

SENATE BILL 5223

State of Washington

52nd Legislature

1991 Regular Session

By Senators Nelson, Rasmussen, Johnson and Moore; by request of Joint Committee on Pension Policy.

Read first time January 24, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to granting whole and partial retirement service
2 credit; amending RCW 41.32.010, 41.32.013, 41.32.765, 41.40.010,
3 41.40.185, 41.40.235, 41.40.450, 41.40.620, 41.40.630, 41.26.030,
4 41.26.090, 41.26.100, 41.26.160, and 41.26.430; adding a new section to
5 chapter 41.50 RCW; creating new sections; making appropriations;
6 providing effective dates; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** The legislature finds:

9 (1) There is a dichotomy in the provision of service credit within
10 the major two retirement systems of the state. Within plan I of the
11 public employees' retirement system, credit is given in whole months
12 upon completing seventy hours per month. Within plan I of the
13 teachers' retirement system, full annual service credit is given for
14 full-time employment of four-fifths or more of a school year and
15 partial annual service credit is given for employment of less than

1 four-fifths of a school year but more than twenty days in a school
2 year. Plan II of both the public employees' and teachers' retirement
3 systems' full monthly service credit is based on completing ninety
4 hours in each month.

5 (2) There is a further dichotomy in that school district employees
6 under the public employees' retirement system who work nine months of
7 a school year receive service credit for twelve months. Nonschool
8 district members of the public employees' retirement system, however,
9 who may work nine months in a regular, cyclical position receive only
10 nine months of service credit.

11 (3) There is an expressed interest by public employers in
12 encouraging job-sharing or tandem positions wherein two persons perform
13 one job. This is seen as opening up job opportunities for those
14 persons who have family responsibilities prohibiting full-time
15 employment.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.50 RCW
17 to read as follows:

18 The legislature sets forth as retirement policy and intent:

19 (1) The retirement systems of the state shall provide similar
20 benefits wherever possible.

21 (2) Persons hired into eligible positions shall accrue service
22 credit for all service rendered.

23 (3) Fractional multiplication (for example: $1/2 \times 1/2 = 1/4$ in the
24 instance of service times salary equals the benefit base to which the
25 percentage is applied) in the calculation of benefits shall be done in
26 such a manner as to prevent the arithmetic lowering of benefits.

27 (4) Liberalization of the granting of service credit shall not
28 jeopardize part-time employment of retirees in ineligible positions.

1 **Sec. 3.** RCW 41.32.010 and 1990 c 274 s 2 are each amended to read
2 as follows:

3 As used in this chapter, unless a different meaning is plainly
4 required by the context:

5 (1)(a) "Accumulated contributions" for persons who establish
6 membership in the retirement system on or before September 30, 1977,
7 means the sum of all regular annuity contributions with regular
8 interest thereon.

9 (b) "Accumulated contributions" for persons who establish
10 membership in the retirement system on or after October 1, 1977, means
11 the sum of all contributions standing to the credit of a member in the
12 member's individual account together with the regular interest thereon.

13 (2) "Actuarial equivalent" means a benefit of equal value when
14 computed upon the basis of such mortality tables and regulations as
15 shall be adopted by the director and regular interest.

16 (3) "Annuity" means the moneys payable per year during life by
17 reason of accumulated contributions of a member.

18 (4) "Annuity fund" means the fund in which all of the accumulated
19 contributions of members are held.

20 (5) "Annuity reserve fund" means the fund to which all accumulated
21 contributions are transferred upon retirement.

22 (6) (a) "Beneficiary" for persons who establish membership in the
23 retirement system on or before September 30, 1977, means any person in
24 receipt of a retirement allowance or other benefit provided by this
25 chapter.

26 (b) "Beneficiary" for persons who establish membership in the
27 retirement system on or after October 1, 1977, means any person in
28 receipt of a retirement allowance or other benefit provided by this
29 chapter resulting from service rendered to an employer by another
30 person.

1 (7) "Contract" means any agreement for service and compensation
2 between a member and an employer.

3 (8) "Creditable service" means membership service plus prior
4 service for which credit is allowable. This subsection shall apply
5 only to persons who establish membership in the retirement system on or
6 before September 30, 1977.

7 (9) "Dependent" means receiving one-half or more of support from a
8 member.

9 (10) "Disability allowance" means monthly payments during
10 disability. This subsection shall apply only to persons who establish
11 membership in the retirement system on or before September 30, 1977.

12 (11) (a) (i) "Earnable compensation" for persons who establish
13 membership in the retirement system on or before September 30, 1977,
14 means all salaries and wages paid by an employer to an employee member
15 of the retirement system for personal services rendered during a fiscal
16 year. In all cases where compensation includes maintenance the
17 employer shall fix the value of that part of the compensation not paid
18 in money: PROVIDED, That retroactive payments to an individual by an
19 employer on reinstatement of the employee in a position, or payments by
20 an employer to an individual in lieu of reinstatement in a position
21 which are awarded or granted as the equivalent of the salary or wages
22 which the individual would have earned during a payroll period shall be
23 considered earnable compensation and the individual shall receive the
24 equivalent service credit: PROVIDED FURTHER, That if a leave of
25 absence, without pay, is taken by a member for the purpose of serving
26 as a member of the state legislature, and such member has served in the
27 legislature five or more years, the salary which would have been
28 received for the position from which the leave of absence was taken
29 shall be considered as compensation earnable if the employee's
30 contribution thereon is paid by the employee. In addition, where a

1 member has been a member of the state legislature for five or more
2 years, earnable compensation for the member's two highest compensated
3 consecutive years of service shall include a sum not to exceed
4 thirty-six hundred dollars for each of such two consecutive years,
5 regardless of whether or not legislative service was rendered during
6 those two years.

7 (ii) For members employed less than full time under written
8 contract with a school district, or community college district, in an
9 instructional position, for which the member receives service credit of
10 less than one year in all of the years used to determine the earnable
11 compensation used for computing benefits due under RCW 41.32.497,
12 41.32.498, and 41.32.520, the member may elect to have earnable
13 compensation defined as provided in RCW 41.32.011. For the purposes of
14 this subsection, the term "instructional position" means a position in
15 which more than seventy-five percent of the member's time is spent as
16 a classroom instructor (including office hours), a librarian, or a
17 counselor. Earnable compensation shall be so defined only for the
18 purpose of the calculation of retirement benefits and only as necessary
19 to insure that members who receive fractional service credit under RCW
20 41.32.270 receive benefits proportional to those received by members
21 who have received full-time service credit.

22 (b) "Earnable compensation" for persons who establish membership in
23 the retirement system on or after October 1, 1977, means salaries or
24 wages earned by a member during a payroll period for personal services,
25 including overtime payments, and shall include wages and salaries
26 deferred under provisions established pursuant to sections 403(b),
27 414(h), and 457 of the United States Internal Revenue Code, but shall
28 exclude lump sum payments for deferred annual sick leave, unused
29 accumulated vacation, unused accumulated annual leave, or any form of
30 severance pay: PROVIDED, That retroactive payments to an individual by

1 an employer on reinstatement of the employee in a position or payments
2 by an employer to an individual in lieu of reinstatement in a position
3 which are awarded or granted as the equivalent of the salary or wages
4 which the individual would have earned during a payroll period shall be
5 considered earnable compensation, to the extent provided above, and the
6 individual shall receive the equivalent service credit: PROVIDED
7 FURTHER, That in any year in which a member serves in the legislature
8 the member shall have the option of having such member's earnable
9 compensation be the greater of:

10 (i) The earnable compensation the member would have received had
11 such member not served in the legislature; or

12 (ii) Such member's actual earnable compensation received for
13 teaching and legislative service combined. Any additional
14 contributions to the retirement system required because compensation
15 earnable under subparagraph (i) of this subsection is greater than
16 compensation earnable under subparagraph (ii) of this subsection shall
17 be paid by the member for both member and employer contributions.

18 (12) "Employer" means the state of Washington, the school district,
19 or any agency of the state of Washington by which the member is paid.

20 (13) "Fiscal year" means a year which begins July 1st and ends June
21 30th of the following year.

22 (14) "Former state fund" means the state retirement fund in
23 operation for teachers under chapter 187, Laws of 1923, as amended.

24 (15) "Local fund" means any of the local retirement funds for
25 teachers operated in any school district in accordance with the
26 provisions of chapter 163, Laws of 1917 as amended.

27 (16) "Member" means any teacher included in the membership of the
28 retirement system. Also, any other employee of the public schools who,
29 on July 1, 1947, had not elected to be exempt from membership and who,

1 prior to that date, had by an authorized payroll deduction, contributed
2 to the annuity fund.

