

denied thereunder for any health care service performed by a holder of a license issued pursuant to chapter 18.88 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract.

NEW SECTION. Sec. 4. There is added to chapter 48.21 RCW a new section to read as follows:

Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health service performed by a holder of a license issued pursuant to chapter 18.88 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract.

NEW SECTION. Sec. 5. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the House April 4, 1973.

Passed the Senate April 13, 1973.

Approved by the Governor April 25, 1973.

Filed in Office of Secretary of State April 26, 1973.

CHAPTER 189

[Substitute House Bill No. 419]

TEACHERS' RETIREMENT SYSTEM

AN ACT Relating to the Washington state teachers' retirement system; amending section 26, chapter 80, Laws of 1947 as last amended by section 1, chapter 271, Laws of 1971 ex. sess. and RCW 41.32.260; amending section 16, chapter 14, Laws of 1963 ex. sess. as last amended by section 3, chapter 35, Laws of 1970

ex. sess. and RCW 41.32.497; amending section 35, chapter 80, Laws of 1947 as last amended by section 7, chapter 14, Laws of 1963 ex. sess. and RCW 41.32.350; amending section 19, chapter 80, Laws of 1947 as amended by section 5, chapter 274, Laws of 1955 and RCW 41.32.190; amending section 12, chapter 150, Laws of 1969 ex. sess. and RCW 41.32.405; adding new sections to chapter 41.32 RCW; 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 1, chapter 271, Laws of 1971 ex. sess. 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) or a state official eligible for the combined pension and annuity provided by RCW 41.32.497, or section 3 of this 1973 amendatory act, as now or hereafter amended shall have deductions ((be)) taken from his salary ((as a legislator)) in the amount of seven and one-half percent of compensation and that service credit shall 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)) an elected or appointed official, for which he did not contribute to the retirement system, may receive credit for such legislative service unless he has received credit for that service in another state retirement system, upon making contributions in such amounts as shall be determined by the board of trustees.

Sec. 2. Section 16, chapter 14, Laws of 1963 ex. sess. as last amended by section 3, chapter 35, Laws of 1970 ex. sess. and RCW 41.32.497 are each amended to read as follows:

Any person who became a member ((who)) on or before the effective date of this 1973 amendatory act and who qualifies for a retirement allowance ((which is effective on or after July 1, 1970)) shall, at time of retirement, make an irrevocable election to receive

either the retirement allowance by section 3 of this 1973 amendatory act or to receive a retirement allowance pursuant to this section consisting of: (1) An annuity which shall be the actuarial equivalent of his accumulated contributions at his age of retirement, (2) A basic service pension of one hundred dollars per annum, and (3) A service pension which shall be equal to one one-hundredth of his average earnable compensation for his two highest compensated consecutive years of service times the total years of creditable service established with the retirement system: PROVIDED, That no ((member)) beneficiary now receiving benefits or who receives benefits in the future, except those beneficiaries receiving reduced benefits pursuant to RCW 41.32.520(1), options 2 and 3 provided in RCW 41.32.530, or options 2 or 3 of section 3 of this 1973 amendatory act, shall receive a pension of less than ((five)) six dollars and fifty cents per month for each year of creditable service established with the retirement system. Pension benefits payable under the provisions of this section shall be prorated on a monthly basis and paid at the end of each month: PROVIDED FURTHER, That notwithstanding the provisions of subsections (1) through (3) of this section, the retirement allowance payable for service where a member was elected or appointed to the office of state senator, state representative or superintendent of public instruction shall be equal to three percent of the average earnable compensation of his two highest consecutive years of service, whether or not elected or appointed service, for each year of such elected or appointed service. However, the initial retirement allowance of a member retiring only under the provisions of this proviso shall not exceed the average final compensation upon which the retirement allowance is based. In addition, the member shall be allowed to have the pension provided by this proviso adjusted and paid pursuant to the options provided in RCW 41.32.530, as now or hereafter amended.

NEW SECTION. Sec. 3. There is added to chapter 41.32 RCW a new section to read as follows:

Any person who becomes a member subsequent to the effective date of this 1973 amendatory act or who has made the election, provided by RCW 41.32.497, to receive the benefit provided by this section, shall receive a retirement allowance consisting of:

(1) An annuity which shall be the actuarial equivalent of his additional contributions on full salary as provided by chapter 274, Laws of 1955 and his lump sum payment in excess of the required contribution rate made at date of retirement, pursuant to RCW 41.32.350, if any; and

