

2 **SHB 1670 - H AMD 000150 ADOPTED 03-13-93**
3 By Representatives Locke and Sommers

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5 Strike everything after the enacting clause and insert the
6 following:

7 **"NEW SECTION.** **Sec. 1.** A new section is added to chapter 41.40 RCW
8 under the subchapter heading "Plan I" to read as follows:

9 (1) A member who is on a paid leave of absence authorized by a
10 member's employer shall continue to receive service credit as provided
11 under the provisions of RCW 41.40.145 through 41.40.363.

12 (2) A member who receives compensation from an employer while on an
13 authorized leave of absence to serve as an elected official of a labor
14 organization, and whose employer is reimbursed by the labor
15 organization for the compensation paid to the member during the period
16 of absence, may also be considered to be on a paid leave of absence.
17 This subsection shall only apply if the member's leave of absence is
18 authorized by a collective bargaining agreement that provides that the
19 member retains seniority rights with the employer during the period of
20 leave. The compensation earnable reported for a member who establishes
21 service credit under this subsection may not be greater than the salary
22 paid to the highest paid job class covered by the collective bargaining
23 agreement.

24 **Sec. 2.** RCW 41.40.710 and 1992 c 119 s 3 are each amended to read
25 as follows:

26 (1) A member who is on a paid leave of absence authorized by a
27 member's employer shall continue to receive service credit as provided
28 for under the provisions of RCW 41.40.610 through 41.40.740.

29 (2) A member who receives compensation from an employer while on an
30 authorized leave of absence to serve as an elected official of a labor
31 organization, and whose employer is reimbursed by the labor
32 organization for the compensation paid to the member during the period
33 of absence, may also be considered to be on a paid leave of absence.
34 This subsection shall only apply if the member's leave of absence is
35 authorized by a collective bargaining agreement that provides that the

1 member retains seniority rights with the employer during the period of
2 leave. The compensation earnable reported for a member who establishes
3 service credit under this subsection may not be greater than the salary
4 paid to the highest paid job class covered by the collective bargaining
5 agreement.

6 (3) Except as specified in subsection ((3)) (4) of this section,
7 a member shall be eligible to receive a maximum of two years service
8 credit during a member's entire working career for those periods when
9 a member is on an unpaid leave of absence authorized by an employer.
10 Such credit may be obtained only if the member makes both the plan II
11 employer and member contributions plus interest as determined by the
12 department for the period of the authorized leave of absence within
13 five years of resumption of service or prior to retirement whichever
14 comes sooner. The contributions required shall be based on the average
15 of the member's compensation earnable at both the time the authorized
16 leave of absence was granted and the time the member resumed
17 employment.

18 ((3)) (4) A member who leaves the employ of an employer to enter
19 the armed forces of the United States shall be entitled to retirement
20 system service credit for up to four years of military service.

21 (a) The member qualifies for service credit under this subsection
22 if:

23 (i) Within ninety days of the member's honorable discharge from the
24 United States armed forces, the member applies for reemployment with
25 the employer who employed the member immediately prior to the member
26 entering the United States armed forces; and

27 (ii) The member makes the employee contributions required under RCW
28 41.40.650 plus interest as determined by the department within five
29 years of resumption of service or prior to retirement, whichever comes
30 sooner.

31 (b) Upon receipt of member contributions under (a)(ii) of this
32 subsection, the department shall bill the employer for its contribution
33 required under RCW 41.40.650 for the period of military service, plus
34 interest as determined by the department.

35 (c) The contributions required shall be based on the average of the
36 member's compensation earnable at both the time the member left the
37 employ of the employer to enter the armed forces and the time the
38 member resumed employment.

1 **NEW SECTION.** **Sec. 3.** A new section is added to chapter 41.26 RCW
2 under the subchapter heading "Plan I" to read as follows:

3 (1) A member who is on a paid leave of absence authorized by a
4 member's employer shall continue to receive service credit as provided
5 under the provisions of RCW 41.26.080 through 41.26.3903.

