

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

declaring an emergency.

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

NEW SECTION. Section 1. There is added to chapter 41.32 RCW a new section to read as follows:

Any member of the teachers' retirement system who decides to retire after the effective date of this act shall be entitled as a matter of contractual right to receive any new or increased benefits resulting from the enactment of legislation creating a new retirement system through a merger of the public employees' retirement system and the teachers' retirement system or from benefit liberalizations of the teachers' retirement system until June 30, 1974.

Sec. 2. 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 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)) public employees' retirement system provided for in this chapter.

(2) "Retirement board" means the board provided for in this chapter and chapter 41.26 RCW 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 legal entities authorized by RCW 36.70.060 and 35.63.070 or chapter 39.34 RCW as now or hereafter amended; 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 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; PROVIDED, That if a leave of absence is taken by an individual for the purpose of serving in the state legislature, the salary which would have been received for the position from which the leave of absence was taken, shall be considered as compensation earnable if the employee's contribution is paid by the employee and the employer's contribution is paid by the employer or employee.

(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; PROVIDED FURTHER, That where an individual is employed by two employers he shall only receive a total of twelve months of service credit during any calendar year.

(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)) All service rendered, as a member, after October 1, 1947;

(b) All service after October 1, 1947, to any ((municipal corporation of the state of Washington)) employer prior to the time of its admission into the retirement system: PROVIDED, That an amount equal to the employer and employee 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 with interest (as computed by the retirement board) on the employee's portion 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 prior to becoming a member, in the case of any member, upon payment in full by such member, prior to July 1, ((1972)) 1974 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)) 1974, 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 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) "Employee" means any person who may become eligible for membership under this chapter, as set forth in RCW 41.40.120.

(21) "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.

(22) "Retirement" means withdrawal from active service with a retirement allowance as provided by this chapter.

(23) "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.

(24) "Ineligible position" means any position which does not conform with the requirements set forth in subdivision (23).

(25) "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.

(26) "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 3, chapter 271, Laws of 1971 ex. sess. and RCW 41.40.030 are each amended to read as follows:

The retirement board shall consist of ~~((seven))~~ eleven

members, as follows: The insurance commissioner, the attorney general, the state treasurer, the state auditor, the members provided by RCW 41.26.050, 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, except those board members provided by RCW 41.26.050. 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 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 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 11, chapter 274, Laws of 1947 as last amended by section 2, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.100 are each amended to read as follows:

For the purpose of the internal accounting record of the

retirement board and not the segregation of moneys on deposit with the state treasurer there are hereby created the employees' savings fund, the benefit account fund, the income fund and such other funds as may from time to time be required.

(1) The employees' savings fund shall be the fund in which shall be accumulated the contributions from the compensation of members ((for the purchase of annuities)). The retirement board shall provide for the maintenance of an individual account with each member of the retirement system showing the amount of the member's contributions together with interest accumulations thereon. The contributions of a member returned to him upon his withdrawal from service, or paid in event of his death, as provided in this chapter, shall be paid from the employees' saving fund. Any accumulated contributions forfeited by failure of a member, or his estate, to claim the same as provided for in this chapter shall be transferred from the employees' savings fund to the income fund. The accumulated contributions of a member, upon the commencement of his retirement, shall be transferred from the employees' savings fund to the benefit account fund.

(2) The benefit account fund shall be the fund in which shall be accumulated the reserves for the payment of all retirement allowances and death benefits, if any, in respect of any beneficiary. The amounts contributed by the employer to provide pension benefits shall be credited to the benefit account fund. The benefit account fund shall be the fund from which shall be paid all retirement allowances, or benefits in lieu thereof because of which reserves have been transferred from the employees' savings fund to the benefit account fund. At the time a recipient of a retirement allowance again becomes a member there shall be transferred from the benefit account fund to the employees' savings fund and credited to the individual account of such a member a sum that shall be equal to the excess, if any, of his individual account at the date of his retirement over any service retirement allowance received since that date.

(3) An income fund is hereby created for the purpose of crediting ((regular)) interest on the amounts in the various other funds with the exception of the retirement system expense fund, and to provide a contingent fund out of which special requirements of any of the other funds may be covered. Transfers for such special requirements shall be made only when the amount in the income fund exceeds the ordinary requirements of such fund as evidenced by a resolution of the retirement board recorded in its minutes. The retirement board shall quarterly allow ((regular)) interest to each of the funds enumerated in subdivisions (1) and (2) of this section, and the amount so allowed shall be due and payable to said funds and

shall be quarterly credited on the previous quarterly balance by the retirement board and paid from the income fund.