3 (17) "Membership service" means service rendered subsequent to the
4 first day of eligibility of a person to membership in the retirement
5 system: PROVIDED, That where a member is employed by two or more
6 employers the individual shall ((only)) receive no more than one
7 ((month's)) service credit month during any calendar month in which
8 multiple service is rendered. The provisions of this subsection shall
9 apply only to persons who establish membership in the retirement system
10 on or before September 30, 1977.

11 (18) "Pension" means the moneys payable per year during life from
12 the pension reserve fund.

13 (19) "Pension reserve fund" is a fund in which shall be accumulated
14 an actuarial reserve adequate to meet present and future pension
15 liabilities of the system and from which all pension obligations are to
16 be paid.

17 (20) "Prior service" means service rendered prior to the first date
18 of eligibility to membership in the retirement system for which credit
19 is allowable. The provisions of this subsection shall apply only to
20 persons who establish membership in the retirement system on or before
21 September 30, 1977.

22 (21) "Prior service contributions" means contributions made by a
23 member to secure credit for prior service. The provisions of this
24 subsection shall apply only to persons who establish membership in the
25 retirement system on or before September 30, 1977.

26 (22) "Public school" means any institution or activity operated by
27 the state of Washington or any instrumentality or political subdivision
28 thereof employing teachers, except the University of Washington and
29 Washington State University.

1 (23) "Regular contributions" means the amounts required to be
2 deducted from the compensation of a member and credited to the member's
3 individual account in the annuity fund. This subsection shall apply
4 only to persons establishing membership in the retirement system on or
5 before September 30, 1977.

6 (24) "Regular interest" means such rate as the director may
7 determine.

8 (25) (a) "Retirement allowance" for persons who establish
9 membership in the retirement system on or before September 30, 1977,
10 means the sum of annuity and pension or any optional benefits payable
11 in lieu thereof.

12 (b) "Retirement allowance" for persons who establish membership in
13 the retirement system on or after October 1, 1977, means monthly
14 payments to a retiree or beneficiary as provided in this chapter.

15 (26) "Retirement system" means the Washington state teachers'
16 retirement system.

17 (27) (a) "Service" means the time during which a member has been
18 employed by an employer for compensation: PROVIDED, That where a
19 member is employed by two or more employers the individual shall
20 ((only)) receive no more than one ((month's)) service credit month
21 during any calendar month in which multiple service is rendered.

22 (b) "Service" for persons who establish membership in the
23 retirement system on or after October 1, 1977, means periods of
24 employment by a member for one or more employers for which earnable
25 compensation is earned subject to the following conditions:

26 (i) A member employed in an eligible position or as a substitute
27 shall receive one service credit month for each month of September
28 through August of the following year if he or she earns earnable
29 compensation for eight hundred ten or more hours during that period and
30 is employed during nine of those months, except that a member may not

1 receive credit for any period prior to the member's employment in an
2 eligible position except as provided in sections 12 and 13 of this act;

3 (ii) If a member is employed either in an eligible position ((does
4 not meet the requirements of (b)(i) of this subsection)) or as a
5 substitute teacher for nine months of the twelve month period between
6 September through August of the following year but earns earnable
7 compensation for less than eight hundred ten hours but for at least six
8 hundred thirty hours, he or she will receive one-half of a service
9 credit ((only)) month for ((those calendar months during which he or
10 she has received compensation for ninety or more hours)) each month of
11 the twelve month period;

12 (iii) All other members in an eligible position or as a substitute
13 teacher shall receive service credit as follows:

14 (A) A service credit month is earned in those calendar months where
15 earnable compensation is earned for ninety or more hours;

16 (B) A half-service credit month is earned in those calendar months
17 where earnable compensation is earned for at least seventy hours but
18 less than ninety hours; and

19 (C) A quarter-service credit month is earned in those calendar
20 months where earnable compensation is earned for less than seventy
21 hours.

22 Any person who is a member of the teachers' retirement system and
23 who is elected or appointed to a state elective position may continue
24 to be a member of the retirement system and continue to receive a
25 service credit month for ((the time spent)) each of the months in a
26 state elective position by making the required member contributions.

27 When an individual is employed by two or more employers the
28 individual shall only receive one month's service credit during any
29 calendar month in which multiple service for ninety or more hours is
30 rendered.

1 Notwithstanding RCW 41.32.240, teachers covered by RCW 41.32.755
2 through 41.32.825, who render service need not serve for ninety days to
3 obtain membership so long as the required contribution is submitted for
4 such ninety-day period. Where a member did not receive service credit
5 under RCW 41.32.775 through 41.32.825 due to the ninety-day period in
6 RCW 41.32.240 the member may receive service credit for that period so
7 long as the required contribution is submitted for the period. Anyone
8 entering membership on or after October 1, 1977, and prior to July 1,
9 1979, shall have until June 30, 1980, to make the required contribution
10 in one lump sum.

11 The department shall adopt rules implementing this subsection
12 (~~((27)(b))~~).

13 (28) "Service credit year" means an accumulation of months of
14 service credit which is equal to one when divided by twelve.

15 (29) "Service credit month" means a full service credit month or an
16 accumulation of partial service credit months that are equal to one.

17 (30) "Survivors' benefit fund" means the fund from which survivor
18 benefits are paid to dependents of deceased members. This subsection
19 shall apply only to persons establishing membership in the retirement
20 system on or before September 30, 1977.

21 (~~((29))~~) (31) "Teacher" means any person qualified to teach who is
22 engaged by a public school in an instructional, administrative, or
23 supervisory capacity. The term includes state, educational service
24 district, and school district superintendents and their assistants and
25 all employees certificated by the superintendent of public instruction;
26 and in addition thereto any full time school doctor who is employed by
27 a public school and renders service of an instructional or educational
28 nature.

29 (~~((30))~~) (32) "Average final compensation" for persons who
30 establish membership in the retirement system on or after October 1,

1 1977, means the member's average earnable compensation of the highest
2 consecutive sixty service credit months (~~(of service)~~) prior to such
3 member's retirement, termination, or death. Periods constituting
4 authorized leaves of absence may not be used in the calculation of
5 average final compensation.

6 ~~((+31+))~~ (33) "Retiree" means any member in receipt of a retirement
7 allowance or other benefit provided by this chapter resulting from
8 service rendered to an employer by such member.

9 ~~((+32+))~~ (34) "Department" means the department of retirement
10 systems created in chapter 41.50 RCW.

11 ~~((+33+))~~ (35) "Director" means the director of the department.

12 ~~((+34+))~~ (36) "State elective position" means any position held by
13 any person elected or appointed to state-wide office or elected or
14 appointed as a member of the legislature.

15 ~~((+35+))~~ (37) "State actuary" or "actuary" means the person
16 appointed pursuant to RCW 44.44.010(2).

17 ~~((+36+))~~ (38) "Retirement board" means the director of retirement
18 systems.

19 ~~((+37+))~~ (39) "Substitute teacher" means:

20 (a) A teacher who is hired by (~~(a school district)~~) an employer to
21 work as a temporary teacher, except for teachers who are annual
22 contract employees of (~~(a school district)~~) an employer and are
23 guaranteed a minimum number of hours; or

24 (b) ~~((Persons))~~ Teachers who either (i) work in ineligible
25 positions (~~(in))~~ for more than one (~~(school district))~~ employer or (ii)
26 work in an ineligible position or positions together with an eligible
27 position.

28 ~~((+38+))~~ (40) (a) "Eligible position" (~~(in))~~ for plan II members
29 from June 7, 1990 through the effective date of this section means a
30 position which normally requires two or more uninterrupted months of

1 creditable service during September through August of the following
2 year.

3 (b) "Eligible position" for plan II members on and after the
4 effective date of this section means a position that normally requires
5 five or more months of at least seventy hours of earnable compensation
6 during September through August of the following year.

7 (c) For purposes of this chapter an employer shall not define
8 "position" in such a manner that an employee's work for that employer
9 is divided into more than one position.

10 (d) The elected position of the superintendent of public
11 instruction is an eligible position.

12 **Sec. 4.** RCW 41.32.013 and 1990 c 274 s 5 are each amended to read
13 as follows:

14 Substitute teachers may apply to the department to receive service
15 credit or credit for earnable compensation or both after the end of the
16 last day of instruction of the school year during which the service was
17 performed.

18 (1) The application must:

19 (a) Include a list of the employers the substitute teacher has
20 worked for;

21 (b) Include proof of hours worked and compensation earned; and

22 (c) Be made prior to retirement.

23 (2) If the department accepts the substitute teacher's application
24 for service credit, the substitute teacher may obtain service credit by
25 paying the required contribution to the retirement system. The
26 employer must pay the required employer contribution upon notice from
27 the department that the substitute teacher has made contributions under
28 this section.