6 (2) A member who receives compensation from an employer while on an
7 authorized leave of absence to serve as an elected official of a labor
8 organization, and whose employer is reimbursed by the labor
9 organization for the compensation paid to the member during the period
10 of absence, may also be considered to be on a paid leave of absence.
11 This subsection shall only apply if the member's leave of absence is
12 authorized by a collective bargaining agreement that provides that the
13 member retains seniority rights with the employer during the period of
14 leave. The basic salary reported for a member who establishes service
15 credit under this subsection may not be greater than the salary paid to
16 the highest paid job class covered by the collective bargaining
17 agreement.

18 **Sec. 4.** RCW 41.26.520 and 1992 c 119 s 1 are each amended to read
19 as follows:

20 (1) A member who is on a paid leave of absence authorized by a
21 member's employer shall continue to receive service credit as provided
22 for under the provisions of RCW 41.26.410 through 41.26.550.

23 (2) A member who receives compensation from an employer while on an
24 authorized leave of absence to serve as an elected official of a labor
25 organization, and whose employer is reimbursed by the labor
26 organization for the compensation paid to the member during the period
27 of absence, may also be considered to be on a paid leave of absence.
28 This subsection shall only apply if the member's leave of absence is
29 authorized by a collective bargaining agreement that provides that the
30 member retains seniority rights with the employer during the period of
31 leave. The basic salary reported for a member who establishes service
32 credit under this subsection may not be greater than the salary paid to
33 the highest paid job class covered by the collective bargaining
34 agreement.

35 (3) Except as specified in subsection ((3)) (4) of this section,
36 a member shall be eligible to receive a maximum of two years service
37 credit during a member's entire working career for those periods when
38 a member is on an unpaid leave of absence authorized by an employer.

1 Such credit may be obtained only if the member makes the employer,
2 member, and state contributions plus interest as determined by the
3 department for the period of the authorized leave of absence within
4 five years of resumption of service or prior to retirement whichever
5 comes sooner: PROVIDED, That for the purpose of this subsection the
6 contribution shall not include the contribution for the unfunded
7 supplemental present value as required by RCW 41.26.450. The
8 contributions required shall be based on the average of the member's
9 basic salary at both the time the authorized leave of absence was
10 granted and the time the member resumed employment.

11 ((+3)) (4) A member who leaves the employ of an employer to enter
12 the armed forces of the United States shall be entitled to retirement
13 system service credit for up to four years of military service.

14 (a) The member qualifies for service credit under this subsection
15 if:

16 (i) Within ninety days of the member's honorable discharge from the
17 United States armed forces, the member applies for reemployment with
18 the employer who employed the member immediately prior to the member
19 entering the United States armed forces; and

20 (ii) The member makes the employee contributions required under RCW
21 41.26.450 plus interest as determined by the department within five
22 years of resumption of service or prior to retirement, whichever comes
23 sooner.

24 (b) Upon receipt of member contributions under (a)(ii) of this
25 subsection, the department shall bill the employer and the state for
26 their respective contributions required under RCW 41.26.450 for the
27 period of military service, plus interest as determined by the
28 department.

29 (c) The contributions required shall be based on the average of the
30 member's basic salary at both the time the member left the employ of
31 the employer to enter the armed forces and the time the member resumed
32 employment.

33 ((+4)) (5) A member receiving benefits under Title 51 RCW who is
34 not receiving benefits under this chapter shall be deemed to be on
35 unpaid, authorized leave of absence.

36 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.32 RCW
37 under the subchapter heading "Plan I" to read as follows:

1 (1) A member who is on a paid leave of absence authorized by a
2 member's employer shall continue to receive service credit as provided
3 under the provisions of RCW 41.32.240 through 41.32.575.

4 (2) A member who receives compensation from an employer while on an
5 authorized leave of absence to serve as an elected official of a labor
6 organization, and whose employer is reimbursed by the labor
7 organization for the compensation paid to the member during the period
8 of absence, may also be considered to be on a paid leave of absence.
9 This subsection shall only apply if the member's leave of absence is
10 authorized by a collective bargaining agreement that provides that the
11 member retains seniority rights with the employer during the period of
12 leave. The earnable compensation reported for a member who establishes
13 service credit under this subsection may not be greater than the salary
14 paid to the highest paid job class covered by the collective bargaining
15 agreement.

