

CHAPTER 185.

[House Bill No. 554.]

RETIREMENT OF PERSONNEL IN CERTAIN FIRST CLASS CITIES.

AN ACT relating to municipal corporations; amending section 2, chapter 207, Laws of 1939 as amended by section 1, chapter 91, Laws of 1963 and RCW 41.28.010; amending section 5, chapter 207, Laws of 1939 and RCW 41.28.040; amending section 13, chapter 207, Laws of 1939 and RCW 41.28.120; amending section 14, chapter 207, Laws of 1939, as amended by section 1, chapter 260, Laws of 1961 and RCW 41.28.130; and amending section 18, chapter 207, Laws of 1939, as amended by section 3, chapter 91, Laws of 1963, and RCW 41.28.170.

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

Section 1. Section 2, chapter 207, Laws of 1939, as amended by section 1, chapter 91, Laws of 1963 and RCW 41.28.010, are each amended to read as follows:

RCW 41.28.010 amended.

Unless a different meaning is plainly required by the context, the following words and phrases as hereinafter used in this chapter shall have the following meanings:

Employee retirement—First class cities—Definitions.

(1) "Retirement system" shall mean "employees' retirement system", provided for in RCW 41.28.020.

(2) "Employee" shall mean any regularly appointed officer or regularly appointed employee of a first class city as described in RCW 41.28.005, whose compensation in such employment is paid wholly by that city.

(3) "Member" shall mean any person included in the membership of the retirement system as provided in RCW 41.28.030.

(4) "City" shall mean any city of the first class as described in RCW 41.28.005.

(5) "Board" shall mean "board of administration" as provided in RCW 41.28.080.

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retirement—  
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cities—Defini-  
tions.

(6) "Retirement fund" shall mean "employees' retirement fund" as created and established in RCW 41.28.070.

(7) "City service" shall mean service rendered to city for compensation, and for the purpose of this chapter, a member shall be considered as being in city service only while he is receiving compensation from the city for such service.

(8) "Prior service" shall mean the service of a member for compensation rendered to the city prior to July 1, 1939, and shall also include military or naval service of a member to the extent specified in RCW 41.28.050.

(9) "Continuous service" shall mean uninterrupted employment by that city, except that discontinuance of city service of a member caused by layoff, leave of absence, suspension, or dismissal, followed by reentrance into city service within one year, shall not count as a break in the continuity of service: *Provided*, That for the purpose of establishing membership in the retirement system continuous service shall mean six months' service in any one year.

(10) "Beneficiary" shall mean any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit provided in this chapter.

(11) "Compensation" shall mean the compensation payable in cash, plus the monetary value, as determined by the board of administration, of any allowance in lieu thereof.

(12) "Compensation earnable" by a member shall mean the average compensation as determined by the board of administration upon the basis of the average period of employment of members in the same group or class of employment and at the same rate of pay.

(13) "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.

(14) "Normal contributions" shall mean contributions at the rate provided for in RCW 41.28.040 (1).

(15) "Additional contributions" shall mean the contributions provided for in RCW 41.28.040(4).

(16) "Regular interest", unless changed by the board of administration as provided in RCW 41.28.060, shall mean interest at four percent per annum, compounded annually.

(17) "Accumulated normal contribution" shall mean the sum of all normal contributions, deducted from the compensation of a member, standing to the credit of his individual account, together with regular interest thereon.

(18) "Accumulated additional contributions" shall mean the sum of all the additional contributions, deducted from the compensation of a member, standing to the credit of his individual account, together with regular interest thereon.

(19) "Accumulated contributions" shall mean accumulated normal contributions plus accumulated additional contributions.

(20) "Pension" shall mean payments derived from contributions made by the city as provided for in RCW 41.28.130 and 41.28.150.

(21) "Annuity" shall mean payments derived from contributions made by a member as provided in RCW 41.28.130 and 41.28.150.

(22) "Retirement allowance" shall mean the pension plus the annuity.

(23) "Fiscal year" shall mean any year commencing with January 1st, and ending with December 31st, next following.

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retirement—  
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tions.

(24) "Creditable service" shall mean such service as is evidenced by the record of normal contributions received from the employee plus prior service if credit for same is still intact or not lost through withdrawal of accumulated normal contributions as provided in RCW 41.28.110.

RCW 41.28.040  
amended.

Sec. 2. Section 5, chapter 207, Laws of 1939, and RCW 41.28.040 are each amended to read as follows:

Rates of con-  
tribution—  
Members.