1 (3) The department shall charge interest prospectively on employee
2 contributions that are submitted under this section more than six
3 months after the end of the school year, as defined in RCW 28A.150.040,
4 for which the substitute teacher is seeking service credit. The
5 interest rate charged to the employee shall take into account interest
6 lost on employer contributions delayed for more than six months after
7 the end of the school year.

8 (4) Each (~~school district~~) employer shall quarterly notify each
9 substitute teacher it has employed during the school year of the number
10 of hours worked by, and the compensation paid to, the substitute
11 teacher.

12 (5) The department shall adopt rules implementing this section.

13 (6) If a substitute teacher as defined in RCW 41.32.010(39)(b)(ii)
14 applies to the department under this section for credit for earnable
15 compensation earned from an employer the substitute teacher must make
16 contributions for all periods of service for that employer.

17 **Sec. 5.** RCW 41.32.765 and 1977 ex.s. c 293 s 4 are each amended to
18 read as follows:

19 (1) NORMAL RETIREMENT. Any member with at least five service
20 credit years of service who has attained at least age sixty-five shall
21 be eligible to retire and to receive a retirement allowance computed
22 according to the provisions of RCW 41.32.760.

23 (2) EARLY RETIREMENT. Any member who has completed at least twenty
24 service credit years of service who has attained at least age
25 fifty-five shall be eligible to retire and to receive a retirement
26 allowance computed according to the provisions of RCW 41.32.760, except
27 that a member retiring pursuant to this subsection shall have the
28 retirement allowance actuarially reduced to reflect the difference in

1 the number of years between age at retirement and the attainment of age
2 sixty-five.

3 **Sec. 6.** RCW 41.40.010 and 1990 c 274 s 3 are each amended to read
4 as follows:

5 As used in this chapter, unless a different meaning is plainly
6 required by the context:

7 (1) "Retirement system" means the public employees' retirement
8 system provided for in this chapter.

9 (2) "Retirement board" means the board provided for in this chapter
10 and chapter 41.26 RCW.

11 (3) "State treasurer" means the treasurer of the state of
12 Washington.

13 (4) (a) "Employer" for persons who establish membership in the
14 retirement system on or before September 30, 1977, means every branch,
15 department, agency, commission, board, and office of the state, any
16 political subdivision or association of political subdivisions of the
17 state admitted into the retirement system, and legal entities
18 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW as now
19 or hereafter amended; and the term shall also include any labor guild,
20 association, or organization the membership of a local lodge or
21 division of which is comprised of at least forty percent employees of
22 an employer (other than such labor guild, association, or organization)
23 within this chapter. The term may also include any city of the first
24 class that has its own retirement system.

25 (b) "Employer" for persons who establish membership in the
26 retirement system on or after October 1, 1977, means every branch,
27 department, agency, commission, board, and office of the state, and any
28 political subdivision and municipal corporation of the state admitted

1 into the retirement system, including public agencies created pursuant
2 to RCW 35.63.070, 36.70.060, and 39.34.030.

3 (5) "Member" means any employee included in the membership of the
4 retirement system, as provided for in RCW 41.40.120.

5 (6) "Original member" of this retirement system means:

6 (a) Any person who became a member of the system prior to April 1,
7 1949;

8 (b) Any person who becomes a member through the admission of an
9 employer into the retirement system on and after April 1, 1949, and
10 prior to April 1, 1951;

11 (c) Any person who first becomes a member by securing employment
12 with an employer prior to April 1, 1951, provided the member has
13 rendered at least one or more years of service to any employer prior to
14 October 1, 1947;

15 (d) Any person who first becomes a member through the admission of
16 an employer into the retirement system on or after April 1, 1951,
17 provided, such person has been in the regular employ of the employer
18 for at least six months of the twelve-month period preceding the said
19 admission date;

20 (e) Any member who has restored all contributions that may have
21 been withdrawn as provided by RCW 41.40.150 and who on the effective
22 date of the individual's retirement becomes entitled to be credited
23 with ten years or more of membership service except that the provisions
24 relating to the minimum amount of retirement allowance for the member
25 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
26 apply to the member;

27 (f) Any member who has been a contributor under the system for two
28 or more years and who has restored all contributions that may have been
29 withdrawn as provided by RCW 41.40.150 and who on the effective date of
30 the individual's retirement has rendered five or more years of service

1 for the state or any political subdivision prior to the time of the
2 admission of the employer into the system; except that the provisions
3 relating to the minimum amount of retirement allowance for the member
4 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
5 apply to the member.

6 (7) "New member" means a person who becomes a member on or after
7 April 1, 1949, except as otherwise provided in this section.

8 (8) (a) "Compensation earnable" for persons who establish
9 membership in the retirement system on or before September 30, 1977,
10 means salaries or wages earned during a payroll period for personal
11 services and where the compensation is not all paid in money,
12 maintenance compensation shall be included upon the basis of the
13 schedules established by the member's employer: PROVIDED, That
14 retroactive payments to an individual by an employer on reinstatement
15 of the employee in a position, or payments by an employer to an
16 individual in lieu of reinstatement in a position which are awarded or
17 granted as the equivalent of the salary or wage which the individual
18 would have earned during a payroll period shall be considered
19 compensation earnable and the individual shall receive the equivalent
20 service credit: PROVIDED FURTHER, That if a leave of absence is taken
21 by an individual for the purpose of serving in the state legislature,
22 the salary which would have been received for the position from which
23 the leave of absence was taken, shall be considered as compensation
24 earnable if the employee's contribution is paid by the employee and the
25 employer's contribution is paid by the employer or employee.

26 (b) "Compensation earnable" for persons who establish membership in
27 the retirement system on or after October 1, 1977, means salaries or
28 wages earned by a member during a payroll period for personal services,
29 including overtime payments, and shall include wages and salaries
30 deferred under provisions established pursuant to sections 403(b),

1 414(h), and 457 of the United States Internal Revenue Code, but shall
2 exclude nonmoney maintenance compensation and lump sum payments for
3 deferred annual sick leave, unused accumulated vacation, unused
4 accumulated annual leave, or any form of severance pay: PROVIDED, That
5 retroactive payments to an individual by an employer on reinstatement
6 of the employee in a position, or payments by an employer to an
7 individual in lieu of reinstatement in a position which are awarded or
8 granted as the equivalent of the salary or wage which the individual
9 would have earned during a payroll period shall be considered
10 compensation earnable to the extent provided above, and the individual
11 shall receive the equivalent service credit: PROVIDED FURTHER, That in
12 any year in which a member serves in the legislature, the member shall
13 have the option of having such member's compensation earnable be the
14 greater of:

15 (i) The compensation earnable the member would have received had
16 such member not served in the legislature; or

17 (ii) Such member's actual compensation earnable received for
18 nonlegislative public employment and legislative service combined. Any
19 additional contributions to the retirement system required because
20 compensation earnable under subparagraph (i) of this subsection is
21 greater than compensation earnable under subparagraph (ii) of this
22 subsection shall be paid by the member for both member and employer
23 contributions.

24 (9)(a) "Service" for persons who establish membership in the
25 retirement system on or before September 30, 1977, except as provided
26 in RCW 41.40.450, means periods of employment in an eligible position
27 or positions for one or more employers rendered to any employer for
28 which compensation is paid, and includes time spent in office as an
29 elected or appointed official of an employer. Compensation earnable
30 earned in full time work for seventy hours or more in any given

1 calendar month shall constitute one (~~month of~~) service credit month
2 except as provided in RCW 41.40.450. Compensation earnable earned for
3 less than seventy hours in any calendar month shall constitute one-
4 quarter service credit month of service except as provided in RCW
5 41.40.450. Only service credit months (~~of service~~) and one-quarter
6 service credit months shall be counted in the computation of any
7 retirement allowance or other benefit provided for in this chapter.
8 (~~Years of service shall be determined by dividing the total number of~~
9 ~~months of service by twelve.~~) Any fraction of a year of service (~~as~~
10 ~~so determined~~) shall be taken into account in the computation of such
11 retirement allowance or benefits.

12 Service by a state employee officially assigned by the state on a
13 temporary basis to assist another public agency, shall be considered as
14 service as a state employee: PROVIDED, That service to any other
15 public agency shall not be considered service as a state employee if
16 such service has been used to establish benefits in any other public
17 retirement system: PROVIDED FURTHER, That an individual shall receive
18 no more than a total of twelve service credit months of service
19 (~~credit~~) during any calendar year: PROVIDED FURTHER, That where an
20 individual is employed in an eligible position by (~~two or more~~) one
21 or more employers the individual shall (~~only~~) receive no more than
22 one (~~months~~) service credit month during any calendar month in which
23 multiple service for seventy or more hours is rendered.