(2) A combined pension and annuity service retirement allowance which shall be equal to two percent of his average earnable compensation for his two highest compensated consecutive years of

service times the total years of creditable service established with the retirement system, to a maximum of sixty percent of such average earnable compensation: PROVIDED, That any member may irrevocably elect, at time of retirement, to withdraw all or a part of his accumulated contributions and to receive, in lieu of the full retirement allowance provided by this subsection, a reduction in the standard two percent allowance, of the actuarially determined amount of monthly annuity which would have been purchased by said contributions: PROVIDED FURTHER, That no member may withdraw an amount of accumulated contributions which would lower his retirement allowance below the minimum allowance provided by RCW 41.32.497 as now or hereafter amended: AND PROVIDED FURTHER, That said reduced amount may be reduced even further pursuant to the options provided in subsection (4) below;

(3) 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. However, 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 to the office of state senator or state representative. Accumulated contributions for elected or appointed service may only be withdrawn if the member elects to waive the pension provided by this subsection. In addition, the member shall be allowed to have the pension provided by this subsection adjusted and paid pursuant to the options provided in subsection (4) below.

(4) Upon an application for retirement approved by the board of trustees every member shall receive the maximum retirement allowance available to him throughout life unless prior to the time the first installment thereof becomes due he has elected to receive the reduced amount provided in subsection (2) and/or has elected by executing the proper application therefor, to receive the actuarial equivalent of his retirement allowance in reduced payments throughout his life, with the options listed below:

Option 1. If he dies before he has received the present value of his accumulated contributions at the time of his retirement by virtue of the annuity portion of his retirement allowance, the unpaid balance shall be paid to his estate or to such person as he shall have nominated by written designation executed and filed with the

board of trustees.

Option 2. Upon his death his adjusted retirement allowance shall be continued throughout the life of and paid to such person as he shall have nominated by written designation duly executed and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death one-half of his adjusted retirement allowance shall be continued throughout the life of and paid to such person as he shall have nominated by written designation executed and filed with the board of trustees at the time of his retirement.

NEW SECTION. Sec 4. There is added to chapter 41.32 RCW a new section to read as follows:

Subsection (3) of section 3 of this 1973 amendatory act and the equivalent language contained in the last proviso in section 1 of this 1973 amendatory act, relating to elected and appointed officials, shall be retroactive to January 1, 1973.

NEW SECTION. Sec. 5. There is added to chapter 41.32 RCW a new section to read as follows:

The board of trustees shall determine the amount of employer contribution rate necessary to properly fund the increased benefits granted elected and appointed officials by sections 2 and 3 of this 1973 amendatory act. Upon determining the amount of employer contribution necessary, the board shall inform, bill and collect from the employer of those elected or appointed officials the amount so determined in the same manner and to the same extent as the public employees' retirement system pursuant to RCW 41.40.370.

Sec. 6. Section 35, chapter 80, Laws of 1947 as last amended by section 7, chapter 14, Laws of 1963 ex. sess. and RCW 41.32.350 are each amended to read as follows:

Each year during which he is employed each member shall contribute five percent of his earnable compensation. These contributions shall be placed in the annuity fund, the disability reserve fund and the death benefit fund. A member may make an additional lump sum payment at date of retirement, not to exceed his accumulated contributions, to purchase additional annuity; PROVIDED, That effective July 1, 1974, the amount of contribution required from each member by this section shall be increased to six percent of his earnable compensation.

Sec. 7. Section 19, chapter 80, Laws of 1947 as amended by section 5, chapter 274, Laws of 1955 and RCW 41.32.190 are each amended to read as follows:

From interest and other earnings on the moneys of the retirement system, and except as otherwise provided in sections 8 and 9 of this 1973 amendatory act, at the close of each fiscal year the board of trustees shall make such allowance of regular interest on the balance which was on hand at the beginning of the fiscal year in

each of the funds as they may deem advisable; however, no interest shall be credited to the expense fund or the pension fund.

Sec. 8. Section 12, chapter 150, Laws of 1969 ex. sess. and RCW 41.32.405 are each amended to read as follows:

An income fund is hereby created for the purpose of crediting regular interest and such other income as may be derived from the deposits and investments of the various funds of the teachers' retirement fund. All accumulated contributions in the account of a terminated member which remain unclaimed after the expiration of ten years from the date of termination shall thereafter be transferred to the income fund as provided in RCW 41.32.510. Any moneys that may come into the possession of the retirement system in the form of gifts or bequests which are not allocated to a specific fund, or any other moneys the disposition of which is not otherwise provided herein, shall be credited to the income fund. The moneys accumulated in the income fund shall be available for transfer, upon board authorization, to the expense fund toward payment of the members' share of the operating costs of the system as provided in RCW 41.32.410, and for regular interest allowance to the various funds of the teachers' retirement fund as provided in RCW 41.32.190 and 41.32.460; PROVIDED, That from such accumulated moneys the board shall have sole discretion to determine an amount thereof to be credited to the annuity fund which will thereupon be credited as regular interest to the individual members' accounts; PROVIDED FURTHER, That from interest and other earnings on the moneys in the annuity fund the board may specifically allocate up to one percent per annum of such interest and other earnings for the purpose of making sufficient funds available to facilitate the adjustment in the retirement allowance provided in section 9 of this 1973 amendatory act.

