which credit is allowable.

(22) "Prior service contributions" means contributions made by a member to secure credit for prior service.

(23) "Public school" means any institution or activity operated by the state of Washington or any instrumentality or political subdivision thereof employing teachers, except the University of Washington and Washington State University.

(24) "Regular contributions" means the amounts required to be deducted from the compensation of a member and credited to his individual account in the annuity fund.

(25) "Regular interest" means the interest on funds of the retirement system for the current school year and such other earnings as may be applied thereon by the board of trustees.

(26) "Retirement allowance" means the sum of annuity and pension or any optional benefits payable in lieu thereof.

(27) "Retirement system" means the Washington state teachers' retirement system.

(28) "Service" means the time during which a member has been employed by an employer for compensation.

(29) "Survivors' benefit fund" means the fund from which survivor benefits are paid to dependents of deceased members.

(30) "Teacher" means any person qualified to teach who is engaged by a public school in an instructional, administrative, or supervisory capacity, including state, county, city superintendents and their

assistants; and in addition thereto any qualified school librarian, any registered nurse or any full time school doctor who is employed by a public school and renders service of an instructional or educational nature.

RCW 41.32.030 amended.

SEC. 2. Section 3, chapter 80, Laws of 1947 as amended by section 2, chapter 274, Laws of 1955 and RCW 41.32.030 are each amended to read as follows:

Teachers' retirement. Retirement system funds.

All of the assets of the retirement system shall be credited according to the purposes for which they are held, to one of two funds to be maintained in the state treasury, namely, the teachers' retirement pension reserve fund and the teachers' retirement fund. In the records of the teachers' retirement system the teachers' retirement fund shall be subdivided into the annuity fund, the annuity reserve fund, the survivors' benefit fund, the pension fund, the disability reserve fund, the death benefit fund, and the expense fund.

RCW 41.32.200 amended.

SEC. 3. Section 20, chapter 80, Laws of 1947 as last amended by section 1, chapter 297, Laws of 1961, and RCW 41.32.200 are each amended to read as follows:

Authority over funds— Investments authorized.

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

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

(2) Bonds or other evidences of indebtedness of this state or a duly authorized authority or agency thereof; and full faith and credit obligations of, or

obligations unconditionally guaranteed as to principal and interest by any other state of the United States and the Commonwealth of Puerto Rico;

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

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

(5) Bonds, notes, or other obligations issued, guaranteed or assumed by any municipal or political subdivision of any other state of the United States: *Provided*, That any such municipal or political subdivision, or the total of its component parts, shall have a population as shown by the last preceding federal census of not less than ten thousand and shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes or other obligations for more than ninety days; Proviso.

(6) Bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by any city of Canada which has a population of not less than one hundred thousand inhabitants: *Provided*, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder; Proviso.

Teachers' retirement. Authority over funds—Investments authorized.

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

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

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

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

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

Proviso.

(11) Corporate bonds and debentures issued by any corporation duly organized and operating in any state of the United States: *Provided*, That such securities are rated not less than "AA" by two nationally recognized rating agencies: *Provided further*, That investment in bonds and debentures in this subsection (11) shall be limited to twenty percent of any one issue;

Proviso.

Proviso.

(12) Investments in savings and loan associations organized under federal or state law, insured

by the federal savings and loan insurance corporation, and operating in this state: *Provided*, That the investment of any one fund in any one such savings and loan association shall not exceed the amount insured by the federal savings and loan insurance corporation; Proviso.

(13) Savings deposits in commercial banks and mutual savings banks organized under federal or state law, insured by the federal deposit insurance corporation, and operating in this state: *Provided*, That the deposit of any one fund in any such banks shall not exceed the amount insured by the federal deposit insurance corporation; and Proviso.

(14) First mortgages on unencumbered real property which are insured by the Federal Housing Administration under the National Housing Act (as from time to time amended), or are guaranteed by the Veterans Administration under the Servicemen's Readjustment Act of 1944 (as from time to time amended), or are otherwise insured or guaranteed by the United States of America, or by any agency or instrumentality of the United States of America, so as to give the investor protection essentially the same as that provided by the said National Housing Act or the said Servicemen's Readjustment Act. In the event that a state investment board is not created the state finance committee shall first analyze and appraise the board's procedures and policies for investing in such mortgages.

Subject to the above limitations and subject to any limitations, conditions, and restrictions contained in policy-making resolutions adopted by the state teachers' retirement board, the state finance committee shall have the power to make purchases, sales, exchanges, investments and reinvestments, of any of the securities and investments in which any of the funds created herein shall have been invested, as well as the proceeds of said investments and any

Proviso.

moneys belonging to said funds: *Provided*, That no sale or exchange shall be at a price less than the market price of the securities or investments to be sold or exchanged.