24 (b) "Service" for persons who establish membership in the
25 retirement system on or after October 1, 1977, means periods of
26 employment by a member in an eligible position or positions for one or
27 more employers for which compensation earnable is paid. Compensation
28 earnable earned for ninety or more hours (~~per~~) in any calendar month
29 shall constitute one service credit month except as provided in RCW
30 41.40.450. Compensation earnable earned for at least seventy hours but

1 less than ninety hours in any calendar month shall constitute one-half
2 service credit month of service. Compensation earnable earned for less
3 than seventy hours in any calendar month shall constitute one-quarter
4 service credit month of service.

5 ~~((Years of service shall be determined by dividing the total number~~
6 ~~of months of service by twelve.))~~ Any fraction of a year of service
7 ~~((as so determined))~~ shall be taken into account in the computation of
8 such retirement allowance or benefits.

9 Service in any state elective position shall be deemed to be full
10 time service, except that persons serving in state elective positions
11 who are members of the teachers' retirement system or law enforcement
12 officers' and fire fighters' retirement system at the time of election
13 or appointment to such position may elect to continue membership in the
14 teachers' retirement system or law enforcement officers' and fire
15 fighters' retirement system.

16 A member shall receive a total of not more than twelve service
17 credit months of service for such calendar year: PROVIDED, That when
18 an individual is employed in an eligible position by ~~((two))~~ one or
19 more employers the individual shall ~~((only))~~ receive no more than one
20 ~~((month's))~~ service credit month during any calendar month in which
21 multiple service for ninety or more hours is rendered.

22 (10) "Service credit year" means an accumulation of months of
23 service credit which is equal to one when divided by twelve.

24 (11) "Service credit month" means a month or an accumulation of
25 months of service credit which is equal to one.

26 (12) "Prior service" means all service of an original member
27 rendered to any employer prior to October 1, 1947.

28 ~~((11))~~ (13) "Membership service" means:

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

1 (b) All service after October 1, 1947, to any employer prior to the
2 time of its admission into the retirement system: PROVIDED, That an
3 amount equal to the employer and employee contributions which would
4 have been paid to the retirement system on account of such service
5 shall have been paid to the retirement system with interest (as
6 computed by the department) on the employee's portion prior to
7 retirement of such person, by the employee or his employer, except as
8 qualified by RCW 41.40.120: PROVIDED FURTHER, That employer
9 contributions plus employee contributions with interest submitted by
10 the employee under this subsection shall be placed in the employee's
11 individual account in the employees' savings fund and be treated as any
12 other contribution made by the employee, with the exception that the
13 contributions submitted by the employee in payment of the employer's
14 obligation, together with the interest the director may apply to the
15 employer's contribution, shall be excluded from the calculation of the
16 member's annuity in the event the member selects a benefit with an
17 annuity option;

18 (c) Service not to exceed six consecutive months of probationary
19 service rendered after April 1, 1949, and prior to becoming a member,
20 in the case of any member, upon payment in full by such member of the
21 total amount of the employer's contribution to the retirement fund
22 which would have been required under the law in effect when such
23 probationary service was rendered if the member had been a member
24 during such period, except that the amount of the employer's
25 contribution shall be calculated by the director based on the first
26 month's compensation earnable as a member;

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

1 period of probationary service, except that the amount of the
2 employer's contribution shall be calculated by the director based on
3 the first month's compensation earnable as a member.

4 ~~((12))~~ (14) (a) "Beneficiary" for persons who establish
5 membership in the retirement system on or before September 30, 1977,
6 means any person in receipt of a retirement allowance, pension or other
7 benefit provided by this chapter.

8 (b) "Beneficiary" for persons who establish membership in the
9 retirement system on or after October 1, 1977, means any person in
10 receipt of a retirement allowance or other benefit provided by this
11 chapter resulting from service rendered to an employer by another
12 person.

13 ~~((13))~~ (15) "Regular interest" means such rate as the director
14 may determine.

15 ~~((14))~~ (16) "Accumulated contributions" means the sum of all
16 contributions standing to the credit of a member in the member's
17 individual account together with the regular interest thereon.

18 ~~((15))~~ (17) (a) "Average final compensation" for persons who
19 establish membership in the retirement system on or before September
20 30, 1977, means the annual average of the greatest compensation
21 earnable by a member during any consecutive two year period of service
22 credit months for which service credit is allowed; or if the member has
23 less than two years of service credit months then the annual average
24 compensation earnable during the total years of service for which
25 service credit is allowed.

26 (b) "Average final compensation" for persons who establish
27 membership in the retirement system on or after October 1, 1977, means
28 the member's average compensation earnable of the highest consecutive
29 sixty months of service credit months prior to such member's
30 retirement, termination, or death. Periods constituting authorized

1 leaves of absence may not be used in the calculation of average final
2 compensation.

3 ~~((16))~~ (18) "Final compensation" means the annual rate of
4 compensation earnable by a member at the time of termination of
5 employment.

6 ~~((17))~~ (19) "Annuity" means payments for life derived from
7 accumulated contributions of a member. All annuities shall be paid in
8 monthly installments.

9 ~~((18))~~ (20) "Pension" means payments for life derived from
10 contributions made by the employer. All pensions shall be paid in
11 monthly installments.

12 ~~((19))~~ (21) "Retirement allowance" means the sum of the annuity
13 and the pension.

14 ~~((20))~~ (22) "Employee" means any person who may become eligible
15 for membership under this chapter, as set forth in RCW 41.40.120.

16 ~~((21))~~ (23) "Actuarial equivalent" means a benefit of equal value
17 when computed upon the basis of such mortality and other tables as may
18 be adopted by the director.

19 ~~((22))~~ (24) "Retirement" means withdrawal from active service
20 with a retirement allowance as provided by this chapter.

21 ~~((23))~~ (25) "Eligible position" means:

22 (a) Any position which normally requires five or more months of
23 service a year for which regular compensation for at least seventy
24 hours is ~~((paid to))~~ earned by the occupant thereof. For purposes of
25 this chapter an employer shall not define "position" in such a manner
26 that an employee's work for that employer is divided into more than one
27 position;

28 (b) Any position occupied by an elected official or person
29 appointed directly by the governor for which compensation is paid.

1 (~~(24)~~) (26) "Ineligible position" means any position which does
2 not conform with the requirements set forth in (~~(subdivision (23))~~)
3 subsection (25) of this section.

4 (~~(25)~~) (27) "Leave of absence" means the period of time a member
5 is authorized by the employer to be absent from service without being
6 separated from membership.

7 (~~(26)~~) (28) "Totally incapacitated for duty" means total
8 inability to perform the duties of a member's employment or office or
9 any other work for which the member is qualified by training or
10 experience.

11 (~~(27)~~) (29) "Retiree" means any member in receipt of a retirement
12 allowance or other benefit provided by this chapter resulting from
13 service rendered to an employer by such member.

14 (~~(28)~~) (30) "Department" means the department of retirement
15 systems created in chapter 41.50 RCW.

16 (~~(29)~~) (31) "Director" means the director of the department.

17 (~~(30)~~) (32) "State elective position" means any position held by
18 any person elected or appointed to state-wide office or elected or
19 appointed as a member of the legislature.

20 (~~(31)~~) (33) "State actuary" or "actuary" means the person
21 appointed pursuant to RCW 44.44.010(2).

22 **Sec. 7.** RCW 41.40.185 and 1990 c 249 s 7 are each amended to read
23 as follows:

24 Upon retirement from service, as provided for in RCW 41.40.180 or
25 41.40.210, a member shall be eligible for a service retirement
26 allowance computed on the basis of the law in effect at the time of
27 retirement, together with such post-retirement pension increases as may
28 from time to time be expressly authorized by the legislature. The

1 service retirement allowance payable to members retiring on and after
2 February 25, 1972 shall consist of:

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

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

9 (3) A prior service pension which shall be equal to one-seventieth
10 of his or her average final compensation for each year or fraction of
11 a year of prior service not to exceed thirty years credited to his or
12 her service accounts. In no event, except as provided in this 1972
13 amendatory act, shall any member receive a retirement allowance
14 pursuant to subsections (2) and (3) of this section of more than sixty
15 percent of his or her average final compensation: PROVIDED, That no
16 member shall receive a pension under this section of less than nine
17 hundred dollars per annum if such member has twelve or more years of
18 service credit, or less than one thousand and two hundred dollars per
19 annum if such member has sixteen or more years of service credit, or
20 less than one thousand five hundred and sixty dollars per annum if such
21 member has twenty or more years of service credit.