16 **Sec. 6.** RCW 41.32.810 and 1992 c 119 s 2 are each amended to read
17 as follows:

18 (1) A member who is on a paid leave of absence authorized by a
19 member's employer shall continue to receive service credit as provided
20 for under the provisions of RCW 41.32.755 through 41.32.825.

21 (2) A member who receives compensation from an employer while on an
22 authorized leave of absence to serve as an elected official of a labor
23 organization, and whose employer is reimbursed by the labor
24 organization for the compensation paid to the member during the period
25 of absence, may also be considered to be on a paid leave of absence.
26 This subsection shall only apply if the member's leave of absence is
27 authorized by a collective bargaining agreement that provides that the
28 member retains seniority rights with the employer during the period of
29 leave. The earnable compensation reported for a member who establishes
30 service credit under this subsection may not be greater than the salary
31 paid to the highest paid job class covered by the collective bargaining
32 agreement.

33 (3) Except as specified in subsection ((3)) (4) of this section,
34 a member shall be eligible to receive a maximum of two years service
35 credit during a member's entire working career for those periods when
36 a member is on an unpaid leave of absence authorized by an employer.
37 Such credit may be obtained only if the member makes both the employer
38 and member contributions plus interest as determined by the department

1 for the period of the authorized leave of absence within five years of
2 resumption of service or prior to retirement whichever comes sooner:
3 PROVIDED, That for the purpose of this subsection the contribution
4 shall not include the contribution for the unfunded supplemental
5 present value as required by RCW 41.32.775. The contributions required
6 shall be based on the average of the member's earnable compensation at
7 both the time the authorized leave of absence was granted and the time
8 the member resumed employment.

9 ((+3)) (4) A member who leaves the employ of an employer to enter
10 the armed forces of the United States shall be entitled to retirement
11 system service credit for up to four years of military service.

12 (a) The member qualifies for service credit under this subsection
13 if:

14 (i) Within ninety days of the member's honorable discharge from the
15 United States armed forces, the member applies for reemployment with
16 the employer who employed the member immediately prior to the member
17 entering the United States armed forces; and

18 (ii) The member makes the employee contributions required under RCW
19 41.32.775 plus interest as determined by the department within five
20 years of resumption of service or prior to retirement, whichever comes
21 sooner.

22 (b) Upon receipt of member contributions under (a)(ii) of this
23 subsection, the department shall bill the employer for its contribution
24 required under RCW 41.32.775 for the period of military service, plus
25 interest as determined by the department.

26 (c) The contributions required shall be based on the average of the
27 member's earnable compensation at both the time the member left the
28 employ of the employer to enter the armed forces and the time the
29 member resumed employment.

30 **Sec. 7.** RCW 41.32.010 and 1992 c 212 s 1 and 1992 c 3 s 3 are each
31 reenacted and amended to read as follows:

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

34 (1)(a) "Accumulated contributions" for plan I members, means the
35 sum of all regular annuity contributions with regular interest thereon.

36 (b) "Accumulated contributions" for plan II members, means the sum
37 of all contributions standing to the credit of a member in the member's
38 individual account together with the regular interest thereon.

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

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

6 (4) "Member reserve" means the fund in which all of the accumulated
7 contributions of members are held.

8 (5)(a) "Beneficiary" for plan I members, means any person in
9 receipt of a retirement allowance or other benefit provided by this
10 chapter.

11 (b) "Beneficiary" for plan II members, means any person in receipt
12 of a retirement allowance or other benefit provided by this chapter
13 resulting from service rendered to an employer by another person.

14 (6) "Contract" means any agreement for service and compensation
15 between a member and an employer.

16 (7) "Creditable service" means membership service plus prior
17 service for which credit is allowable. This subsection shall apply
18 only to plan I members.

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

21 (9) "Disability allowance" means monthly payments during
22 disability. This subsection shall apply only to plan I members.