All accumulated contributions standing to the account of a terminated member and unclaimed after the expiration of fifteen years from the date of such termination except as provided in RCW 41.40.150(3) and 41.40.170, shall thereafter become an integral part of the income fund. All income, interest, and dividends derived from the deposits and investments authorized by this chapter shall be paid into the income fund with the exception of interest derived from sums deposited in the retirement system expense fund. The retirement board is hereby authorized to accept gifts and bequests. Any funds that may come into the possession of the retirement system in such manner, or any funds which may be transferred from the employees' savings fund by reason of lack of claimant, or because of a surplus in any fund created by this chapter, or any other moneys the disposition of which is not otherwise provided for herein, shall be credited to the income fund.

The board shall have sole discretion to determine the amount of interest to be credited to the employees' savings fund which will thereupon be credited as regular interest to the individual members' accounts. The board may specifically allocate not more than one percent per annum of the investment earnings for the purpose of making sufficient funds available to facilitate the adjustment in service retirement allowances provided by RCW 41.40.195 as now or hereafter amended.

Sec. 5. 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 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 application for those taking elective office for the first time after May 21, 1971 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 contributions therefor by the employee and employer contributions therefor by the employer or employee: AND PROVIDED FURTHER, That any person who was an elected official eligible to apply for membership pursuant to this subsection, who failed to exercise that option while holding such elected office and who is now a member of the retirement system, shall have the option to recover service credit for such elected service upon payment to the retirement system of the employee and employer contributions which would have been made had the person been a member during the period of such elective service:

(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 or 41.40.185:

(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)) any member elected or appointed to an elective office on or after April 1, 1971 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. The city shall also transfer to this system all of such member's accumulated contributions together with such further amounts as necessary to equal all employee and employer contributions which would have been paid into this system on account of such service with the city and thereupon the member shall be granted credit for all such service. 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. 6. Section 16, chapter 274, Laws of 1947 as last amended by section 6, chapter 128, Laws of 1969 and RCW 41.40.150 are each amended to read as follows:

Should any member die, or should he separate or be separated from service without leave of absence before attaining age sixty years, or should he become a beneficiary, except a beneficiary of an optional retirement allowance as provided by RCW 41.40.190, he shall

thereupon cease to be a member except;

(1) As provided in RCW 41.40.170.

(2) An employee who reenters ((or has reentered)) service ((within ten years from the date of his separation)) shall upon completion of ((six months)) two years of continuous service and upon the restoration of all withdrawn contributions with interest as computed by the retirement board, which restoration must be completed within a total period of five years of membership service following his first resumption of employment, be returned to the status, either as an original member or new member which he held at time of separation: PROVIDED, That any member who reentered service outside the ten-year period formerly provided by this subsection, and by reason of the former language of this section was not allowed to restore withdrawn contributions, shall have two years from the effective date of this 1973 amendatory act to restore said contributions: AND PROVIDED FURTHER, That any member who reentered service within the ten-year period formerly provided by this section, and who failed to restore withdrawn contributions within the three or five years previously allowed, shall now have two years from the effective date of this 1973 amendatory act to restore said contributions, with interest as determined by the retirement board.

(3) A member who separates or has separated after having completed at least five years of service shall remain a member during the period of his absence from service for the exclusive purpose only of receiving a retirement allowance to begin at attainment of age sixty-five, however, such a member may upon thirty days written notice to the board elect to receive a reduced retirement allowance on or after age sixty which allowance shall be the actuarial equivalent of the sum necessary to pay regular retirement benefits as of age sixty-five: PROVIDED, That if such member should withdraw all or part of his accumulated contributions, he shall thereupon cease to be a member and this section shall not apply.

