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CHAPTER 271

[Senate Bill No. 522]

PUBLIC EMPLOYEE RETIREMENT

AN ACT Relating to public employee retirement; amending section 26, chapter 80, Laws of 1947 as last amended by section 2, chapter 50, Laws of 1967 and RCW 41.32.260; amending section 1, chapter 274, Laws of 1947 as last amended by section 1, chapter 128, Laws of 1969 and RCW 41.40.010; amending section 3, chapter 274, Laws of 1947 as last amended by section 2, chapter 174, Laws of 1963 and RCW 41.40.030; amending section 13, chapter 274, Laws of 1947 as last amended by section 5, chapter 128, Laws of 1969 and RCW 41.40.120; amending section 20, chapter 274, Laws of 1947 as last amended by section 8, chapter 128, Laws of 1969 and RCW 41.40.190; amending section 1, chapter 68, Laws of 1970 ex. sess. and RCW 41.40.195; amending section 19, chapter 274, Laws of 1947 as last amended by section 5, chapter 127, Laws of 1967 and RCW 41.40.180; amending section 23, chapter 274, Laws of 1947 as last amended by section 7, chapter 291, Laws of 1961 and RCW 41.40.220; amending section 27, chapter 274, Laws of 1947 as last amended by section 12, chapter 174, Laws of 1963 and RCW 41.40.260; amending section 34, chapter 274, Laws of 1947 as last amended by section 12, chapter 128, Laws of 1969 and RCW 41.40.330; amending section 37, chapter 274, Laws of 1947 as last amended by section 15, chapter 174, Laws of 1963 and RCW 41.40.361; amending section 43, chapter 274, Laws of 1947 as last amended by section 13, chapter 128, Laws of 1969 and RCW 41.40.410; amending section 5, chapter 71, Laws of 1947 and RCW 41.44.050; amending section 11, chapter 71, Laws of 1947 as last amended by section 2, chapter 99, Laws of 1965 ex. sess. and RCW 41.44.110; amending section 12, chapter 71, Laws of 1947 as last amended by section 2, chapter 70, Laws of 1959 and RCW 41.44.120; repealing section 1, chapter 223, Laws of 1961 and RCW 41.40.128; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 26, chapter 80, Laws of 1947 as last amended by section 2, chapter 50, Laws of 1967 and RCW 41.32.260 are each amended to read as follows:

Any member whose public school service is interrupted by active service to the United States as a member of its military, naval or air service, or to the state of Washington, as a member of the legislature, may upon becoming reemployed in the public schools, receive credit for such service upon presenting satisfactory proof, and contributing to the annuity fund, either in a lump sum or installments, such amounts as shall be determined by the board of trustees: PROVIDED, That no such military service credit in excess of five years shall be established or reestablished after July 1, 1961, unless the service was actually rendered during time of war: PROVIDED FURTHER, That a member of the retirement system who is a member of the state legislature may request that retirement deductions be taken from his salary as a legislator and that service credit be established with the retirement system while such deductions are reported to the retirement system, unless he has by reason of his employment become a contributing member of another public retirement system in the state of Washington: AND PROVIDED FURTHER, That a member of the retirement system who had previous service as a member of the state legislature, for which he did not contribute to the retirement system, may receive credit for such legislative service upon making contributions in such amounts as shall be determined by the board of trustees.

Sec. 2. Section 1, chapter 274, Laws of 1947 as last amended by section 1, chapter 128, Laws of 1969 and RCW 41.40.010 are each amended to read as follows:

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 or association of political subdivisions of the state admitted into the retirement system; and the term shall also include any labor guild, association, or organization the membership of a local lodge or division of which is comprised of at least forty percent employees of an employer (other than such labor guild, association, or organization) within this chapter. The term may also include any city of the first class that has its own 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, 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 been withdrawn by him as provided by RCW 41.40.150 and who on the effective date of his retirement has rendered (~~(eight)~~) five 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 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, including all service after October 1, 1947, to any municipal corporation of the state of Washington prior to the time of its admission into the retirement system: PROVIDED, That an amount equal to the employer contributions which would have been paid to the retirement system on account of such service by an employer admitted to the retirement system, shall have been paid to the retirement system prior to retirement of such person, by the employee or his employer, except as qualified by RCW 41.40.120;

(b) In the case of all other members, all service as a member, and any additional service to the employer if the employer has paid the employer contributions for such service((+));

(c) Service not to exceed six consecutive months of probationary service rendered after April 1, 1949, and ((immediately)) prior to becoming a member, in the case of any member, upon payment in full by such member, prior to July 1, ((1974)) 1972 of the total amount of the employer's contribution to the retirement fund which would have been required under the law in effect when such probationary service was rendered if the member had been a member during such period.