23 (10)(a) "Earnable compensation" for plan I members, means:

24 (i) All salaries and wages paid by an employer to an employee
25 member of the retirement system for personal services rendered during
26 a fiscal year. In all cases where compensation includes maintenance
27 the employer shall fix the value of that part of the compensation not
28 paid in money.

29 (A) Retroactive payments to an individual by an employer on
30 reinstatement of the employee in a position, or payments by an employer
31 to an individual in lieu of reinstatement in a position which are
32 awarded or granted as the equivalent of the salary or wages which the
33 individual would have earned during a payroll period shall be
34 considered earnable compensation and the individual shall receive the
35 equivalent service credit.

36 (B) If a leave of absence, without pay, is taken by a member for
37 the purpose of serving as a member of the state legislature, and such
38 member has served in the legislature five or more years, the salary
39 which would have been received for the position from which the leave of

1 absence was taken shall be considered as compensation earnable if the
2 employee's contribution thereon is paid by the employee. In addition,
3 where a member has been a member of the state legislature for five or
4 more years, earnable compensation for the member's two highest
5 compensated consecutive years of service shall include a sum not to
6 exceed thirty-six hundred dollars for each of such two consecutive
7 years, regardless of whether or not legislative service was rendered
8 during those two years.

9 (ii) For members employed less than full time under written
10 contract with a school district, or community college district, in an
11 instructional position, for which the member receives service credit of
12 less than one year in all of the years used to determine the earnable
13 compensation used for computing benefits due under RCW 41.32.497,
14 41.32.498, and 41.32.520, the member may elect to have earnable
15 compensation defined as provided in RCW 41.32.345. For the purposes of
16 this subsection, the term "instructional position" means a position in
17 which more than seventy-five percent of the member's time is spent as
18 a classroom instructor (including office hours), a librarian, or a
19 counselor. Earnable compensation shall be so defined only for the
20 purpose of the calculation of retirement benefits and only as necessary
21 to insure that members who receive fractional service credit under RCW
22 41.32.270 receive benefits proportional to those received by members
23 who have received full-time service credit.

24 ((iii) For members who receive service credit pursuant to RCW
25 41.32.034 or 41.32.355 for a period of authorized leave from a school
26 district, the earnable compensation allowable for calculation of the
27 member's average final compensation shall be the salary the member
28 would have been paid by the district for the position the member
29 occupied immediately prior to taking leave, as established in the
30 district's collective bargaining agreement for nonsupervisory
31 certificated employees.

32 (iv) For members who receive service credit pursuant to RCW
33 41.32.034 or 41.32.355 for a period of authorized leave from a
34 community or technical college district, the earnable compensation
35 allowable for calculation of average final compensation for periods of
36 service authorized under this chapter shall be the average of the
37 member's compensation earnable at both the time the authorized leave of
38 absence was granted and the time the member resumed employment.))

1 (b) "Earnable compensation" for plan II members, means salaries or
2 wages earned by a member during a payroll period for personal services,
3 including overtime payments, and shall include wages and salaries
4 deferred under provisions established pursuant to sections 403(b),
5 414(h), and 457 of the United States Internal Revenue Code, but shall
6 exclude lump sum payments for deferred annual sick leave, unused
7 accumulated vacation, unused accumulated annual leave, or any form of
8 severance pay.

9 (i) Retroactive payments to an individual by an employer on
10 reinstatement of the employee in a position or payments by an employer
11 to an individual in lieu of reinstatement in a position which are
12 awarded or granted as the equivalent of the salary or wages which the
13 individual would have earned during a payroll period shall be
14 considered earnable compensation, to the extent provided above, and the
15 individual shall receive the equivalent service credit.

16 (ii) In any year in which a member serves in the legislature the
17 member shall have the option of having such member's earnable
18 compensation be the greater of:

19 (A) The earnable compensation the member would have received had
20 such member not served in the legislature; or

21 (B) Such member's actual earnable compensation received for
22 teaching and legislative service combined. Any additional
23 contributions to the retirement system required because compensation
24 earnable under (b)(ii)(A) of this subsection is greater than
25 compensation earnable under (b)(ii)(B) of this subsection shall be paid
26 by the member for both member and employer contributions.