22 (4) Notwithstanding the provisions of subsections (1) through (3)
23 of this section, the retirement allowance payable for service where a
24 member was elected or appointed pursuant to Articles II or III of the
25 Constitution of the state of Washington or RCW 48.02.010 and the
26 implementing statutes shall be a combined pension and annuity. Said
27 retirement allowance shall be equal to three percent of the average
28 final compensation for each year of such service. Any member covered
29 by this subsection who upon retirement has served ten or more years
30 shall receive a retirement allowance of at least one thousand two

1 hundred dollars per annum; such member who has served fifteen or more
2 years shall receive a retirement allowance of at least one thousand
3 eight hundred dollars per annum; and such member who has served twenty
4 or more years shall receive a retirement allowance of at least two
5 thousand four hundred dollars per annum: PROVIDED, That the initial
6 retirement allowance of a member retiring only under the provisions of
7 this subsection shall not exceed the average final compensation upon
8 which the retirement allowance is based. The minimum benefits provided
9 in this subsection shall apply to all retired members or to the
10 surviving spouse of deceased members who were elected to the office of
11 state senator or state representative.

12 **Sec. 8.** RCW 41.40.235 and 1986 c 176 s 4 are each amended to read
13 as follows:

14 (1) Upon retirement, a member shall receive a nonduty disability
15 retirement allowance equal to two percent of average final compensation
16 for each service credit year of service: PROVIDED, That such allowance
17 shall be reduced by two percent of itself for each year or fraction
18 thereof that his or her age is less than fifty-five years: PROVIDED
19 FURTHER, That in no case may the allowance provided by this section
20 exceed sixty percent of average final compensation.

21 (2) If the recipient of a retirement allowance under this section
22 dies before the total of the retirement allowance paid to the recipient
23 equals the amount of the accumulated contributions at the date of
24 retirement, then the balance shall be paid to such person or persons
25 having an insurable interest in his or her life as the recipient has
26 nominated by written designation duly executed and filed with the
27 director or, if there is no such designated person or persons still
28 living at the time of the recipient's death, then to the surviving
29 spouse or, if there is neither such designated person or persons still

1 living at the time of his or her death nor a surviving spouse, then to
2 his or her legal representative.

3 **Sec. 9.** RCW 41.40.450 and 1990 c 274 s 4 are each amended to read
4 as follows:

5 (1) A plan I member who is employed by a school district or
6 districts, an educational (~~(school-[service])~~) service district, the
7 state school for the deaf, the state school for the blind, institutions
8 of higher education, or community colleges:

9 (a) Shall receive a service credit month for each month of the
10 period from September through August of the following year if he or she
11 is employed in an eligible position, earns compensation earnable for
12 six hundred thirty hours or more during that period, and is employed
13 during nine months of that period, except that a member may not receive
14 credit for any period prior to the member's employment in an eligible
15 position;

16 (b) If a member in an eligible position does not meet the
17 requirements of (a) of this subsection, the member is entitled to a
18 service credit (~~(only)~~) month for (~~(those calendar months during which~~
19 ~~he or she received)~~) each month of the period he or she earns earnable
20 compensation for seventy or more hours; and the member is entitled to
21 a one-quarter service credit month for those calendar months during
22 which he or she earned compensation for less than seventy hours.

23 (2) Except for any period prior to the member's employment in an
24 eligible position, a plan II member who is employed by a school
25 district or districts, an educational (~~(school-[service])~~) service
26 district, the state school for the blind, the state school for the
27 deaf, institutions of higher education, or community colleges:

28 (a) Shall receive a service credit month for each month of the
29 period from September through August of the following year if he or she

1 is employed in an eligible position, earns compensation earnable for
2 eight hundred ten hours or more during that period, and is employed
3 during nine months of that period(~~(, except that a member may not~~
4 ~~receive credit for any period prior to the member's employment in an~~
5 ~~eligible position))~~);

6 (b) If a member in an eligible position for each month of the
7 period from September through August of the following year does not
8 meet the hours requirements of (a) of this subsection, the member is
9 entitled to one-half service credit (~~(only)~~) month for (~~(those calendar~~
10 ~~months during which he or she received)~~) each month of the period if he
11 or she earns earnable compensation for (~~(ninety or more hours)~~) at
12 least six hundred thirty hours but less than eight hundred ten hours
13 during that period, and is employed nine months of that period.

14 (c) In all other instances, a member in an eligible position is
15 entitled to service credit months as follows:

16 (i) One service credit month for each month in which compensation
17 is earned for ninety or more hours;

18 (ii) One-half service credit month for each month in which
19 compensation is earned for at least seventy hours but less than ninety
20 hours; and

21 (iii) One-quarter service credit month for each month in which
22 compensation is earned for less than seventy hours.

23 (3) The department shall adopt rules implementing this section.

24 **Sec. 10.** RCW 41.40.620 and 1977 ex.s. c 295 s 3 are each amended
25 to read as follows:

26 A member of the retirement system shall receive a retirement
27 allowance equal to two percent of such member's average final
28 compensation for each service credit year of service.

1 **Sec. 11.** RCW 41.40.630 and 1977 ex.s. c 295 s 4 are each amended
2 to read as follows:

3 (1) NORMAL RETIREMENT. Any member with at least five service
4 credit years (~~(of service)~~) who has attained at least age sixty-five
5 shall be eligible to retire and to receive a retirement allowance
6 computed according to the provisions of RCW 41.40.620.

7 (2) EARLY RETIREMENT. Any member who has completed at least twenty
8 service credit years (~~(of service)~~) and has attained age fifty-five
9 shall be eligible to retire and to receive a retirement allowance
10 computed according to the provisions of RCW 41.40.620, except that a
11 member retiring pursuant to this subsection shall have the retirement
12 allowance actuarially reduced to reflect the difference in the number
13 of years between age at retirement and the attainment of age sixty-
14 five.

15 NEW SECTION. **Sec. 12.** The department of retirement systems
16 shall credit at least one-half service credit month for each month of
17 each school year, as defined by RCW 28A.150.040, from October 1, 1977,
18 through December 31, 1986, to a member of the teachers' retirement
19 system plan II who was employed by an employer, as defined by RCW
20 41.32.010(12), under a contract for half-time employment as determined
21 by the department for such school year.

22 NEW SECTION. **Sec. 13.** (1) By December 31, 1992, the
23 department of retirement systems shall implement and complete the
24 following process for those members of the law enforcement officers'
25 and fire fighters' retirement system plan II, public employees'
26 retirement system plans I and II, and teachers' retirement system plan
27 II who erroneously had contributions either deducted or picked-up from
28 their earnings on and after January 1, 1987:

1 (a) Create a list of transactions by employer for those members
2 whose employer either deducted or picked-up employee contributions
3 during a month where an employee did not work sufficient hours to earn
4 service credit;

5 (b) Provide the affected employers with direction and guidance for
6 the review of the transmitted lists from this subsection and the
7 employers' preparation of any necessary correcting transactions to the
8 department's records;

9 (c) Receive all correcting transactions submitted by the employer.

10 (2) All debits and credits to all member accounts affected by this
11 remedial process shall be reconciled by the department.

12 (3) All moneys payable to an affected member, or any moneys to be
13 further deducted or picked-up from such member's earnings, shall be
14 determined and accomplished solely by the employer.

15 (4) After December 31, 1992, no credit of employer contributions
16 shall be made.

17 (5) Return of contributions to an employee by the department is
18 limited solely to when such member retires or otherwise terminates his
19 or her membership and chooses to withdraw them with any accumulated
20 interest.

21 (6) Employer contributions forfeited under this section shall be
22 transferred to the department of retirement systems expense account.

23 NEW SECTION. **Sec. 14.** (1) There is hereby appropriated for
24 the biennium ending June 30, 1993, from the department of retirement
25 systems expense fund to the department of retirement systems the sum of
26 five thousand dollars or as much thereof as may be necessary to be used
27 exclusively for the provision of brochures explaining the partial
28 service benefit provided by this act.

1 (2) There is hereby appropriated for the biennium ending June 30,
2 1993, from the department of retirement systems expense fund to the
3 department of retirement systems the sum of two hundred fifty thousand
4 dollars or as much thereof as may be necessary to be used exclusively
5 for the purpose of administering the implementation of sections 3
6 through 11 of this act.

7 **Sec. 15.** RCW 41.26.030 and 1987 c 418 s 1 are each amended to read
8 as follows:

9 As used in this chapter, unless a different meaning is plainly
10 required by the context:

11 (1) "Retirement system" means the "Washington law enforcement
12 officers' and fire fighters' retirement system" provided herein.