(d) Service not to exceed six consecutive months of probationary service, rendered after October 1, 1947, and before April 1, 1949, and prior to becoming a member, in the case of any member, upon payment in full by such member prior to July 1, 1972, of five percent of such member's salary during said period of probationary service.

(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.

(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 two year period of service for which service credit is allowed; or if he has less than two 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 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) ("~~19~~" "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)~~ "~~20~~" "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)~~) (21) "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)~~) (22) "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)~~) (23) "Retirement" means withdrawal from active service with a retirement allowance as provided by this chapter.

~~(26)~~) (24) "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))~~ [25] "Ineligible position" means any position which does not conform with the requirements set forth in subdivision ~~((26))~~ [24].

~~((28))~~ [26] "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.

~~((29))~~ [27] "Totally incapacitated for duty" means total inability to perform the duties of a member's employment or office or any other work for which the member is qualified by training or experience.

Sec. 3. Section 3, chapter 274, Laws of 1947 as last amended by section 2, chapter 174, Laws of 1963, and RCW 41.40.030 are each amended to read as follows:

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.

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))~~ April 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.

Sec. 4. Section 13, chapter 274, Laws of 1947 as last amended by section 5, chapter 128, Laws of 1969 and RCW 41.40.120 are each amended to read as follows:

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:

(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)) such application for those taking elective office for the first time after the effective date of this 1971 amendatory act shall be submitted within eight years of the beginning of their initial term of office: AND PROVIDED FURTHER, That any such persons previously denied service credit because of any prior laws excluding membership which have subsequently been repealed, shall nevertheless 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 41.40.190;

(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 an institution of higher learning or community college operated by an employer 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.

(13) Persons employed by or appointed or elected as an official of a first class city that has its own retirement system;



PROVIDED, That if a member is elected to an office in such city, the member shall have the option of continuing his membership in this system in lieu of becoming a member of the city system. A member who so elects to maintain his membership shall make his contributions and the city shall pay the employer contributions at the rates prescribed by this chapter. Any city that becomes an employer as defined in RCW 41.40.010 (4) as the result of an individual's election under the first proviso of this subsection shall not be required to have all employees covered for retirement under the provisions of this chapter. Nothing in this subsection shall prohibit a city of the first class with its own retirement system from transferring all of its current employees to the retirement system established under this chapter.

Sec. 5. Section 20, chapter 274, Laws of 1947 as last amended by section 8, chapter 128, Laws of 1969 and RCW 41.40.190 are each amended to read as follows:

Upon retirement from service, as provided for in RCW 41.40.180, a member shall be eligible for a service retirement allowance computed on the basis of the law in effect at the time of retirement, together with such post-retirement pension increases as may from time to time be expressly authorized by the legislature. The service retirement allowance payable to members retiring on and after the effective date of this ((4969)) 1971 amendatory act 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 (4) of this section, which shall be equal to one one-hundredth 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 nine hundred dollars per annum if such member has twelve or more years of service credit, or less than one thousand and two hundred dollars per annum if such member has sixteen or more years of service credit, or less than one thousand five hundred and sixty 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: PROVIDED, That in order 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 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.

(5) Notwithstanding the provisions of subsections (1) through (4) of this section, the retirement allowance payable for service where a member was elected or appointed pursuant to Articles II or III of the Constitution of the state of Washington or RCW 48.02.010 and the implementing statutes shall be a combined pension and annuity. Said retirement allowance shall be equal to three percent of the average final compensation for each year of such service. Any member covered by this subsection who upon retirement has served ten or more years shall receive a retirement allowance of at least one thousand two hundred dollars per annum; such member who has served fifteen or more years shall receive a retirement allowance of at least one thousand eight hundred dollars per annum; and such member who has served twenty or more years shall receive a retirement allowance of at least two thousand four hundred dollars per annum: PROVIDED, That the initial retirement allowance of a member retiring only under the provisions of this subsection shall not exceed the average final compensation upon which the retirement allowance is based. The minimum benefits provided in this subsection shall apply to all retired members or to the surviving spouse of deceased members who were elected under the provisions of Article II of the Washington State Constitution.