27 (11) "Employer" means the state of Washington, the school district,
28 or any agency of the state of Washington by which the member is paid.

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

31 (13) "Former state fund" means the state retirement fund in
32 operation for teachers under chapter 187, Laws of 1923, as amended.

33 (14) "Local fund" means any of the local retirement funds for
34 teachers operated in any school district in accordance with the
35 provisions of chapter 163, Laws of 1917 as amended.

36 (15) "Member" means any teacher included in the membership of the
37 retirement system. Also, any other employee of the public schools who,
38 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 member reserve.

3 (16) "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 receive no more than one service credit
7 month during any calendar month in which multiple service is rendered.
8 The provisions of this subsection shall apply only to plan I members.

9 (17) "Pension" means the moneys payable per year during life from
10 the pension reserve.

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

15 (19) "Prior service" means service rendered prior to the first date
16 of eligibility to membership in the retirement system for which credit
17 is allowable. The provisions of this subsection shall apply only to
18 plan I members.

19 (20) "Prior service contributions" means contributions made by a
20 member to secure credit for prior service. The provisions of this
21 subsection shall apply only to plan I members.

22 (21) "Public school" means any institution or activity operated by
23 the state of Washington or any instrumentality or political subdivision
24 thereof employing teachers, except the University of Washington and
25 Washington State University.

26 (22) "Regular contributions" means the amounts required to be
27 deducted from the compensation of a member and credited to the member's
28 individual account in the member reserve. This subsection shall apply
29 only to plan I members.

30 (23) "Regular interest" means such rate as the director may
31 determine.

32 (24)(a) "Retirement allowance" for plan I members, means monthly
33 payments based on the sum of annuity and pension, or any optional
34 benefits payable in lieu thereof.

35 (b) "Retirement allowance" for plan II members, means monthly
36 payments to a retiree or beneficiary as provided in this chapter.

37 (25) "Retirement system" means the Washington state teachers'
38 retirement system.

1 (26)(a) "Service" means the time during which a member has been
2 employed by an employer for compensation: PROVIDED, That where a
3 member is employed by two or more employers the individual shall
4 receive no more than one service credit month during any calendar month
5 in which multiple service is rendered.

6 (b) "Service" for plan II members, means periods of employment by
7 a member for one or more employers for which earnable compensation is
8 earned subject to the following conditions:

9 (i) A member employed in an eligible position or as a substitute
10 shall receive one service credit month for each month of September
11 through August of the following year if he or she earns earnable
12 compensation for eight hundred ten or more hours during that period and
13 is employed during nine of those months, except that a member may not
14 receive credit for any period prior to the member's employment in an
15 eligible position except as provided in RCW 41.32.812 and 41.50.132;

16 (ii) If a member is employed either in an eligible position or as
17 a substitute teacher for nine months of the twelve month period between
18 September through August of the following year but earns earnable
19 compensation for less than eight hundred ten hours but for at least six
20 hundred thirty hours, he or she will receive one-half of a service
21 credit month for each month of the twelve month period;

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

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

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

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

32 Any person who is a member of the teachers' retirement system and
33 who is elected or appointed to a state elective position may continue
34 to be a member of the retirement system and continue to receive a
35 service credit month for each of the months in a state elective
36 position by making the required member contributions.

37 When an individual is employed by two or more employers the
38 individual shall only receive one month's service credit during any

1 calendar month in which multiple service for ninety or more hours is
2 rendered.

3 The department shall adopt rules implementing this subsection.

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

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

8 (29) "Teacher" means any person qualified to teach who is engaged
9 by a public school in an instructional, administrative, or supervisory
10 capacity. The term includes state, educational service district, and
11 school district superintendents and their assistants and all employees
12 certificated by the superintendent of public instruction; and in
13 addition thereto any full time school doctor who is employed by a
14 public school and renders service of an instructional or educational
15 nature.