NEW SECTION. Sec. 9. There is added to chapter 41.32 RCW a new section 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) "Cost-of-living factor" for the purposes of this section for any year shall mean the ratio of the index for the previous year to the index for the year preceding the initial date of payment of the retirement allowance, except that, in no event, shall the cost-of-living factor, for any year subsequent to 1971, be

(a) less than 1.000;

(b) more than one hundred three percent or less than ninety-seven percent of the previous year's cost-of-living factor; or

(c) such as to yield a retirement allowance, for any individual, less than that which was in effect July 1, 1972;

(3) The "initial date of payment" for the purposes of adjusting the annuity portion of a retirement allowance for the purposes of this section shall mean the date of retirement of a member.

(4) The "initial date of payment" for the purposes of adjusting the pension portion of a retirement allowance for the purposes of this section shall mean the date of retirement of a member or June 30, 1970, whichever is later.

(5) Each service retirement allowance payable from July 1, 1973 until any subsequent adjustment pursuant to subsection (6) of this section shall be adjusted so as to equal the product of the cost-of-living factor for 1973 and the amount of said retirement allowance on the initial date of payment.

(6) Each service retirement allowance payable from July 1st of any year after 1973 until any subsequent adjustment pursuant to this subsection shall be adjusted so as to equal the product of the cost-of-living factor for such year and the amount of said retirement allowance on the initial date of payment: PROVIDED, That the board finds, at its sole discretion, that the cost of such adjustments shall have been met by the excess of the growth in the assets of the system over that required for meeting the actuarial liabilities of the system at that time.

NEW SECTION. Sec. 10. There is added to chapter 41.32 RCW a new section to read as follows:

Notwithstanding any other provision of this chapter, moneys necessary to pay the combined pension and annuity service retirement allowance provided for in section 3(2) of this 1973 amendatory act shall be payable for the 1973-1975 biennium from interest earnings on the pension reserve fund as provided for in RCW 41.32.030.

NEW SECTION. Sec. 11. This 1973 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of state government and its existing public institutions and shall take effect immediately.

NEW SECTION. Sec. 12. If any provision of this 1973 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. 13. There is added to chapter 41.32 RCW a new section to read as follows:

Notwithstanding the provisions of RCW 41.32.240, any person who has left employment within the state for any reason at least fifteen years prior to the effective date of this section with at least fifteen years of service credit at the time of such withdrawal

and who because of physical incapacibilities is no longer employable as a teacher within this state may be admitted into the system upon acceptance by the board and making such reasonable payments as the board shall determine necessary therefor. Said application to be submitted before January 1, 1974.

Passed the House April 14, 1973.

Passed the Senate April 14, 1973.

Approved by the Governor April 25, 1973.

Filed in Office of Secretary of State April 26, 1973.

CHAPTER 190

[Substitute House Bill No. 435]

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AN ACT Relating to the public employees' retirement system; adding a new section to chapter 41.32 RCW; amending section 1, chapter 274, Laws of 1947 as last amended by section 1, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.010; amending section 3, chapter 274, Laws of 1947 as last amended by section 3, chapter 271, Laws of 1971 ex. sess. and RCW 41.40.030; amending section 11, chapter 274, Laws of 1947 as last amended by section 2, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.100; amending section 13, chapter 274, Laws of 1947 as last amended by section 4, chapter 271, Laws of 1971 ex. sess. and RCW 41.40.120; amending section 16, chapter 274, Laws of 1947 as last amended by section 6, chapter 128, Laws of 1969 and RCW 41.40.150; amending section 19, chapter 274, Laws of 1947 as last amended by section 4, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.180; amending section 5, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.185; amending section 20, chapter 274, Laws of 1947 as last amended by section 6, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.190; amending section 7, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.193; amending section 1, chapter 68, Laws of 1970 ex. sess. as amended by section 6, chapter 271, Laws of 1971 ex. sess. and RCW 41.40.195; amending section 34, chapter 274, Laws of 1947 as last amended by section 13, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.330; amending section 4, chapter 231, Laws of 1957 as last amended by section 14, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.361; amending section 18, chapter 274, Laws of 1947 as last amended by section 3, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.170; adding a new section to chapter 41.40 RCW; and