(6) Upon making application for a service retirement allowance under RCW 41.40.180, a member who is eligible therefor shall make an election as to the manner in which such service retirement shall be paid from among the following designated options, calculated so as to be actuarially equivalent to each other:

Option IA. A member electing this option shall receive a retirement allowance payable throughout his life only with termination at death, which shall be computed as provided for in subsections (1) through (4) or (5) of this section.

Option I. If he dies before the total of the annuity portions of the retirement allowance paid to him equals the amount of his

accumulated contributions at the time of retirement, then the balance 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, or if there be no such designated person or persons, still living at the time of his death, then to his surviving spouse, or if there be neither such designated person or persons still living at the time of his death nor a surviving spouse, then to his legal representative; or

Option II. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board at the time of his retirement. Unless payment shall be made under RCW 41.40.270, option II shall automatically be given effect as if selected for the benefit of the surviving spouse upon the death in service, or while on authorized leave of absence for a period not to exceed one hundred and twenty days from the date of payroll separation, of any member who is qualified for a service retirement allowance or has completed ten years of service at the time of death, except that if the member is not then qualified for a service retirement allowance, such option II benefit shall be based upon the actuarial equivalent of the sum necessary to pay the accrued regular retirement allowance commencing when the deceased member would have first qualified for a service retirement allowance; or

Option III. Upon his death, one-half of his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board at the time of his retirement.

((6)) (7) 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.

Sec. 6. Section 1, chapter 68, Laws of 1970 ex. sess. and RCW 41.40.195 are each amended to read as follows:

(1) "Index" for the purposes of this section, shall mean, for any calendar year, that year's annual average consumer price index for urban wage earners and clerical workers, all items (1957-1959 equal one hundred)---compiled by the Bureau of Labor Statistics,

United States Department of Labor ((?));

(2) "Prior pension" shall mean the pension portion of any service retirement allowance as computed and payable ((? under the pre March 25, 1969 provisions of RCW 41.40.190 or 41.40.290, including all options described therein;)) at the time of retirement to any beneficiary based upon an effective retirement date which is prior to ((April 1, 1969)) December 31, 1970;

(3) Effective July 1, ((1970)) 1971, every prior pension which is then being paid to any retired member or his designated beneficiary shall be adjusted to that dollar amount which bears the ratio to its original dollar amount which the retirement board finds to exist between the index for ((1969)) 1970 and the index for the calendar year prior to the effective retirement date of the person to whom, or on behalf of whom, such retirement allowance is being paid.

Sec. 7. Section 19, chapter 274, Laws of 1947 as last amended by section 5, chapter 127, Laws of 1967 and RCW 41.40.180 are each amended to read as follows:

(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~~) the effective date of this 1971 amendatory act 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.

Sec. 8. Section 23, chapter 274, Laws of 1947 as last amended by section 7, chapter 291, Laws of 1961, and RCW 41.40.220 are each amended to read as follows:

Upon retirement for disability, as provided in RCW 41.40.200, a member who has not attained age sixty shall receive the following benefits, subject to the provisions of RCW 41.40.310 and 41.40.320:

(1) A disability retirement pension of two-thirds of his average final compensation to his attainment of age sixty, subject to the provisions of RCW 41.40.310. The disability retirement pension provided by the employer shall not exceed (~~twenty-four~~) forty-two hundred dollars per annum, and

(2) Upon attainment of age sixty, the disabled member shall receive a pension, as provided for in RCW 41.40.190, subdivisions (2), (3), and (4), together with an annuity which shall be the equivalent of the annuity he would have received had he continued contributions to the employees' savings fund; said contributions to be based upon his final compensation at the time of his disability.

(3) During the period a disabled member is receiving a disability pension, as provided for in subdivision (1) of this section, his contributions to the employees' savings fund shall be suspended and his balance in the employees' savings fund, standing to his credit as of the date his disability pension is to begin, shall remain in the employees' savings fund: PROVIDED, That if the disabled member should die before attaining age sixty, while a disability beneficiary, upon receipt by the retirement board of proper proof of death, his accumulated contributions standing to his credit in the employees' savings fund, 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: PROVIDED, HOWEVER, 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 representative.