16 (30) "Average final compensation" for plan II members, means the
17 member's average earnable compensation of the highest consecutive sixty
18 service credit months prior to such member's retirement, termination,
19 or death. Periods constituting authorized leaves of absence may not be
20 used in the calculation of average final compensation except under RCW
21 41.32.810(2).

22 (31) "Retiree" means any member in receipt of a retirement
23 allowance or other benefit provided by this chapter resulting from
24 service rendered to an employer by such member.

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

27 (33) "Director" means the director of the department.

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

31 (35) "State actuary" or "actuary" means the person appointed
32 pursuant to RCW 44.44.010(2).

33 (36) "Substitute teacher" means:

34 (a) A teacher who is hired by an employer to work as a temporary
35 teacher, except for teachers who are annual contract employees of an
36 employer and are guaranteed a minimum number of hours; or

37 (b) Teachers who either (i) work in ineligible positions for more
38 than one employer or (ii) work in an ineligible position or positions
39 together with an eligible position.

1 (37)(a) "Eligible position" for plan II members from June 7, 1990,
2 through September 1, 1991, means a position which normally requires two
3 or more uninterrupted months of creditable service during September
4 through August of the following year.

5 (b) "Eligible position" for plan II on and after September 1, 1991,
6 means a position that, as defined by the employer, normally requires
7 five or more months of at least seventy hours of earnable compensation
8 during September through August of the following year.

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

12 (d) The elected position of the superintendent of public
13 instruction is an eligible position.

14 (38) "Plan I" means the teachers' retirement system, plan I
15 providing the benefits and funding provisions covering persons who
16 first became members of the system prior to October 1, 1977.

17 (39) "Plan II" means the teachers' retirement system, plan II
18 providing the benefits and funding provisions covering persons who
19 first became members of the system on and after October 1, 1977.

20 ((+40) "Education association" means an association organized to
21 carry out collective bargaining activities, the majority of whose
22 members are employees covered by chapter 41.59 RCW or academic
23 employees covered by chapter 28B.52 RCW.))

24 **Sec. 8.** RCW 41.40.010 and 1991 c 343 s 6 and 1991 c 35 s 70 are
25 each reenacted and amended to read as follows:

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

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

30 (2) "Department" means the department of retirement systems created
31 in chapter 41.50 RCW.

32 (3) "State treasurer" means the treasurer of the state of
33 Washington.

34 (4)(a) "Employer" for plan I members, means every branch,
35 department, agency, commission, board, and office of the state, any
36 political subdivision or association of political subdivisions of the
37 state admitted into the retirement system, and legal entities
38 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW as now

1 or hereafter amended; and the term shall also include any labor guild,
2 association, or organization the membership of a local lodge or
3 division of which is comprised of at least forty percent employees of
4 an employer (other than such labor guild, association, or organization)
5 within this chapter. The term may also include any city of the first
6 class that has its own retirement system.

7 (b) "Employer" for plan II members, means every branch, department,
8 agency, commission, board, and office of the state, and any political
9 subdivision and municipal corporation of the state admitted into the
10 retirement system, including public agencies created pursuant to RCW
11 35.63.070, 36.70.060, and 39.34.030.

12 (5) "Member" means any employee included in the membership of the
13 retirement system, as provided for in RCW 41.40.023.

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

15 (a) Any person who became a member of the system prior to April 1,
16 1949;

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

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

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

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

36 (f) Any member who has been a contributor under the system for two
37 or more years and who has restored all contributions that may have been
38 withdrawn as provided by RCW 41.40.150 and who on the effective date of
39 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 plan I members, means salaries
9 or wages earned during a payroll period for personal services and where
10 the compensation is not all paid in money, maintenance compensation
11 shall be included upon the basis of the schedules established by the
12 member's employer: PROVIDED, That retroactive payments to an
13 individual by an employer on reinstatement of the employee in a
14 position, or payments by an employer to an individual in lieu of
15 reinstatement in a position which are awarded or granted as the
16 equivalent of the salary or wage which the individual would have earned
17 during a payroll period shall be considered compensation earnable and
18 the individual shall receive the equivalent service credit: PROVIDED
19 FURTHER, That if a leave of absence is taken by an individual for the
20 purpose of serving in the state legislature, the salary which would
21 have been received for the position from which the leave of absence was
22 taken, shall be considered as compensation earnable if the employee's
23 contribution is paid by the employee and the employer's contribution is
24 paid by the employer or employee.

