

CHAPTER 127.

[Senate Bill No. 96.]

WASHINGTON PUBLIC EMPLOYEES' RETIREMENT
SYSTEM.

AN ACT relating to the state employees' retirement system, herein denominated the Washington Public Employees' Retirement System; amending section 2, chapter 274, Laws of 1947, as amended by section 2, chapter 240, Laws of 1949 and RCW 41.40.020; amending section 11, chapter 274, Laws of 1947, as last amended by section 7, chapter 174, Laws of 1963 and RCW 41.40.100; amending section 13, chapter 274, Laws of 1947, as last amended by section 2, chapter 155, Laws of 1965 and RCW 41.40.120; amending section 16, chapter 274, Laws of 1947, as last amended by section 3, chapter 155, Laws of 1965 and RCW 41.40.150; amending section 18, chapter 274, Laws of 1947 as last amended by section 10, chapter 174, Laws of 1963 and RCW 41.40.170; amending section 19, chapter 274, Laws of 1947, as last amended by section 11, chapter 174, Laws of 1963 and RCW 41.40.180; amending section 20, chapter 274, Laws of 1947 as last amended by section 6, chapter 291, Laws of 1961 and RCW 41.40.190; amending section 39, chapter 274, Laws of 1947 and RCW 41.40.380; and declaring an emergency.

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

RCW 41.40.020
amended.

Section 1. Section 2, chapter 274, Laws of 1947, as amended by section 2, chapter 240, Laws of 1949 and RCW 41.40.020 are each amended to read as follows:

State em-
ployees retire-
ment. System
created—Ad-
ministration.

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

RCW 41.40.100
amended.

Sec. 2. Section 11, chapter 274, Laws of 1947, as last amended by section 7, chapter 174, Laws of 1963

and RCW 41.40.100 are each amended to read as follows:

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.

State em-
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ment—System
fund 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 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

State em-
ployees retire-
ment—System
fund created.

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 quarterly allow regular interest 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 quarterly credited on the previous quarterly balance by the retirement board and paid from the income fund. 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.

Sec. 3. Section 13, chapter 274, Laws of 1947, as last amended by section 2, chapter 155, Laws of 1965 and RCW 41.40.120 are each amended to read as follows:

RCW 41.40.120 amended.

Membership in the retirement system shall consist of all regularly compensated employees and appointive and elective officials of employers as defined in this chapter who have served at least six months without interruption or who are employed, appointed or elected on or after July 1, 1965, with the following exceptions:

State employees retirement—Membership.

- (1) Persons in ineligible positions;
- (2) Employees of the legislature except the officers thereof elected by the members of the senate and the house and legislative committees, unless membership of such employees be authorized by the said committee;
- (3) Persons holding elective offices or persons appointed directly by the governor: *Provided*, That such persons shall have the option of applying for membership and to be accepted by the action of the retirement board, such membership may become effective at the start of the initial or successive terms of office held by the person at the time application is made: *And provided further*, That any such persons previously denied service credit because of any prior laws excluding membership which have subsequently been repealed, shall nev-

State em-
ployees retire-
ment—
Membership.

ertheless be allowed to recover or regain such service credit denied or lost because of the previous lack of authority: *And provided further*, That any persons holding elective offices or persons appointed by the governor who are members in the retirement system and who have, prior to becoming such members, previously held an elective office, and did not at the start of such initial or successive terms of office exercise their option to become members, may apply for membership and be accepted by action of the retirement board, to be effective during such term or terms of office, and shall be allowed to recover or regain the service credit applicable to such term or terms of office upon payment of the employee and employer contributions therefor;

(4) Employees holding membership in, or receiving pension benefits under, any retirement plan operated wholly or in part by an agency of the state or political subdivision thereof, or who are by reason of their current employment contributing to or otherwise establishing the right to receive benefits from any such retirement plan: *Provided, however*, In any case where the state employees' retirement system has in existence an agreement with another retirement system in connection with exchange of service credit or an agreement whereby members can retain service credit in more than one system, such an employee shall be allowed membership rights should the agreement so provide: *And provided further*, That an employee shall be allowed membership if otherwise eligible while receiving survivor's benefits as secondary payee under the optional retirement allowances as provided by RCW 41.40.290;

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

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

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

(8) Employees of the University of Washington and the Washington State University during the period of service necessary to establish eligibility for membership in the retirement plans operated by such institutions;

(9) Persons rendering professional services to an employer on a fee, retainer or contract basis or as an incident to the private practice of a profession;

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

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

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

Sec. 4. Section 16, chapter 274, Laws of 1947, as last amended by section 3, chapter 155, Laws of 1965 and RCW 41.40.150 are each amended to read as follows:

RCW 41.40.150
amended.

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;

Termination of
membership.

State em-
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ment—Ter-
mination of
membership.

(1) As provided in RCW 41.40.170.

(2) An employee who reenters or has reentered service within ten years from the date of his separation, shall upon completion of six months of continuous service and upon the restoration of all withdrawn contributions, which restoration must be completed within a total period of five years of membership service following his first resumption of employment, be returned to the status, either as an original member or new member which he held at time of separation.

(3) A member who separates or has separated after having completed at least ten years of service shall remain a member during the period of his absence from service for the exclusive purpose only of receiving a retirement allowance to begin at 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 contributions, he shall thereupon cease to be a member and this section shall not apply.

(4) (a) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy and who shall be employed in an eligible position shall be considered to have terminated his retirement status and he shall immediately become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended during the period of his eligible employment and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW

41.40.180: *Provided*, That where any such right to retire is exercised to become effective before the member has rendered six uninterrupted months of service the type of retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available;

(b) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy, following his election to office or appointment to office directly by the governor, and who shall apply for and be accepted in membership as provided in RCW 41.40.120 (3) shall be considered to have terminated his retirement status and he shall become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended from the date of his return to membership until the date when he again retires and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW 41.40.180: *Provided*, That where any such right to retire is exercised to become effective before the member has rendered six uninterrupted months of service the type of retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available: *And provided further*, That if such a recipient of a retirement allowance does not elect to apply for 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

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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.