Sec. 9. Section 27, chapter 274, Laws of 1947 as last amended by section 12, chapter 174, Laws of 1963, and RCW 41.40.260 are each amended to read as follows:

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: PROVIDED FURTHER, That the withdrawal of all or part of additional contributions made pursuant to RCW 41.40.330(2) shall not constitute a waiver.

Sec. 10. Section 34, chapter 274, Laws of 1947 as last amended by section 12, chapter 128, Laws of 1969, and RCW 41.40.330 are each amended to read as follows:

(1) Beginning October 1, 1947, each employee who is a member of the retirement system shall contribute five percent of that part of his compensation earnable, not in excess of thirty-six hundred dollars in a calendar year, except as provided herein and in subsection (2) hereof, to the employees' savings fund, and shall contribute one dollar and fifty cents per annum to the retirement system expense fund: PROVIDED, HOWEVER, That beginning January 1, 1950, such retirement system expense fund contribution shall be increased to the amount of two dollars and fifty cents per annum and shall be made by semiannual payments of one dollar and twenty-five cents beginning January 1, 1950, and thereafter each employee entering membership shall contribute the sum of one dollar and twenty-five cents to the retirement system expense fund for the fractional portion of the semiannual period during which he enters or reenters membership: AND PROVIDED FURTHER, That beginning July 1, 1969, the expense fund contributions shall be transferred from all employee account balances in the employees' savings fund to the retirement expense fund account, as set forth in this section. On and after April 1, 1953, each employee who is a member of the

retirement system shall contribute five percent of his total compensation earnable. The officer responsible for making up the payroll shall deduct from the compensation of each member, on each and every payroll of such member for each and every payroll period subsequent to the date on which he became a member of the retirement system, an amount equal to five percent of such member's compensation earnable, as provided by this section. ((In determining the amount earnable by a member in a payroll period, the retirement board and the employer may consider the rate of compensation payable to such member on the first day of the payroll period as continuing through such payroll period; and deductions may be omitted from such compensation for any period less than a full payroll period; if an employee was not a member on the first day of the payroll period.))

(2) Any member may, pursuant to regulations formulated from time to time by the board, provide for himself, by means of an increased rate of contribution to his account in the employees' savings fund, an increased prospective retirement allowance ((not to exceed one-half of his prospective average final compensation)).

(3) The officer responsible for making up the payroll shall deduct from the compensation of each member covered by the provisions of RCW 41.40.190 (5) on each and every payroll of such member for each and every payroll period subsequent to the date on which he thereafter becomes a member of the retirement system, an amount equal to seven and one-half percent of such member's compensation earnable.

Sec. 11. Section 37, chapter 274, Laws of 1947 as last amended by section 15, chapter 174, Laws of 1963, and RCW 41.40.361 are each amended to read as follows:

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

(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.

(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.

(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. In addition the board shall determine the additional employer contribution rate necessary to fund the benefits granted officials holding office pursuant to Articles II and III of the Constitution of the state of Washington and RCW 48.02.010. Said additional employer contribution rate shall be paid in the same manner as the normal contribution and the unfunded liability contribution. 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 valuation 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 uniform and constant percentage of the prospective compensation of all members of the retirement system for the forty-year period following the date of such valuation which is equivalent to the unfunded liability. 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.

(6) For the biennium beginning July 1, 1971, and ending June 30, 1973, only, and notwithstanding any other provision of the chapter, the rate determined by the board for state employer contributions shall be only the percentage of compensation for members equal to the "normal contribution" computed to be four and thirty-six one-hundredths percent of compensation.