(4) (a) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy and who shall be employed in an eligible position shall be considered to have terminated his retirement status and he shall immediately become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended during the period of his eligible employment and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW 41.40.180: PROVIDED, That where any such right to retire is exercised to become effective before the member has rendered ((six)) two uninterrupted ((months)) years of service the type of retirement allowance he had at the time of his previous retirement shall be

reinstated, but no additional service credit shall be available;

(b) The recipient of a retirement allowance who has not yet reached the compulsory retirement age of seventy, following his election to office or appointment to office directly by the governor, and who shall apply for and be accepted in membership as provided in RCW 41.40.120 (3) shall be considered to have terminated his retirement status and he shall become a member of the retirement system with the status of membership he had as of the date of his retirement. Retirement benefits shall be suspended from the date of his return to membership until the date when he again retires and he shall make contributions and receive membership credit. Such a member shall have the right to again retire if eligible in accordance with RCW 41.40.180: PROVIDED, That where any such right to retire is exercised to become effective before the member has rendered six uninterrupted months of service the type of retirement allowance he had at the time of his previous retirement shall be reinstated, but no additional service credit shall be available: AND PROVIDED FURTHER, That if such a recipient of a retirement allowance does not elect to apply for reentry into membership as provided in RCW 41.40.120 (3), or should he have reached the age of seventy and be ineligible to apply as provided in RCW 41.40.125, he shall be considered to remain in a retirement status and his retirement benefits shall continue without interruption.

(5) Subject to the provisions of RCW 41.04.070, 41.04.080 and 41.04.100, any member who leaves the employment of an employer and enters the employ of a public agency or agencies of the state of Washington, other than those within the jurisdiction of the state employees' retirement system, and who establishes membership in a retirement system or a pension fund operated by such agency or agencies and who shall continue his membership therein until attaining age sixty, shall remain a member for the exclusive purpose only of receiving a retirement allowance without the limitation found in ((RCW 41.40.190 (5))) RCW 41.40.180 (1) to begin on attainment of age sixty-five, however, such a member may upon thirty days written notice to the retirement board elect to receive a reduced retirement allowance on or after age sixty which allowance shall be the actuarial equivalent of the sum necessary to pay regular retirement benefits commencing at age sixty-five: PROVIDED, That if such member should withdraw all or part of his accumulated contributions, he shall thereupon cease to be a member and this section shall not apply.

Sec. 7. 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 are each amended to read as follows:

(1) On and after April 1, 1949, any member with five years of

creditable service who has attained age sixty and any original member who has attained age sixty 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 REW 41.40.190 and REW 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)) continue to serve as an elective official and to receive retirement credit for such service.

(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 May 21, 1971 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.

(5) Any individual who is eligible to retire pursuant to subsections (1) through (4) of this section shall be allowed to retire while on any authorized leave of absence not in excess of one hundred and twenty days.

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

Sec. 8. Section 5, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.185 are each amended to read as follows:

Upon retirement from service, as provided for in RCW 41.40.180 or 41.40.210, 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 February 25, 1972 shall consist of:

(1) An annuity which shall be the actuarial equivalent of his additional contributions made pursuant to RCW 41.40.330(2).

(2) A membership service pension, subject to the provisions of subsection (4) of this section, which shall be equal to two percent of his average final compensation for each year or fraction of a year of membership service.

(3) A prior service pension which shall be equal to one-seventeenth 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, except as provided in this 1972 amendatory act, shall any member receive a retirement allowance pursuant to subsections (2) ~~((or))~~ and (3) of this section of more than sixty percent of his average final compensation: PROVIDED, That no member shall receive a pension under this section 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.

(4) Notwithstanding the provisions of subsections (1) through (3) 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 to the office of state senator or state representative.

(5) 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:

(a) Standard Allowance. A member selecting this option shall receive a retirement allowance, which shall be computed as provided in subsections (1), (2) and (3) of this section. The retirement allowance shall be payable throughout his life. However, if he dies before the total 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.

(b) Option II. A member who selects this option shall receive a reduced retirement allowance which upon his death 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.

(c) Option III. A member who selects this option shall receive a reduced retirement allowance and 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.

Sec. 9. 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 are each amended to read as follows:

In lieu of the retirement allowance provided in RCW 41.40.185, an individual employed on or before the effective date of this 1973 amendatory act may, after complying with RCW 41.40.180 or 41.40.210, make an irrevocable election to receive the retirement allowance provided by this section which shall consist of:

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

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

(3) A membership service pension, subject to the provisions of subdivision (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.

(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.