25 (b) "Compensation earnable" for plan II members, means salaries or
26 wages earned by a member during a payroll period for personal services,
27 including overtime payments, and shall include wages and salaries
28 deferred under provisions established pursuant to sections 403(b),
29 414(h), and 457 of the United States Internal Revenue Code, but shall
30 exclude nonmoney maintenance compensation and lump sum payments for
31 deferred annual sick leave, unused accumulated vacation, unused
32 accumulated annual leave, or any form of severance pay: PROVIDED, That
33 retroactive payments to an individual by an employer on reinstatement
34 of the employee in a position, or payments by an employer to an
35 individual in lieu of reinstatement in a position which are awarded or
36 granted as the equivalent of the salary or wage which the individual
37 would have earned during a payroll period shall be considered
38 compensation earnable to the extent provided above, and the individual
39 shall receive the equivalent service credit: PROVIDED FURTHER, That in

1 any year in which a member serves in the legislature, the member shall
2 have the option of having such member's compensation earnable be the
3 greater of:

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

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

13 (9)(a) "Service" for plan I members, except as provided in RCW
14 41.40.088, means periods of employment in an eligible position or
15 positions for one or more employers rendered to any employer for which
16 compensation is paid, and includes time spent in office as an elected
17 or appointed official of an employer. Compensation earnable earned in
18 full time work for seventy hours or more in any given calendar month
19 shall constitute one service credit month except as provided in RCW
20 41.40.088. Compensation earnable earned for less than seventy hours in
21 any calendar month shall constitute one-quarter service credit month of
22 service except as provided in RCW 41.40.088. Only service credit
23 months and one-quarter service credit months shall be counted in the
24 computation of any retirement allowance or other benefit provided for
25 in this chapter. Any fraction of a year of service shall be taken into
26 account in the computation of such retirement allowance or benefits.

27 Service by a state employee officially assigned by the state on a
28 temporary basis to assist another public agency, shall be considered as
29 service as a state employee: PROVIDED, That service to any other
30 public agency shall not be considered service as a state employee if
31 such service has been used to establish benefits in any other public
32 retirement system: PROVIDED FURTHER, That an individual shall receive
33 no more than a total of twelve service credit months of service during
34 any calendar year: PROVIDED FURTHER, That where an individual is
35 employed in an eligible position by one or more employers the
36 individual shall receive no more than one service credit month during
37 any calendar month in which multiple service for seventy or more hours
38 is rendered.

1 (b) "Service" for plan II members, means periods of employment by
2 a member in an eligible position or positions for one or more employers
3 for which compensation earnable is paid. Compensation earnable earned
4 for ninety or more hours in any calendar month shall constitute one
5 service credit month except as provided in RCW 41.40.088. Compensation
6 earnable earned for at least seventy hours but less than ninety hours
7 in any calendar month shall constitute one-half service credit month of
8 service. Compensation earnable earned for less than seventy hours in
9 any calendar month shall constitute one-quarter service credit month of
10 service.

11 Any fraction of a year of service shall be taken into account in
12 the computation of such retirement allowance or benefits.

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

20 A member shall receive a total of not more than twelve service
21 credit months of service for such calendar year: PROVIDED, That when
22 an individual is employed in an eligible position by one or more
23 employers the individual shall receive no more than one service credit
24 month during any calendar month in which multiple service for ninety or
25 more hours is rendered.