Sec. 12. Section 43, chapter 274, Laws of 1947 as last amended by section 13, chapter 128, Laws of 1969, and RCW 41.40.410 are each amended to read as follows:

The employees and appointive and elective officials of any political subdivision or association of political subdivisions of the state may become members of the retirement system by the approval of the local legislative authority: PROVIDED, That on and after September 1, 1965, every school district of the state of Washington shall be an employer under this chapter and every employee of the school district who is eligible for membership under RCW 41.40.120 shall be a member of the retirement system and participate on the same basis as a person who first becomes a member through the admission of any employer into the retirement system on and after April 1, 1949. Each such political subdivision becoming an employer under 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. In addition to the foregoing requirement, where the political subdivision becoming an employer hereunder has its own retirement plan any of the employee members thereof who may elect to transfer to this retirement system may, ((upon withdrawal of)) if permitted by said plan, withdraw all or any part of their employees' contributions to the former plan((7)) and transfer such funds to the employees' savings fund at the time of their transfer of membership. Any portion of the employees' savings fund not withdrawn shall be transferred by the employer to the retirement system over a period not to exceed fifteen years. The length of the transfer period and the method of payment to be utilized during that period shall be established by agreement between the retirement board and the political subdivision. Employers making deferred payments of employee funds under this section shall transfer an additional amount equal to the interest that would have been credited to each employee's savings fund had his contributions been transferred to the

state retirement system's employee savings fund on the date the political subdivision became an employer hereunder. Any funds remaining in the employer's former retirement plan after all obligations of such plan have been provided for, as evidenced by appropriate actuarial study, shall be disposed of by the governing body of the political subdivision in such manner as it deems appropriate. 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.

Employees of a political subdivision, maintaining its own retirement system, who have been transferred to a health district formed pursuant to chapter 70.46 RCW, but who have been allowed to remain members of the political subdivision's retirement system may be transferred as a group to the Washington public employees' retirement system. Such transfer may be made by the action of the legislative authority of such political subdivision maintaining its own retirement system. Such transfer shall include employer's and member's funds in the transferring municipalities' retirement system.

Employees of a political subdivision, maintaining its own retirement system, heretofore transferred to a joint airport operation of two municipalities pursuant to chapter 182, Laws of 1945, may be transferred as a group to the Washington public employees' retirement system. Such transfer may be made by the action of the legislative authority of such political subdivision maintaining its own retirement system. Such transfer shall include employer's and member's funds in the transferring municipalities' retirement system.

Sec. 13. Section 5, chapter 71, Laws of 1947 and RCW 41.44.050 are each amended to read as follows:

Any city or town of the first, second, third or fourth class may elect to participate in the retirement system established by this chapter: PROVIDED, That a first class city may establish or maintain any other retirement system authorized by any other law or its charter. The manner of election to participate in a retirement

system under this chapter shall be as follows:

(1) The legislative body therein by ordinance making such election;

(2) Approval by vote of the people of an ordinance initiated by the voters making such election;

(3) Approval by vote of the people of an ordinance making such election referended to the people by the legislative body.

Any ordinance providing for participation therein may on petition of the voters be referended to the voters for approval or disapproval.

The referendum or initiative herein provided for shall be exercised under the law relating to legislative initiative or referendum of the particular city; and if the city be one for which the law does not now provide such initiative or referendum, it shall be exercised in the manner provided for legislative initiative and referendum of cities having a commission form of government under chapter 116, Laws of 1911, the city council performing the duties and functions under that law devolving on the commission. A majority vote in the legislative body or by the electorate shall be sufficient to carry or reject. Whenever any city has elected to join the retirement system proper authorities in such city shall immediately file with the board an application for participation under the conditions included in this chapter on a form approved by the board. In such application the city shall agree to make the contributions required of participating cities in the manner prescribed herein and shall state which employee group or groups are to originally have membership in the system.

In the case of a state association of cities and towns, election to participate shall be by majority vote of the board of directors of the association.

Sec. 14. Section 11, chapter 71, Laws of 1947 as last amended by section 2, chapter 99, Laws of 1965 ex. sess. and RCW 41.44.110 are each amended to read as follows:

(1) Subject to subsection (2) of this section, membership of this retirement system shall be composed of the following groups of employees in any participating city or cities:

(a) Miscellaneous personnel as defined in this chapter;

(b) Uniformed personnel as defined in this chapter;

(c) Elective officials, who shall have the right to membership in this retirement system upon filing written notice of such election with the board of trustees;

(d) Employees of the retirement system itself shall be entitled to membership and any costs in connection with such membership shall be a part of the cost of administration.

(e) Employees of any state association of cities and towns

shall be entitled to membership, upon election to participate made by the board of directors pursuant to section 13 of this 1971 amendatory act, and any costs in connection with such membership which would be borne by a city in the case of employees of a city shall be borne by the association.