Sec. 10. Section 7, chapter 151, Laws of 1972 ex. sess. and RCW 41.40.193 are each amended to read as follows:

Retirement allowances paid to members eligible to retire under the provisions of RCW 41.40.180, 41.40.200, 41.40.210, 41.40.220,

((41.40.230)) 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 allowance paid to members eligible to retire under any other provisions of this 1972 amendatory act 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. 11. 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 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 at the time of retirement to any beneficiary based upon an effective retirement date which is prior to December 31, 1970) "Cost-of-living factor", 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, 1971;

(3) ((Effective July 1, 1974, 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 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) "Initial date of payment" shall mean:

(a) The date of retirement of a member, or

(b) In the case of beneficiary receiving an allowance pursuant to the automatic application of option II pursuant to RCW 41.40.270(2), the first day of the month following the date of death;

(4) Each service retirement allowance payable from July 1, 1973 until any subsequent adjustment pursuant to subsection (5) 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.

(5) 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.

Sec. 12. 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 are each amended to read as follows:

(1) Each employee who is a member of the retirement system shall contribute five percent of his total compensation earnable: PROVIDED, HOWEVER, That a retirement system expense fund contribution of two dollars and fifty cents per annum shall be transferred in semiannual payments of one dollar and twenty-five cents from each employee account balance in the employees' savings fund to the retirement expense fund account, as set forth in this section. On and after July 1, 1973, each employee who is a member of the retirement system shall contribute six 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 the contribution as provided by this section.

(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 pursuant to RCW 41.40.190 and 41.40.185.

(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) and 41.40.185(4) 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. 13. 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 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 effective July 1, 1973 the total combined contributions of the normal contribution and unfunded liability contribution shall not exceed a total combined percentage rate of seven 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 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 and employee would have been required to contribute between April 1, 1949, and the date of such employer's admission to the retirement system: PROVIDED, That either the employee or employer may make the contributions the employee would have made during the same period of time; PROVIDED FURTHER, That 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. Employee contributions for these periods must be made before the member will receive credit for those periods of service, pursuant to such regulations as the retirement board may adopt.

(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. 14. 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 are each amended to read as follows:

(1) A member who has served or shall serve on active federal service in the military or naval forces of the United States and who left or shall leave an employer to enter such service shall be deemed to be on military leave of absence if he has resumed or shall resume employment as an employee within one year from termination thereof.

(2) If he has applied or shall apply for reinstatement of employment, within one year from termination of the military service, and is refused employment for reasons beyond his control, he shall, upon resumption of service within ten years have such service credited to him.

(3) In any event, after completing twenty-five years of creditable service, any member may have his service in the armed forces credited to him as a member whether or not he left the employ

of an employer to enter such armed service: PROVIDED, That in no instance, described in subsections (1), (2), and (3) of this section, shall military service in excess of five years be credited: AND PROVIDED FURTHER, That in each instance the member must restore all withdrawn accumulated contributions, which restoration must be completed within five years of membership service following his first resumption of employment: AND PROVIDED FURTHER, That this section will not apply to any individual, not a veteran within the meaning of RCW ((47-06-450)) 41.04.005, as now or hereafter amended: AND PROVIDED FURTHER, That in no instance, described in subsections (1), (2) and (3) of this section, shall military service be credited to any member who is receiving full military retirement benefits pursuant to Title 10 ((RSE 3944 or 3944, as now or hereafter amended)) United States Code.

NEW SECTION. Sec. 15. There is added to chapter 41.40 RCW a new section to read as follows:

The amendments contained in subsections 11(a) and (b) of section 2 of this 1973 amendatory act and subsection 5 of section 13 of this 1973 amendatory act shall take effect January 1, 1974.

NEW SECTION. Sec. 16. If any provision of this 1973 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. 17. This 1973 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 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.

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CHAPTER 191

[House Bill No. 442]

POLICEMEN AND FIREMEN--LINE OF  
DUTY--DEATH, DISABILITY--CHILDREN--FREE  
COLLEGE TUITION

AN ACT Relating to higher education; providing free tuition fees for children of law enforcement officers or fire fighters disabled or killed in line of duty; amending section 28B.15.380, chapter 223, Laws of 1969 ex. sess. as last amended by section 8, chapter 279, Laws of 1971 ex. sess. and RCW 28B.15.380;