RCW 41.40.180
 amended.

Sec. 5. Section 19, chapter 274, Laws of 1947, as last amended by section 11, chapter 174, Laws of 1963 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.

(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, 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: *Provided further*, That any member holding elective office, having a fixed term to which he has been elected, who has attained age seventy may, at any time thereafter while still in office, apply for and receive a retirement allowance under RCW 41.40.190 and RCW 41.40.290, if otherwise eligible therefor, while continuing to serve as an elective official but such person shall no longer be a member of the retirement system after his retirement as provided for in this subsection.

(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) On and after July 1, 1967, any member who has completed twenty-five years of service and attained age fifty-five may retire on his written application to the retirement board setting forth at which 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: *Provided*, That any member retiring under the provisions of this subsection shall receive a reduced retirement allowance, which allowance shall be the actuarial equivalent of the sum necessary to pay

regular retirement benefits as of the earliest date upon which he could otherwise retire under subsections (1) or (3) of this section.

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

RCW 41.40.380 amended.

Sec. 6. Section 39, chapter 274, Laws of 1947 and RCW 41.40.380 are each amended to read as follows:

State employees retirement—Benefits—Exemption from taxation and judicial process—Assignability.

The right of a person to a pension, an annuity, or retirement allowance, any optional benefit, any other right accrued or accruing to any person under the provisions of this chapter, the various funds created by this chapter, and all moneys and investments and income thereof, are hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, and shall be unassignable: *Provided*, That this section shall not be deemed to prohibit a beneficiary of a retirement allowance from authorizing deductions therefrom for payment of premiums due on any group life or disability insurance policy or plan issued for the benefit of a group comprised of public employees of the state of Washington or its political subdivisions in accordance with rules and regulations that may be promulgated by the retirement board.

RCW 41.40.190 amended.

Sec. 7. Section 20, chapter 274, Laws of 1947 as last amended by section 6, chapter 291, Laws of 1961 and RCW 41.40.190 are each amended to read as follows:

State employees retirement—Retirement allowances.

Upon retirement from service, as provided for in RCW 41.40.180, a member shall receive a service retirement allowance which shall consist of:

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

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

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

(4) A prior service pension which shall be equal to one-seventieth of his average final compensation for each year or fraction of a year of prior service not to exceed thirty years credited to his service accounts. In no event shall any original member upon retirement at age seventy with ten or more years of service credit receive less than nine hundred dollars per annum as a retirement allowance, nor shall any member upon retirement at any age receive a retirement allowance of less than seven hundred twenty dollars per annum if such member has twelve or more years of service credit, or less than one thousand and eighty dollars per annum if such member has sixteen or more years of service credit, or less than one thousand four hundred and forty dollars per annum if such member has twenty or more years of service credit. In the event that the retirement allowance as to such member provided by subdivisions (1), (2), (3), and (4) hereof shall amount to less than the aforesaid minimum retirement allowance, the basic service pension of the member shall be increased from one hundred dollars to a sum sufficient to make a retirement allowance of the applicable minimum amount.

(5) To be eligible to receive the annuity portion derived from the member's accumulated contributions under subdivision (1) and the pension portions provided by the employer under subdivisions (2) and (3) of this section, a new member must have at

State em-
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Retirement
allowances.

least five years of membership service credited to his service account, unless he becomes eligible for benefits provided for herein under RCW 41.40.200, 41.40.210 and 41.40.220.

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

RCW 41.40.170
amended.

Sec. 8. Section 18, chapter 274, Laws of 1947 as last amended by section 10, chapter 174, Laws of 1963 and RCW 41.40.170 are each amended to read as follows:

Credit for
military
service.

A member of the retirement system who has served or shall serve on active federal service in the military or naval forces of the United States and who left or shall leave an employer to enter such service shall be deemed to be on military leave of absence if he has resumed or shall resume employment as an employee within one year from termination thereof, or if he has applied or shall apply for reinstatement of employment and is refused employment for reasons beyond his control within one year from termination of the military service shall upon resumption of service within ten years from termination of military service or shall in all events after completing 25 years of creditable service have his service in such armed forces credited to him as a member of the retirement system: *Provided*, That no such military service in excess of five years shall

be credited: *And provided further*, That he restore all withdrawn accumulated contributions, which restoration must be completed within three years of membership service following his first resumption of employment.

Sec. 9. This act is necessary for the immediate Emergency. preservation of the public peace, health and safety, the support of state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 8, 1967.

Passed the House March 8, 1967.

Approved by the Governor March 21, 1967.

CHAPTER 128.

[Senate Bill No. 68.]

STATE PUBLIC PENSION COMMISSION.

AN ACT relating to the state public pension commission; amending section 3, chapter 17, Laws of 1963 extraordinary session and RCW 41.52.030; amending section 4, chapter 17, Laws of 1963 extraordinary session and RCW 41.52.040; and adding new sections to chapter 17, Laws of 1963 extraordinary session and to chapter 41.52 RCW.

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

Section 1. Section 3, chapter 17, Laws of 1963 extraordinary session, and RCW 41.52.030 are each amended to read as follows:

RCW 41.52.030 amended.

The members of the commission shall be reimbursed for their expenses incurred while attending sessions of the commission or meetings of any committees of the commission or while engaged on other commission business authorized by the commission, at the rates provided in RCW 44.04.120, as now or hereafter amended. The commission shall select a

State public pension commission. Expenses—Officers—Quorum.