13 (2) (a) "Employer" for persons who establish membership in the
14 retirement system on or before September 30, 1977, means the
15 legislative authority of any city, town, county or district or the
16 elected officials of any municipal corporation that employs any law
17 enforcement officer and/or fire fighter, any authorized association of
18 such municipalities, and, except for the purposes of RCW 41.26.150, any
19 labor guild, association, or organization, which represents the fire
20 fighters or law enforcement officers of at least seven cities of over
21 20,000 population and the membership of each local lodge or division of
22 which is composed of at least sixty percent law enforcement officers or
23 fire fighters as defined in this chapter.

24 (b) "Employer" for persons who establish membership in the
25 retirement system on or after October 1, 1977, means the legislative
26 authority of any city, town, county, or district or the elected
27 officials of any municipal corporation that employs any law enforcement
28 officer and/or fire fighter.

1 (3) "Law enforcement officer" means any person who is serving on a
2 full time, fully compensated basis as a county sheriff or deputy
3 sheriff, including sheriffs or deputy sheriffs serving under a
4 different title pursuant to a county charter, city police officer, or
5 town marshal or deputy marshal, with the following qualifications:

6 (a) No person who is serving in a position that is basically
7 clerical or secretarial in nature, and who is not commissioned shall be
8 considered a law enforcement officer;

9 (b) Only those deputy sheriffs, including those serving under a
10 different title pursuant to county charter, who have successfully
11 completed a civil service examination for deputy sheriff or the
12 equivalent position, where a different title is used, and those persons
13 serving in unclassified positions authorized by RCW 41.14.070 except a
14 private secretary will be considered law enforcement officers;

15 (c) Only such full time commissioned law enforcement personnel as
16 have been appointed to offices, positions, or ranks in the police
17 department which have been specifically created or otherwise expressly
18 provided for and designated by city charter provision or by ordinance
19 enacted by the legislative body of the city shall be considered city
20 police officers;

21 (d) The term "law enforcement officer" also includes the executive
22 secretary of a labor guild, association or organization (which is an
23 employer under RCW 41.26.030(2) as now or hereafter amended) if such
24 individual has five years previous membership in the retirement system
25 established in chapter 41.20 RCW: PROVIDED, That for persons who
26 establish membership in the retirement system on or after October 1,
27 1977, the provisions of this subparagraph shall not apply; and

28 (e) The term "law enforcement officer" also includes any person
29 employed on or after November 1, 1975, and prior to December 1, 1975,
30 as a director of public safety so long as the duties of the director

1 substantially involve only police and/or fire duties and no other
2 duties.

3 (4) "Fire fighter" means:

4 (a) any person who is serving on a full time, fully compensated
5 basis as a member of a fire department of an employer and who is
6 serving in a position which requires passing a civil service
7 examination for fire fighter, or fireman if this title is used by the
8 department, and who is actively employed as such;

9 (b) anyone who is actively employed as a full time fire fighter
10 where the fire department does not have a civil service examination;

11 (c) supervisory fire fighter personnel;

12 (d) any full time executive secretary of an association of fire
13 protection districts authorized under RCW 52.12.031: PROVIDED, That
14 for persons who establish membership in the retirement system on or
15 after October 1, 1977, the provisions of this subparagraph shall not
16 apply;

17 (e) the executive secretary of a labor guild, association or
18 organization (which is an employer under RCW 41.26.030(2) as now or
19 hereafter amended), if such individual has five years previous
20 membership in a retirement system established in chapter 41.16 or 41.18
21 RCW: PROVIDED, That for persons who establish membership in the
22 retirement system on or after October 1, 1977, the provisions of this
23 subparagraph shall not apply;

24 (f) any person who is serving on a full time, fully compensated
25 basis for an employer, as a fire dispatcher, in a department in which,
26 on March 1, 1970, a dispatcher was required to have passed a civil
27 service examination for fireman or fire fighter;

28 (g) any person who on March 1, 1970, was employed on a full time,
29 fully compensated basis by an employer, and who on May 21, 1971, was

1 making retirement contributions under the provisions of chapter 41.16
2 or 41.18 RCW; and

3 (h) the term "fire fighter" also includes any person employed on or
4 after November (~~(1, 1975)~~) 1, 1975, and prior to December 1, 1975, as a
5 director of public safety so long as the duties of the director
6 substantially involve only police and/or fire duties and no other
7 duties.

8 (5) "Retirement board" means the Washington public employees'
9 retirement system board established in chapter 41.40 RCW, including two
10 members of the retirement system and two employer representatives as
11 provided for in RCW 41.26.050. The retirement board shall be called
12 the Washington law enforcement officers' and fire fighters' retirement
13 board and may enter in legal relationships in that name. Any legal
14 relationships entered into in that name prior to the adoption of this
15 1972 amendatory act are hereby ratified.

16 (6) "Surviving spouse" means the surviving widow or widower of a
17 member. The word shall not include the divorced spouse of a member.

18 (7) "Child" or "children" whenever used in this chapter means every
19 natural born child and stepchild where that relationship was in
20 existence prior to the date benefits are payable under this chapter,
21 posthumous child, child legally adopted or made a legal ward of a
22 member prior to the date benefits are payable under this chapter, and
23 illegitimate child legitimized prior to the date any benefits are
24 payable under this chapter, all while unmarried, and either under the
25 age of eighteen years or mentally or physically handicapped as
26 determined by the retirement board except a handicapped person in the
27 full time care of a state institution. A person shall also be deemed
28 to be a child up to and including the age of twenty years and eleven
29 months while attending any high school, college, or vocational or other
30 educational institution accredited, licensed, or approved by the state,

1 in which it is located, including the summer vacation months and all
2 other normal and regular vacation periods at the particular educational
3 institution after which the child returns to school.

4 (8) "Member" means any fire fighter, law enforcement officer, or
5 other person as would apply under subsections (3) or (4) of this
6 section whose membership is transferred to the Washington law
7 enforcement officers' and fire fighters' retirement system on or after
8 March 1, 1970, and every law enforcement officer and fire fighter who
9 is employed in that capacity on or after such date.

10 (9) "Retirement fund" means the "Washington law enforcement
11 officers' and fire fighters' retirement system fund" as provided for
12 herein.

13 (10) "Employee" means any law enforcement officer or fire fighter
14 as defined in subsections (3) and (4) (~~above~~) of this section.

15 (11) (a) "Beneficiary" for persons who establish membership in the
16 retirement system on or before September 30, 1977, means any person in
17 receipt of a retirement allowance, disability allowance, death benefit,
18 or any other benefit described herein.

19 (b) "Beneficiary" for persons who establish membership in the
20 retirement system on or after October 1, 1977, means any person in
21 receipt of a retirement allowance or other benefit provided by this
22 chapter resulting from service rendered to an employer by another
23 person.

24 (12) (a) "Final average salary" for persons who establish
25 membership in the retirement system on or before September 30, 1977,
26 means (i) for a member holding the same position or rank for a minimum
27 of twelve months preceding the date of retirement, the basic salary
28 attached to such same position or rank at time of retirement; (ii) for
29 any other member, including a civil service member who has not served
30 a minimum of twelve months in the same position or rank preceding the

1 date of retirement, the average of the greatest basic salaries payable
2 to such member during any consecutive twenty-four month period within
3 such member's last ten years of service for which service credit is
4 allowed, computed by dividing the total basic salaries payable to such
5 member during the selected twenty-four month period by twenty-four;
6 (iii) in the case of disability of any member, the basic salary payable
7 to such member at the time of disability retirement; (iv) in the case
8 of a member who hereafter vests pursuant to RCW 41.26.090, the basic
9 salary payable to such member at the time of vesting.

10 (b) "Final average salary" for persons who establish membership in
11 the retirement system on or after October 1, 1977, means the monthly
12 average of the member's basic salary for the highest consecutive sixty
13 service credit months of service prior to such member's retirement,
14 termination, or death. Periods constituting authorized unpaid leaves
15 of absence may not be used in the calculation of final average salary.

16 (13) (a) "Basic salary" for persons who establish membership in the
17 retirement system on or before September 30, 1977, means the basic
18 monthly rate of salary or wages, including longevity pay but not
19 including overtime earnings or special salary or wages, upon which
20 pension or retirement benefits will be computed and upon which employer
21 contributions and salary deductions will be based.

22 (b) "Basic salary" for persons who establish membership in the
23 retirement system on or after October 1, 1977, means salaries or wages
24 earned by a member during a payroll period for personal services,
25 including overtime payments, and shall include wages and salaries
26 deferred under provisions established pursuant to sections 403(b),
27 414(h), and 457 of the United States Internal Revenue Code, but shall
28 exclude lump sum payments for deferred annual sick leave, unused
29 accumulated vacation, unused accumulated annual leave, or any form of
30 severance pay: PROVIDED, That in any year in which a member serves in

1 the legislature the member shall have the option of having such
2 member's basic salary be the greater of:

3 (i) the basic salary the member would have received had such member
4 not served in the legislature; or

5 (ii) such member's actual basic salary received for nonlegislative
6 public employment and legislative service combined. Any additional
7 contributions to the retirement system required because basic salary
8 under subparagraph (i) of this subsection is greater than basic salary
9 under subparagraph (ii) of this subsection shall be paid by the member
10 for both member and employer contributions.