RCW 41.32.240
amended.

SEC. 4. Section 24, chapter 80, Laws of 1947 as last amended by section 1, chapter 132, Laws of 1961, and RCW 41.32.240 are each amended to read as follows:

Teachers' retirement. Membership in system—Procedure when exempted person desires membership.

All teachers employed full time in the public schools shall be members of the system except those who have previously exempted themselves from membership and alien teachers who have been granted a temporary permit to teach as exchange teachers. A minimum of ninety days or the equivalent of ninety days of employment during a fiscal year shall be required to establish membership. A teacher shall be considered as employed full time if serving regularly for four-fifths or more of a school day or if assigned to duties which are the equivalent of four-fifths or more of a full time assignment. A teacher who is employed for less than full time service may become a member by filing an application with the retirement system, submitting satisfactory proof of teaching service and making the necessary payment before June 30 of the school year immediately following the one during which the service was rendered. If an exempted teacher desires membership he must file with the board of trustees a written request, duly executed, that his exemption certificate be canceled, present proof of service, and make the necessary payment before June 30, 1957; or, if not employed when this act (chapter 274, Laws of 1955) takes effect, before June 30th of the second school year after he reenters public school service. Any teacher who is still exempt from membership in the teachers' retirement system after the effective date of this 1963 amendatory act, and who is employed as a teacher at a time when membership in another

public retirement system other than membership in the retirement program of a state institution of higher learning, becomes available to him, shall not become a member of such other public retirement system, but shall at that time have the option of requesting cancellation of his exemption and becoming a member of the teachers' retirement system. Failure to exercise such option before June 30th of the second school year from the time it becomes available shall result in continuation of his exemption from membership in this and any other public retirement system while employed as a teacher in this state. All service rendered in this state subsequent to his exemption from membership must be established by proper proof and paid for, with interest at three percent, upon the same basis as he would have paid had he been a member during the period covered by his exemption. Twenty percent of the total amount due must be paid before membership can be established. Payment of the remainder, including interest, must be completed before June 30th of the fourth school year following that in which membership was established.

SEC. 5. Section 30, chapter 80, Laws of 1947 as last amended by section 7, chapter 132, Laws of 1961, and RCW 41.32.300 are each amended to read as follows:

RCW 41.32.300 amended.

Henceforth a total of not more than four years of service outside of the state shall be credited to a member who establishes or reestablishes credit for out-of-state public school employment in this state subsequent to July 1, 1961. Foreign public school teaching service shall be creditable as out-of-state service: *Provided*, That no out-of-state service credit shall be established or reestablished subsequent to the effective date of this 1963 amendatory act, except that a member who has been granted official leave of absence by his employer may, upon his re-

Limitation on credit for out-of-state service.

Proviso.

turn to public school service in this state, establish out-of-state membership service credit, within the limitations of this section, for public school service rendered in another state or in another country. No member who establishes out-of-state service credit after July 1, 1947, shall at retirement for pension payment purposes be allowed credit for out-of-state service in excess of the number of years credit which he shall have earned in the public schools of the state of Washington.

RCW 41.32.320 amended.

SEC. 6. Section 32, chapter 80, Laws of 1947 as amended by section 13, chapter 274, Laws of 1955, and RCW 41.32.320 are each amended to read as follows:

Teachers' retirement. Credit for subsequent service outside state.

Any teacher who leaves the state after becoming a member, upon becoming reemployed in the public schools of the state, may be credited with membership service in an amount, which when added to the out-of-state credits for prior service shall not exceed the allowable total, conditioned upon satisfactory proof and upon contributions to the annuity fund: *Provided*, That out-of-state service credit established or reestablished after the effective date of this 1963 amendatory act may be granted only for out-of-state service rendered while a member was on official leave of absence granted by his employer.

Proviso.

RCW 41.32.350 amended.

SEC. 7. Section 35, chapter 80, Laws of 1947 as amended by section 16, chapter 274, Laws of 1955, and RCW 41.32.350 are each amended to read as follows:

Contributions to annuity, disability reserve, and death benefit funds.

Each year during which he is employed each member shall contribute five percent of his earnable compensation. These contributions shall be placed in the annuity fund, the disability reserve fund and the death benefit fund. A member may make an additional lump sum payment at date of retirement,

not to exceed his accumulated contributions, to purchase additional annuity.

SEC. 8. Section 36, chapter 80, Laws of 1947 as amended by section 17, chapter 274, Laws of 1955, and RCW 41.32.360 are each amended to read as follows:

RCW 41.32.360 amended.