(2) Any city may, when electing to participate in this retirement system in the manner set forth in RCW 41.44.050, include any one group or combination of the groups mentioned in subsection (1) of this section. For an initial period not to exceed one year from the effective date of any city's entry into this system, if so provided at the time of its election to participate, only a majority of the employees of any group or combination of groups must be members of the system.

At all times subsequent to the effective date of the city's entry into this system, or at all times after expiration of such initial period, if such initial period is established at the time of the city's election to participate, all employees of any group or combination of groups must be included or excluded as members of this system. Groups (c) and (d) shall be considered as being composed of miscellaneous personnel as far as benefits and obligations are concerned except when the contrary is clearly indicated.

(3) Subject to subsection (2) of this section, membership in the retirement system shall be compulsory for all employees in groups (a) and (b), after qualification as provided in subsection (4) of this section.

(4) Subject to subsection (2) of this section, all employees in city service, on the effective date, or on June 9, 1949, or on expiration of the initial period therein provided if they have completed six consecutive months' service or six months' service in any calendar year prior to the expiration of such initial period, shall be members of the system, provided that such employees who are not regular full time employees and are earning less than one hundred dollars per month, or are part time employees serving in an official or special capacity may with the acquiescence of the legislative body of the city or town in which they are employed, elect on or before January 1, 1950, to discontinue membership by giving written notice of such election to the board. All other regular employees earning more than one hundred dollars per month shall become members upon the completion of six consecutive months' service or six months' service in any calendar year. Any employee otherwise eligible, employed in a permanent position, may elect in writing to become a member of the system at any time during the initial period, or at any time prior to completing such six months' service. Such individual employees other than regular employees, who are earning less than one hundred dollars per month or who are serving in an official or special capacity may

elect to become members with the acquiescence of the legislative body of the city or town in which they are employed upon the completion of six months of consecutive service or six months' service in any calendar year.

(5) It shall be the duty of the proper persons in each city to immediately report to the board routine changes in the status of personnel and immediately furnish such other information regarding the employment of members as the board from may from time to time require.

(6) Should any member withdraw more than one-quarter of his accumulated contributions, or should he die or be retired, he shall thereupon cease to be a member.

(7) Transfer of any employee from one city to another shall not cause the employee to lose membership in the system providing the city to which he transfers participates in the retirement system created herein.

Sec. 15. Section 12, chapter 71, Laws of 1947 as last amended by section 2, chapter 70, Laws of 1959, and RCW 41.44.120 are each amended to read as follows:

(1) Subject to subsections (4) and (5) of this section the following members shall be entitled to prior service credit:

(a) Each member in service on the effective date.

(b) Each member entering after the effective date if such entry is within one year after rendering service prior to the effective date.

(c) Each member entering in accordance with the provisions and subject to the conditions and limitations prescribed in subsection (5) of this section.

As soon as practicable, the board shall issue to each member entitled to prior service credit a certificate certifying the aggregate length of service rendered prior to the effective date. Such certificate shall be final and conclusive as to his prior service unless hereafter modified by the board, upon application of the member.

(2) Each city joining the system shall have the privilege of selecting the rate at which prior service pensions shall be calculated for its employees and may select any one of the three rates set forth below:

(a) 1.33% of final compensation multiplied by the number of years of prior service credited to the member. This rate may be referred to as "full prior service credit."

(b) 1.00% of final compensation multiplied by the number of years of prior service credited to the member. This rate may be referred to as "full prior service credit."

(c) .667% of final compensation multiplied by the number of

years of prior service credited to the member. This rate may be referred to as "one-half prior service credit."

(3) The above rates shall apply at the age of sixty-two or over for members included in the miscellaneous personnel and at age sixty or over for members in the uniformed personnel: PROVIDED, That if a member shall retire before attaining either of the ages above referred to, the total prior service pension shall be reduced to the percentages computed and established in accordance with the following tables, to-wit:

Miscellaneous Personnel			
Percent of Full Prior Service Allowable			
Male		Female	
Age	Factor	Age	Factor
45.....	65.48	45.....	66.78
46.....	66.86	46.....	67.91
47.....	68.29	47.....	69.09
48.....	69.77	48.....	70.34
49.....	71.28	49.....	71.67
50.....	72.82	50.....	73.10
51.....	74.43	51.....	74.71
52.....	76.13	52.....	76.41
53.....	77.93	53.....	78.21
54.....	79.84	54.....	80.11
55.....	81.86	55.....	82.12
56.....	84.00	56.....	84.24
57.....	86.28	57.....	86.50
58.....	88.69	58.....	88.89
59.....	91.26	59.....	91.42
60.....	94.00	60.....	94.11
61.....	96.90	61.....	96.96
62.....	100.00	62.....	100.00