11 (14) (a) "Service" for persons who establish membership in the
12 retirement system on or before September 30, 1977, means all periods of
13 employment for an employer as a fire fighter or law enforcement
14 officer, for which compensation is paid, together with periods of
15 suspension not exceeding thirty days in duration. For the purposes of
16 this chapter service shall also include service in the armed forces of
17 the United States as provided in RCW 41.26.190. Credit shall be
18 allowed for all service credit months of service rendered by a member
19 from and after the member's initial commencement of employment as a
20 fire fighter or law enforcement officer, during which the member worked
21 for seventy or more hours, or was on disability leave or disability
22 retirement. Only service credit months of service shall be counted in
23 the computation of any retirement allowance or other benefit provided
24 for in this chapter. In addition to the foregoing, for members
25 retiring after May 21, 1971 who were employed under the coverage of a
26 prior pension act before March 1, 1970, "service" shall include (i)
27 such military service not exceeding five years as was creditable to the
28 member as of March 1, 1970, under the member's particular prior pension
29 act, and (ii) such other periods of service as were then creditable to
30 a particular member under the provisions of RCW 41.18.165, 41.20.160 or

1 41.20.170. However, in no event shall credit be allowed for any service
2 rendered prior to March 1, 1970, where the member at the time of
3 rendition of such service was employed in a position covered by a prior
4 pension act, unless such service, at the time credit is claimed
5 therefor, is also creditable under the provisions of such prior act:
6 PROVIDED, That if such member's prior service is not creditable due to
7 the withdrawal of his contributions plus accrued interest thereon from
8 a prior pension system, such member shall be credited with such prior
9 service, as a law enforcement officer or fire fighter, by paying to the
10 Washington law enforcement officers' and fire fighters' retirement
11 system, on or before March 1, 1975, an amount which is equal to that
12 which was withdrawn from the prior system by such member, as a law
13 enforcement officer or fire fighter: PROVIDED FURTHER, That if such
14 member's prior service is not creditable because, although employed in
15 a position covered by a prior pension act, such member had not yet
16 become a member of the pension system governed by such act, such member
17 shall be credited with such prior service as a law enforcement officer
18 or fire fighter, by paying to the Washington law enforcement officers'
19 and fire fighters' retirement system, on or before March 1, 1975, an
20 amount which is equal to the employer's contributions which would have
21 been required under the prior act when such service was rendered if the
22 member had been a member of such system during such period: AND
23 PROVIDED FURTHER, That where a member is employed by two employers at
24 the same time, ((he)) the member shall only be credited with service to
25 one such employer for any month during which ((he)) the member rendered
26 such dual service.

27 (b) "Service" for persons who establish membership in the
28 retirement system on or after October 1, 1977, means periods of
29 employment by a member for one or more employers for which basic salary
30 is earned for ninety or more hours per calendar month which shall

1 constitute a service credit month. Periods of employment by a member
2 for one or more employers for which basic salary is earned for at least
3 seventy hours but less than ninety hours per calendar month shall
4 constitute one-half service credit month. Periods of employment by a
5 member for one or more employers for which basic salary is earned for
6 less than seventy hours shall constitute a one-quarter service credit
7 month.

8 Members of the retirement system who are elected or appointed to a
9 state elective position may elect to continue to be members of this
10 retirement system.

11 Service credit years of service shall be determined by dividing the
12 total number of service credit months of service by twelve. Any
13 fraction of a service credit year of service as so determined shall be
14 taken into account in the computation of such retirement allowance or
15 benefits.

16 If a member receives basic salary from two or more employers during
17 any calendar month, the individual shall receive one service credit
18 month's service credit during any calendar month in which multiple
19 service for ninety or more hours is rendered; or one-half service
20 credit month's service credit during any calendar month in which
21 multiple service for at least seventy hours but less than ninety hours
22 is rendered; or one-quarter service credit month during any calendar
23 month in which multiple service for less than seventy hours is
24 rendered.

25 (15) "Accumulated contributions" means the employee's contributions
26 made by a member plus accrued interest credited thereon.

27 (16) "Actuarial reserve" means a method of financing a pension or
28 retirement plan wherein reserves are accumulated as the liabilities for
29 benefit payments are incurred in order that sufficient funds will be

1 available on the date of retirement of each member to pay the member's
2 future benefits during the period of retirement.

3 (17) "Actuarial valuation" means a mathematical determination of
4 the financial condition of a retirement plan. It includes the
5 computation of the present monetary value of benefits payable to
6 present members, and the present monetary value of future employer and
7 employee contributions, giving effect to mortality among active and
8 retired members and also to the rates of disability, retirement,
9 withdrawal from service, salary and interest earned on investments.

10 (18) "Disability board" means either the county disability board or
11 the city disability board established in RCW 41.26.110 for persons who
12 establish membership in the retirement system on or before September
13 30, 1977.

14 (19) "Disability leave" means the period of six months or any
15 portion thereof during which a member is on leave at an allowance equal
16 to the member's full salary prior to the commencement of disability
17 retirement. The definition contained in this subsection shall apply
18 only to persons who establish membership in the retirement system on or
19 before September 30, 1977.

20 (20) "Disability retirement" for persons who establish membership
21 in the retirement system on or before September 30, 1977, means the
22 period following termination of a member's disability leave, during
23 which the member is in receipt of a disability retirement allowance.

24 (21) "Position" means the employment held at any particular time,
25 which may or may not be the same as civil service rank.

26 (22) "Medical services" for persons who establish membership in the
27 retirement system on or before September 30, 1977, shall include the
28 following as minimum services to be provided. Reasonable charges for
29 these services shall be paid in accordance with RCW 41.26.150.

1 (a) Hospital expenses: These are the charges made by a hospital, in
2 its own behalf, for

3 (i) Board and room not to exceed semiprivate room rate unless
4 private room is required by the attending physician due to the
5 condition of the patient.

6 (ii) Necessary hospital services, other than board and room,
7 furnished by the hospital.

8 (b) Other medical expenses: The following charges are considered
9 "other medical expenses", provided that they have not been considered
10 as "hospital expenses".

11 (i) The fees of the following:

12 (A) A physician or surgeon licensed under the provisions of chapter
13 18.71 RCW;

14 (B) An osteopath licensed under the provisions of chapter 18.57
15 RCW;

16 (C) A chiropractor licensed under the provisions of chapter 18.25
17 RCW.

18 (ii) The charges of a registered graduate nurse other than a nurse
19 who ordinarily resides in the member's home, or is a member of the
20 family of either the member or the member's spouse.

21 (iii) The charges for the following medical services and supplies:

22 (A) Drugs and medicines upon a physician's prescription;

23 (B) Diagnostic x-ray and laboratory examinations;

24 (C) X-ray, radium, and radioactive isotopes therapy;

25 (D) Anesthesia and oxygen;

26 (E) Rental of iron lung and other durable medical and surgical
27 equipment;

28 (F) Artificial limbs and eyes, and casts, splints, and trusses;

1 (G) Professional ambulance service when used to transport the
2 member to or from a hospital when he or she is injured by an accident
3 or stricken by a disease;

4 (H) Dental charges incurred by a member who sustains an accidental
5 injury to his or her teeth and who commences treatment by a legally
6 licensed dentist within ninety days after the accident;

7 (I) Nursing home confinement or hospital extended care facility;

8 (J) Physical therapy by a registered physical therapist;

9 (K) Blood transfusions, including the cost of blood and blood
10 plasma not replaced by voluntary donors;

11 (L) An optometrist licensed under the provisions of chapter 18.53
12 RCW.

13 (23) "Regular interest" means such rate as the director may
14 determine.

15 (24) "Retiree" for persons who establish membership in the
16 retirement system on or after October 1, 1977, means any member in
17 receipt of a retirement allowance or other benefit provided by this
18 chapter resulting from service rendered to an employer by such member.

19 (25) "Department" means the department of retirement systems
20 created in chapter 41.50 RCW.

21 (26) "Director" means the director of the department.

22 (27) "State actuary" or "actuary" means the person appointed
23 pursuant to RCW 44.44.010(2).

24 (28) "State elective position" means any position held by any
25 person elected or appointed to state-wide office or elected or
26 appointed as a member of the legislature.