Each year during which he is employed each member who is employed on a full time basis shall have transferred from his contributions such sum as the board of trustees shall determine necessary, in accordance with the recommendations of the actuary appointed by the board of trustees, to create a fund sufficient, with regular interest, to provide temporary disability benefits for the members whose claims will be approved by the board of trustees in accordance with the provisions of RCW 41.32.540. These transfers shall be placed in the disability reserve fund.

Basis of contributions to disability reserve fund.

SEC. 9. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows:

New section.

Upon the effective date of this 1963 amendatory act, the board of trustees shall be authorized to transfer one million dollars from the disability reserve fund to create the death benefit fund from which death benefits shall be paid to beneficiaries or legal representatives of deceased members or former members retired for age, service or disability who are eligible for such benefits under the provisions of this 1963 amendatory act.

Transfer to death benefit fund.

SEC 10. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows:

New section.

Each fiscal year during which a member is employed on a full time basis, there shall be transferred from his contributions such sum as will, with regular interest, create a fund sufficient according to actu-

Contributions to death benefit fund.

arial rates adopted by the board of trustees, to pay the death benefits as provided for in this 1963 amendatory act.

New section.

SEC. 11. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows:

Teachers' retirement. Computation of state's contribution—Appropriation—Distribution.

For the purpose of establishing and maintaining an actuarial reserve adequate to meet present and future pension liabilities of the system and to pay for one-half of the operating expenses of the system, the board of trustees at each regular July meeting next preceding a regular session of the legislature shall compute the amount necessary to be appropriated during the next legislative session for transfer from the state general fund to the teachers' retirement system during the next biennium. Such computation shall provide for amortization of unfunded pension liabilities over a period of not more than fifty years from the effective date of this 1963 amendatory act. The amount thus computed as necessary shall be reported to the governor by the secretary-manager of the retirement system for inclusion in the budget. The legislature shall make the necessary appropriation from the state general fund to the teachers' retirement system after considering the estimates as prepared and submitted, and shall appropriate from the teachers' retirement fund the amount to be expended during the next biennium for operating expenses. The transfer of funds from the state general fund to the retirement system shall be at a rate determined by the board of trustees on the basis of the latest valuation prepared by the actuary employed by the board, and shall include a percentage contribution of the total earnable compensation of the members for the biennium for which the appropriation is to be made, to be known as the "normal contribution," and an additional percentage contribution of such earnable compensation, to

be known as the "unfunded liability contribution." Such transfers from the general fund shall be made before the end of each calendar quarter at the rate determined by the board of trustees and shall be computed on the basis of the members' total earnable compensation received for the quarter. The members' total contributions to the teachers' retirement fund for each quarter shall serve as the basis for determining the members' total earnable compensation for the quarter. The amounts transferred shall be distributed first to the teachers' retirement fund for the payment of pensions, survivors' benefits and the state's share of the operating expenses for the system, and the balance shall be credited to the teachers' retirement pension reserve fund. The total amount of such transfers for a biennium shall not exceed the total amount appropriated by the legislature.

SEC. 12. Section 41, chapter 80, Laws of 1947 as amended by section 19, chapter 274, Laws of 1955, and RCW 41.32.410 are each amended to read as follows:

RCW 41.32.410
amended.

At the close of each fiscal year the board of trustees shall withdraw from the pension fund and the annuity fund in equal amounts a sum sufficient to defray the expenses of the retirement system estimated by them for the ensuing year and place that amount in the expense fund. The board of trustees shall have authority to assess a withdrawal fee and such other service charges as may be necessary to provide for the members' contributions to the expense fund. Any such withdrawal fee or other service charges shall be deducted from each member's annuity fund account during the year in which the assessment is made.

Expense fund
—Service
charges.

SEC. 13. Section 42, chapter 80, Laws of 1947 and RCW 41.32.420 are each amended to read as follows:

RCW 41.32.420
amended.

Teachers' retirement. Employer reports to board.

On or before a date specified by the board of trustees in each year every employer shall file a report with the board of trustees of the retirement system on a form provided, stating the name of the employer and with respect to each employee: (1) The full name, (2) the address, (3) the date of commencement of employment, (4) the length of the employment contract, (5) the length of the school term, (6) the annual salary, and (7) such other information as the board shall require, and at the same time notify each new employee in writing with reference to the Washington state teachers' retirement system and that an application for prior service credit may be filed with the board of trustees thereof on a form furnished by the board. On the fifth day of each succeeding month during the school year the employer shall report any changes in personnel to the board. The county superintendent shall perform the duties imposed by this section for the employers in second and third class school districts and the city superintendents for the employers in first class school districts. The chief executive officers of other institutions shall perform such duties.