Percent of Full Prior Service Allowable

Uniformed Personnel	
Age	Factor
45.....	69.66
46.....	71.13
47.....	72.65
48.....	74.22
49.....	75.83
50.....	77.47
51.....	79.18
52.....	80.99
53.....	82.91
54.....	84.93
55.....	87.09

56..... 89.37  
 57..... 91.79  
 58..... 94.36  
 59..... 97.09  
 60.....100.00

(4) If sickness, injury or service in the armed forces of the United States during the national emergency identified with World War I or World War II and/or service in the armed forces of the United States of America for extended active duty by any employee who shall have been regularly granted a leave of absence from the city service by reason thereof, prevents any regular employee from being in service on the effective date, the board shall grant prior service credit to such person when he is again employed. The legislative authority in each participating city shall specify the amount of prior service to be granted or current service credit to be made available to such employees: PROVIDED, That in no case shall such service credit exceed five years. Certificate of honorable discharge from or documentary evidence of such service shall be submitted to the board before any such credit may be granted or made available. Prior or current service rates, or both, for such employees shall not exceed the rates established for fellow employees.

(5) There shall be granted to any person who was an employee of a private enterprise or a portion thereof which shall be hereafter acquired by a city as a matter of public convenience or necessity, where it is in the public interest to retain the trained personnel of such enterprise or portion thereof, credit for prior service for the period such person was actually employed by such private enterprise, except that this shall apply only to those persons who shall be employees of such enterprise or portion thereof at the time of its acquisition by the city and who remain in the service of such city until the effective date of membership of such person under this chapter.

There shall be granted to any person who was an employee of any state association of cities and towns, which association elects to participate in the retirement system established by this chapter, credit for prior service for the period such person was actually employed by such association, except that this shall apply only to those persons who shall be employees of such association on the effective date of this 1971 amendatory act.

Credit for such prior service shall be given only if payment for the additional cost of including such service has been made or if payment of such additional cost or reimbursement therefor has been otherwise provided for to the satisfaction of the board or if such person be entitled to any private pension or retirement benefits as a result of such service with such private enterprise, credit will be

given only if he agrees at the time of his employment by the municipality to accept a reduction in the payment of any benefits payable under this chapter that are based in whole or in part on such added and accredited service by the amount of these private pension or retirement benefits received. The conditions and limitations provided for in this subsection (5) shall be embodied in any certificate of prior service issued or granted by the board where any portion of the prior service credited under this subsection is included therein.

The city may receive payments for these purposes from a third party and shall make from such payments contributions with respect to such prior service as may be necessary to enable the fund to assume its obligations.

NEW SECTION. Sec. 16. Section 1, chapter 223, Laws of 1961 and RCW 41.40.128 are each repealed.

NEW SECTION. Sec. 17. If any provision of this 1971 amendatory 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.

NEW SECTION. Sec. 18. This 1971 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate May 10, 1971.

Passed the House May 10, 1971.

Approved by the Governor May 21, 1971.

Filed in Office of Secretary of State May 21, 1971.

CHAPTER 272

[Engrossed Substitute Senate Bill No. 542]

CREATION OF JOINT SEWER DISTRICTS AUTHORIZED

AN ACT Relating to sewer and water districts; providing that sewer districts may include within their boundaries parts of more than one county; amending section 1, chapter 210, Laws of 1941 as last amended by section 1, chapter 140, Laws of 1945 and RCW 56.04.020; amending section 11, chapter 210, Laws of 1941 as last amended by section 2, chapter 103, Laws of 1959 and RCW 56.08.020; amending section 44, chapter 210, Laws of 1941 as amended by section 1, chapter 71, Laws of 1965, and RCW 56.08.070; amending section 19, chapter 210, Laws of 1941 as last amended by section 81, chapter 56, Laws of 1970 and RCW 56.16.060; amending section 23, chapter 210, Laws of 1941 as