(1) The normal rate of contribution of members shall be those adopted by the board of administration, subject to the approval of the city council or city commission, and for the first five-year period such rates shall be based on sex and on age of entry into the retirement system, which age shall be the age at the birthday nearest the time of entry into the system. The rates so adopted shall remain in full force and effect until revised or changed by the board of administration in the manner provided in RCW 41.28.060. The normal rates of contribution shall be so fixed as to provide an annuity which, together with the pension provided by the city, shall give as nearly as may be a retirement allowance at the age of sixty-two years of one and one-third percent of the final compensation multiplied by the number of years of service of the retiring employee. The normal rate established for age sixty-one shall be the rate for any member who has attained a greater age before entry into the retirement system. The normal rate of contribution for age twenty shall be the rate for any member who enters the retirement system at an earlier age.

(2) Subject to the provision of this chapter, the board of administration shall adopt rules and regulations governing the making of deductions from the compensation of employees and shall certify to the head of each office or department the normal rate of contribution for each member provided for in subdi-

vision (1) of this section. The head of the department shall apply such rate of contribution, and shall certify to the city comptroller on each and every payroll the amount to be contributed and shall furnish immediately to the board a copy of each and every payroll; and each of said amounts shall be deducted by the city comptroller and shall be paid into the retirement fund, hereinafter provided for, and shall be credited by the board together with regular interest to an individual account of the member for whom the contribution was made.

Every member shall be deemed to consent and agree to the contribution made and provided for herein, and shall receipt in full for his salary or compensation. Payment less said contribution shall be a full and complete discharge of all claims and demands whatsoever for the service rendered by such person during the period covered by such payment, except his claim to the benefits to which he may be entitled under the provisions of this chapter.

(3) At the end of each payroll period, the board shall determine the aggregate amount of the normal contributions for such period, and shall certify such aggregate to the city comptroller, who shall thereupon transfer to the retirement fund, hereinafter provided for, from the money appropriated for that purpose in the budget for the fiscal year, an amount equal to the aggregate normal contributions for the period received from members.

(4) Any member may elect to contribute at rates in excess of those provided for in subdivision (1) of this section, for the purpose of providing additional benefits, but the exercise of this privilege by a member shall not place on the city any additional financial obligation. The board of administration, upon application, shall furnish to such member information concerning the nature and

amount of additional benefits to be provided by such additional contribution.

RCW 41.28.120  
amended.

Sec. 3. Section 13, chapter 207, Laws of 1939, and RCW 41.28.120 are each amended to read as follows:

Employee  
retirement—  
First class  
cities—Retire-  
ment for  
service.

Retirement of member for service shall be made by the board of administration as follows:

(1) Each member in the city service on the effective date of this 1967 amendatory act, who, on or before such effective date, has attained the age of sixty-five years or over, shall be forthwith retired on the first day of the calendar month next succeeding the month in which the employee shall have attained the age of sixty-five: *Provided*, That none of such members shall be subject to compulsory retirement for a period of five years following said effective date, but during such period any member having attained the age of sixty-five may voluntarily retire after attaining such age. Members attaining the age of sixty-five after the effective date shall be retired on the first day of the calendar month next succeeding the month in which the member shall have attained the age of sixty-five, but none of such members shall be subject to compulsory retirement until five years after said effective date: *Provided, further*, That any member attaining the age of seventy years during said five year period shall be forthwith retired on the first day of the calendar month next succeeding the month in which the employee shall have attained the age of seventy years, except as otherwise provided in this act. The board shall extend the time of retirement for any member hired prior to the effective date of this act so as to enable said member to qualify for retirement benefits under this act, but in no event should such extension extend beyond the age of seventy years.

(2) Any member in the city service may retire by filing with the board a written application, stating when he desires to be retired, such application

to be made at least thirty days prior to date of retirement: *Provided, however,* That said member, at the time specified for his retirement, shall have completed ten years of city service as defined in this chapter, and shall have attained the age of fifty-seven years, or shall have completed thirty years of city service as defined in this chapter. Permanent discontinuance of city service after age of fifty-seven shall entitle the member to his retirement allowance: *Provided,* That such employee has had at least ten years of city service to his credit: *And provided further,* That permanent discontinuance of city service after the completion of thirty years of city service shall entitle the member to his retirement allowance.

Sec. 4. Section 14, chapter 207, Laws of 1939, as amended by section 1, chapter 260, Laws of 1961 and RCW 41.28.130, are each amended to read as follows:

RCW 41.28.130  
amended.