RCW 41.32.430 amended.

SEC. 14. Section 43, chapter 80, Laws of 1947 as amended by section 20, chapter 274, Laws of 1955, and RCW 41.32.430 are each amended to read as follows:

Salary deductions.

Every officer authorized to issue salary warrants to teachers shall deduct from each salary payment to any member employed on a full time basis five percent of the amount of earnable compensation paid in any fiscal year. Such deductions shall be transmitted and reported to the retirement system as directed by the board of trustees.

RCW 41.32.470 amended.

SEC. 15. Section 47, chapter 80, Laws of 1947 and RCW 41.32.470 are each amended to read as follows:

Eligibility for retirement allowance.

A member must have established or reestablished with the retirement system at least five years of

credit for creditable service in this state to be entitled to a retirement allowance.

SEC. 16. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows: New section.

Any member who qualifies for a retirement allowance which is effective on or after the effective date of this 1963 amendatory act shall receive a retirement allowance consisting of: (1) An annuity which shall be the actuarial equivalent of his accumulated contributions at his age of retirement, (2) A service pension which shall be equal to one one-hundred twentieth of his average earnable compensation for his five highest compensated years of service within the last ten years times the total years of creditable service established with the retirement system: *Provided*, That no member shall receive a pension of less than four dollars per month for each year of creditable service established with the retirement system. Pension benefits payable under the provisions of this section shall be prorated on a monthly basis and paid at the end of each month: *Provided*, *further*, That the benefits under this section shall be available only to members who terminate public school service in this state on or after the effective date of this 1963 amendatory act and shall include such members who terminated public school service in this state at the close of the 1963-1964 school year. Retirement allowance, what constitutes.

SEC. 17. Section 51, chapter 80, Laws of 1947 as amended by section 24, chapter 274, Laws of 1955, and RCW 41.32.510 are each amended to read as follows: Proviso.

Should a member cease to be employed in the public schools of this state and request upon a form provided by the board of trustees a refund of his accumulated contributions with interest to the June 30th next preceding, this amount shall be paid to him less any withdrawal fee which may be assessed Proviso.

by the board of trustees which shall be deposited to the annuity fund's share of the cost of operation. The amount withdrawn, together with interest must be paid if he desires to reestablish his former service credits. Upon termination of membership, interest on accumulated contributions in the annuity fund shall cease and all accumulated contributions unclaimed after the expiration of ten years thereafter become an integral part of the annuity fund.

RCW 41.32.540
amended.

SEC. 18. Section 54, chapter 80, Laws of 1947 as last amended by section 1, chapter 37, Laws of 1959, and RCW 41.32.540 are each amended to read as follows:

Teachers' re-
retirement. Dis-
ability allow-
ance—Tempo-
rary.

Upon application of a member in service or of his employer or of his legal guardian or of the legal representative of a deceased member who was eligible to apply for a temporary disability allowance based on his final illness a member may be granted a temporary disability allowance by the board of trustees if the medical director, after a medical examination of such member, shall certify that such member is mentally or physically incapacitated for the further performance of duty. Any member receiving a temporary disability allowance on July 1, 1964 or who qualifies for a temporary disability allowance effective on or after the effective date of this 1963 amendatory act shall receive a temporary disability allowance of one hundred twenty dollars per month payable from the disability reserve fund for a period not to exceed two years, but no payments shall be made for a disability period of less than sixty days: *Provided*, That a member who is not employed full time in Washington public school service for consecutive fiscal years shall have been employed for at least fifty consecutive days during the fiscal year in which he returns to full time Washington public school service before he may qualify for temporary disability benefits: *Provided further*,

Proviso.

Proviso.

That no temporary disability benefits shall be paid on the basis of an application received more than four calendar years after a member became eligible to apply for such benefits.

SEC. 19. Section 55, chapter 80, Laws of 1947 as last amended by section 4, chapter 132, Laws of 1961, and RCW 41.32.550 are each amended to read as follows:

RCW 41.32.550 amended.