27 (29) "Service credit year" means an accumulation of months of
28 service credit which is equal to one when divided by twelve.

29 (30) "Service credit month" means a full service credit month or an
30 accumulation of partial service credit months that are equal to one.

1 **Sec. 16.** RCW 41.26.090 and 1977 ex.s. c 294 s 22 are each amended
2 to read as follows:

3 Retirement of a member for service shall be made by the board as
4 follows:

5 (1) Any member having five or more service credit years of service
6 and having attained the age of fifty years shall be eligible for a
7 service retirement allowance and shall be retired upon his or her
8 written request effective the first day following the date upon which
9 the member is separated from service.

10 (2) Any member having five or more service credit years of service,
11 who terminates his or her employment with any employer, may leave his
12 or her contributions in the fund. Any employee who so elects, upon
13 attaining age fifty, shall be eligible to apply for and receive a
14 service retirement allowance based on his or her years of service,
15 commencing on the first day following ((his)) attainment of age fifty.
16 This section shall also apply to a person who rendered service as a law
17 enforcement officer or fire fighter, as those terms are defined in RCW
18 41.26.030, on or after July 1, 1969, but who was not employed as a law
19 enforcement officer or fire fighter on March 1, 1970, by reason of his
20 or her having been elected to a public office. Any member selecting
21 this optional vesting with less than twenty service credit years of
22 service shall not be covered by the provisions of RCW 41.26.150, and
23 his or her survivors shall not be entitled to the benefits of RCW
24 41.26.160 unless his or her death occurs after he or she has attained
25 the age of fifty years. Those members selecting this optional vesting
26 with twenty or more years service shall not be covered by the
27 provisions of RCW 41.26.150 until the attainment of the age of fifty
28 years: PROVIDED, That a member selecting this option, with less than
29 twenty service credit years of service credit, who shall die prior to
30 attaining the age of fifty years, shall have paid from the Washington

1 law enforcement officers' and fire fighters' retirement fund, to such
2 member's surviving spouse, if any, otherwise to such beneficiary as the
3 member shall have designated in writing, or if no such designation has
4 been made, to the personal representative of his or her estate, a lump
5 sum which is equal to the amount of such member's accumulated
6 contributions plus accrued interest: PROVIDED FURTHER, That if the
7 vested member has twenty or more service credit years of service credit
8 the surviving spouse or children shall then become eligible for the
9 benefits of RCW 41.26.160 regardless of his or her age at the time of
10 (~~his~~) death, to the exclusion of the lump sum amount provided by this
11 subsection.

12 (3) Any member who has attained the age of sixty years shall be
13 retired on the first day of the calendar month next succeeding that in
14 which said member shall have attained the age of sixty and may not
15 thereafter be employed as a law enforcement officer or fire fighter:
16 PROVIDED, That for any member who is elected or appointed to the office
17 of sheriff, chief of police, or fire chief, his or her election or
18 appointment shall be considered as a waiver of the age sixty provision
19 for retirement and nonemployment for whatever number of years remain in
20 his or her present term of office and any succeeding periods for which
21 he or she may be so elected or appointed: PROVIDED FURTHER, That the
22 provisions of this subsection shall not apply to any member who is
23 employed as a law enforcement officer or fire fighter on March 1, 1970.

24 **Sec. 17.** RCW 41.26.100 and 1974 ex.s. c 120 s 3 are each amended
25 to read as follows:

26 A member upon retirement for service shall receive a monthly
27 retirement allowance computed according to his or her completed
28 creditable service credit years of service as follows: Five years but
29 under ten years, one-twelfth of one percent of his or her final average

1 salary for each month of service; ten years but under twenty years,
2 one-twelfth of one and one-half percent of his or her final average
3 salary for each month of service; and twenty years and over one-twelfth
4 of two percent of his or her final average salary for each month of
5 service: PROVIDED, That the recipient of a retirement allowance who
6 shall return to service as a law enforcement officer or fire fighter
7 shall be considered to have terminated his or her retirement status and
8 he or she shall immediately become a member of the retirement system
9 with the status of membership he or she had as of the date of ((his))
10 retirement. Retirement benefits shall be suspended during the period
11 of his or her return to service and he or she shall make contributions
12 and receive service credit. Such a member shall have the right to
13 again retire at any time and his or her retirement allowance shall be
14 recomputed, and paid, based upon additional service rendered and any
15 change in final average salary: PROVIDED FURTHER, That no retirement
16 allowance paid pursuant to this section shall exceed sixty percent of
17 final average salary, except as such allowance may be increased by
18 virtue of RCW 41.26.240, as now or hereafter amended.

19 **Sec. 18.** RCW 41.26.160 and 1986 c 176 s 7 are each amended to read
20 as follows:

21 (1) In the event of the death of any member who is in active
22 service, or who has vested under the provisions of RCW 41.26.090 with
23 twenty or more service credit years of service, or who is on disability
24 leave or retired, whether for disability or service, his or her
25 surviving spouse shall become entitled to receive a monthly allowance
26 equal to fifty percent of his or her final average salary at the date
27 of death if active, or the amount of retirement allowance the vested
28 member would have received at age fifty, or the amount of the
29 retirement allowance such retired member was receiving at the time of

1 ((his)) death if retired for service or disability. The amount of this
2 allowance will be increased five percent of final average salary for
3 each child as defined in RCW 41.26.030(7), as now or hereafter amended,
4 subject to a maximum combined allowance of sixty percent of final
5 average salary: PROVIDED, That if the child or children is or are in
6 the care of a legal guardian, payment of the increase attributable to
7 each child will be made to the child's legal guardian or, in the
8 absence of a legal guardian and if the member has created a trust for
9 the benefit of the child or children, payment of the increase
10 attributable to each child will be made to the trust.

11 (2) If at the time of the death of a vested member with twenty or
12 more service credit years of service as provided above or a member
13 retired for service or disability, the surviving spouse has not been
14 lawfully married to such member for one year prior to ((his)) the
15 member's retirement or separation from service if a vested member, the
16 surviving spouse shall not be eligible to receive the benefits under
17 this section: PROVIDED, That if a member dies as a result of a
18 disability incurred in the line of duty, then if he or she was married
19 at the time he or she was disabled, ((his)) the surviving spouse shall
20 be eligible to receive the benefits under this section.

21 (3) If there be no surviving spouse eligible to receive benefits at
22 the time of such member's death, then the child or children of such
23 member shall receive a monthly allowance equal to thirty percent of
24 final average salary for one child and an additional ten percent for
25 each additional child subject to a maximum combined payment, under this
26 subsection, of sixty percent of final average salary. When there cease
27 to be any eligible children as defined in RCW 41.26.030(7), as now or
28 hereafter amended, there shall be paid to the legal heirs of said
29 member the excess, if any, of accumulated contributions of said member
30 at the time of ((his)) death over all payments made to his or her

1 survivors on his or her behalf under this chapter: PROVIDED, That
2 payments under this subsection to children shall be prorated equally
3 among the children, if more than one. If the member has created a
4 trust for the benefit of the child or children, the payment shall be
5 made to the trust.

6 (4) In the event that there is no surviving spouse eligible to
7 receive benefits under this section, and that there be no child or
8 children eligible to receive benefits under this section, then the
9 accumulated contributions shall be paid to the estate of said member.

10 (5) If a surviving spouse receiving benefits under the provisions
11 of this section thereafter dies and there are children as defined in
12 RCW 41.26.030(7), as now or hereafter amended, payment to the spouse
13 shall cease and the child or children shall receive the benefits as
14 provided in subsection (3) (~~(above)~~) of this section.

15 (6) The payment provided by this section shall become due the day
16 following the date of death and payments shall be retroactive to that
17 date.

18 **Sec. 19.** RCW 41.26.430 and 1977 ex.s. c 294 s 4 are each amended
19 to read as follows:

20 (1) NORMAL RETIREMENT. Any member with at least five service
21 credit years of service who has attained at least age fifty-eight shall
22 be eligible to retire and to receive a retirement allowance computed
23 according to the provisions of RCW 41.26.420.

24 (2) EARLY RETIREMENT. Any member who has completed at least twenty
25 service credit years of service and has attained age fifty shall be
26 eligible to retire and to receive a retirement allowance computed
27 according to the provisions of RCW 41.26.420, except that a member
28 retiring pursuant to this subsection shall have the retirement
29 allowance actuarially reduced to reflect the difference in the number

1 of years between age at retirement and the attainment of age
2 fifty-eight.

3 NEW SECTION. **Sec. 20.** (1) Sections 3 through 11 of this act
4 shall take effect September 1, 1991.

5 (2) The remainder of this act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and shall take
8 effect July 1, 1991.