(1) A member, upon retirement from service, shall receive a retirement allowance subject to the provisions of paragraph (2) of this section, which shall consist of:

Employee  
retirement—  
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cities—Service  
retirement  
allowances.

(a) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement.

(b) A pension purchased by the contributions of the city, equal to the annuity purchased by the accumulated normal contributions of the member.

(c) For any member having credit for prior service an additional pension, purchased by the contributions of the city equal to one and one-third percent of the final compensation, multiplied by the number of years of prior service credited to said member, except that if a member shall retire before attaining the age of sixty-two years, the additional pension shall be reduced to an amount which shall be equal to a lesser percentage of final compensa-

Employee retirement—  
First class cities—Service retirement allowances.

tion, multiplied by the number of years of prior service credited to said member, which lesser percentage shall be applied to the respective ages of retirement in accordance with the following tabulation:

Retirement age	Percentage
62 .....	1.333
61 .....	1.242
60 .....	1.158
59 .....	1.081
58 .....	1.010
57 .....	0.945
56 .....	0.885
55 .....	0.829
54 .....	0.778
53 .....	0.731
52 .....	0.687
51 .....	0.646
50 .....	0.608

(2) If the retirement allowance of the member as provided in this section, exclusive of any annuity purchased by his accumulated additional contributions, is in excess of two-thirds of his final salary, the pension of the member, purchased by the contributions of the city, shall be reduced to such an amount as shall make the member's retirement allowance, exclusive of any annuity purchased by his accumulated additional contributions, equal to two-thirds of his final salary, and the actuarial equivalent of such reduction shall remain in the retirement fund to the credit of the city: *Provided*, That the retired member will be granted a cost of living increase, in addition to the allowance provided in this section, of one percent commencing January 1, 1968 and an additional one percent on the first day of each even-numbered year thereafter if the U. S. Bureau of Labor Statistics' Cost of Living Index has increased one percent or more since the last cost of



living increase in the member's retirement allowance; such increases shall apply only to retirement allowances approved on or after January 1, 1967.

Sec. 5. Section 18, chapter 207, Laws of 1939, as amended by section 3, chapter 91, Laws of 1963, and RCW 41.28.170 are each amended to read as follows:

RCW 41.28.170  
amended.

(1) A member may elect to receive, in lieu of the retirement allowance provided for in RCW 41.28.130, its actuarial equivalent in the form of a lesser retirement allowance, payable in accordance with the terms and conditions of one of the options set forth below in this section. Election of any option must be made by written application filed with the board of administration at least thirty days in advance of retirement as provided in RCW 41.28.120, and shall not be effective unless approved by the board prior to retirement of the member.

Employee  
retirement—  
First class  
cities—Op-  
tional allow-  
ances.

Option A. The lesser retirement allowance shall be payable to the member throughout his life: *Provided*, That if he die before he receive in annuity payments referred to in RCW 41.28.130 (1), (a), a total amount equal to the amount of his accumulated contributions as it was at the date of his retirement, the balance of such accumulated contributions shall be paid in one sum to his estate or to such person having an insurable interest in his life as he shall nominate by written designation duly executed and filed with the board.

Option B. The lesser retirement allowance shall be payable to a member throughout his life: *Provided*, That if he die before he receive in annuity payments referred to in RCW 41.28.130 (1), (a), a total amount equal to the amount of his accumulated contributions as it was at the date of his retirement, the said annuity payments resulting from his accumulated contributions shall be continued and paid to his estate or such person, having an insurable interest in his life, as he shall nominate by writ-

Employee  
retirement—  
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cities—  
Optional  
allowances.

ten designation duly executed and filed with the board until the total amount of annuity payments shall equal the amount of his accumulated contributions as it was at the date of his retirement.

Option C. The member shall elect a "guaranteed period" of any number of years. If he dies before the lesser retirement allowance has been paid to him for the number of years elected by him as the "guaranteed period", the lesser retirement allowance shall be continued to the end of the "guaranteed period", and during such continuation shall be paid to his estate or to such person having an insurable interest in his life as he shall nominate by written designation duly executed and filed with the board.

Option D. The lesser retirement allowance shall be payable to the member throughout life, and after the death of the member, one-half of the lesser retirement allowance shall be continued throughout the life of and paid to the wife or husband of the member.

Option E. The lesser retirement allowance shall be payable to the member throughout life, and after death of the member it shall be continued throughout the life of and paid to the wife or husband of the member.

Passed the House February 22, 1967.

Passed the Senate March 8, 1967.

Approved by the Governor March 21, 1967.