Should the board determine from the report of the medical director at the end of a two year disability period that a member's disability will continue, a member shall have the option of then receiving (1) all his accumulated contributions in a lump sum payment and canceling his membership, or (2) of accepting a retirement allowance based on service or age, if eligible under RCW 41.32.480, or (3) if he had fifteen or more years of creditable service established with the retirement system when the temporary disability allowance was granted, a retirement allowance because of disability: *Provided*, That any member applying for a retirement allowance who is eligible for benefits on the basis of service or age shall receive a retirement allowance based on the provisions of law governing retirement for service or age. If the member qualifies to receive a retirement allowance because of disability he shall be paid the maximum annuity which shall be the actuarial equivalent of his accumulated contributions at his age of retirement and a pension equal to the actuarial equivalent of the service pension to which he would be entitled at age sixty: *Provided*, That in no case shall such pension be less than four dollars per month for each year of creditable service established, nor shall the total allowance for disability be less than seventy-five dollars per month. If the member dies before he has received in annuity payments the present value of his accumulated contributions at the time of his retirement, the unpaid balance shall

Disability allowance—Permanent.

Proviso.

Proviso.

be paid to his estate or to such persons as he shall have nominated by written designation executed and filed with the board of trustees. A member who is retired for disability under the provisions of this 1963 amendatory act shall at age sixty receive the full pension as provided for service retirement at age sixty. In no case shall his recomputed retirement allowance be less than seventy-five dollars per month.

New section.

SEC. 20. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows:

Teachers' retirement.
Death benefit payments.

Upon receipt of proper proof of death of a member who was employed on a full time basis and who contributed to the death benefit fund during the fiscal year in which his death occurs, or who was under contract for full time employment in a Washington public school for the fiscal year immediately following the year in which such contribution to the death benefit fund was made, or who submits an application for a retirement allowance to be approved at the next regular meeting of the board of trustees immediately following termination of his full time Washington public school service and who dies before the first installment of his retirement allowance becomes due, or who is receiving or is entitled to receive temporary disability payments, or who upon becoming eligible for a disability retirement allowance submits an application for such an allowance to be approved at the next regular meeting of the board of trustees immediately following the date of his eligibility for a disability retirement allowance and dies before the first installment of such allowance becomes due, a death benefit of three hundred dollars shall be paid from the death benefit fund to his estate or to such persons as he shall have nominated by written designation duly executed and filed with the board of trustees: *Provided*, That

Proviso.

the deceased member had established at least one year of credit with the retirement system for full time Washington membership service: *And provided further*, That a deceased member who was not employed full time in Washington public school service during the fiscal year immediately preceding the year of his death shall have been employed full time in Washington public school service for at least fifty consecutive days during the fiscal year of his death. Proviso.

SEC. 21. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows: New section.

Upon receipt of proper proof of death of a former member who was retired for age, service or disability, a death benefit of one hundred fifty dollars shall be paid from the death benefit fund to his estate or to such persons as he shall have nominated by written designation duly executed and filed with the board of trustees: *Provided*, That the retired former member had established not less than ten years of credit with the retirement system for full time Washington membership service. Death benefit payment to former member.
Proviso.

SEC. 22. The following acts are hereby repealed: Repeal.

(1) Section 37, chapter 80, Laws of 1947 and RCW 41.32.370;

(2) Section 40, chapter 80, Laws of 1947 and RCW 41.32.400;

(3) Section 45, chapter 80, Laws of 1947 and RCW 41.32.450.

SEC. 23. The amendment of any section by this 1963 act shall not be construed as impairing any existing right acquired or any liability incurred by any member under the provisions of the section amended; nor shall it affect any vested right of any former member who reenters public school em- Construction.

ployment or becomes reinstated as a member subsequent to the effective date of such act.

Severability. SEC. 24. If any provision of this act is held to be invalid the remainder of the act shall not be affected.

Appropriation. SEC. 25. There is hereby appropriated from the general fund to the teachers' retirement fund for the biennium ending June 30, 1965 for the purpose of paying the additional pension costs authorized for the fiscal year 1964-1965 by section 16 of this 1963 amendatory act, the sum of one hundred ninety-four thousand dollars.

Effective date. SEC. 26. The effective date of this act is July 1, 1964.

Passed the House April 4, 1963.

Passed the Senate April 3, 1963.

Approved by the Governor April 18, 1963.

CHAPTER 15.

[H. B. 2.]

APPROPRIATIONS—HIGHWAYS, BRIDGES AND FERRIES—PROJECT COMPLETION SCHEDULE.

AN ACT relating to highways; making appropriations and reappropriations for the operations and capital improvements of the state highway commission and the Washington toll bridge authority.

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

Highways, bridges, ferries. Reappropriation.

SECTION 1. There is hereby reappropriated from the motor vehicle fund to the Washington state highway commission, for the biennium ending June 30, 1965, and for obligations incurred and not yet paid, the sum of six hundred sixty thousand eight hundred three dollars, the same being the December 31, 1962 unexpended balance of the appropria-