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

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

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

32 (13) "Membership service" means:

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

34 (b) All service after October 1, 1947, to any employer prior to the
35 time of its admission into the retirement system: PROVIDED, That an
36 amount equal to the employer and employee contributions which would
37 have been paid to the retirement system on account of such service
38 shall have been paid to the retirement system with interest (as
39 computed by the department) on the employee's portion prior to

1 retirement of such person, by the employee or his employer, except as
2 qualified by RCW 41.40.023: PROVIDED FURTHER, That employer
3 contributions plus employee contributions with interest submitted by
4 the employee under this subsection shall be placed in the employee's
5 individual account in the employees' savings fund and be treated as any
6 other contribution made by the employee, with the exception that the
7 contributions submitted by the employee in payment of the employer's
8 obligation, together with the interest the director may apply to the
9 employer's contribution, shall be excluded from the calculation of the
10 member's annuity in the event the member selects a benefit with an
11 annuity option;

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

21 (d) Service not to exceed six consecutive months of probationary
22 service, rendered after October 1, 1947, and before April 1, 1949, and
23 prior to becoming a member, in the case of any member, upon payment in
24 full by such member of five percent of such member's salary during said
25 period of probationary service, except that the amount of the
26 employer's contribution shall be calculated by the director based on
27 the first month's compensation earnable as a member.

28 (14)(a) "Beneficiary" for plan I members, means any person in
29 receipt of a retirement allowance, pension or other benefit provided by
30 this chapter.

31 (b) "Beneficiary" for plan II members, means any person in receipt
32 of a retirement allowance or other benefit provided by this chapter
33 resulting from service rendered to an employer by another person.

34 (15) "Regular interest" means such rate as the director may
35 determine.

36 (16) "Accumulated contributions" means the sum of all contributions
37 standing to the credit of a member in the member's individual account
38 together with the regular interest thereon.

1 (17)(a) "Average final compensation" for plan I members, means the
2 annual average of the greatest compensation earnable by a member during
3 any consecutive two year period of service credit months for which
4 service credit is allowed; or if the member has less than two years of
5 service credit months then the annual average compensation earnable
6 during the total years of service for which service credit is allowed.

7 (b) "Average final compensation" for plan II members, means the
8 member's average compensation earnable of the highest consecutive sixty
9 months of service credit months prior to such member's retirement,
10 termination, or death. Periods constituting authorized leaves of
11 absence may not be used in the calculation of average final
12 compensation except under RCW 41.40.710(2).

13 (18) "Final compensation" means the annual rate of compensation
14 earnable by a member at the time of termination of employment.

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

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

21 (21) "Retirement allowance" means the sum of the annuity and the
22 pension.

23 (22) "Employee" means any person who may become eligible for
24 membership under this chapter, as set forth in RCW 41.40.023.

25 (23) "Actuarial equivalent" means a benefit of equal value when
26 computed upon the basis of such mortality and other tables as may be
27 adopted by the director.

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

30 (25) "Eligible position" means:

31 (a) Any position that, as defined by the employer, normally
32 requires five or more months of service a year for which regular
33 compensation for at least seventy hours is earned by the occupant
34 thereof. For purposes of this chapter an employer shall not define
35 "position" in such a manner that an employee's monthly work for that
36 employer is divided into more than one position;

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

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

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

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

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

13 (30) "Director" means the director of the department.

14 (31) "State elective position" means any position held by any
15 person elected or appointed to state-wide office or elected or
16 appointed as a member of the legislature.

17 (32) "State actuary" or "actuary" means the person appointed
18 pursuant to RCW 44.44.010(2).

19 (33) "Plan I" means the public employees' retirement system, plan
20 I providing the benefits and funding provisions covering persons who
21 first became members of the system prior to October 1, 1977.

22 (34) "Plan II" means the public employees' retirement system, plan
23 II providing the benefits and funding provisions covering persons who
24 first became members of the system on and after October 1, 1977.

25 NEW SECTION. **Sec. 9.** This act applies on a retroactive basis to
26 members for whom compensation and hours were reported under the
27 circumstances described in sections 1 through 6 of this act. This act
28 may also be applied on a retroactive basis to January 1, 1992, to
29 members for whom compensation and hours would have been reported except
30 for chapter 3, Laws of 1992, or explicit instructions from the
31 department of retirement systems.

32 NEW SECTION. **Sec. 10.** The following acts or parts of acts are
33 each repealed:

34 (1) RCW 41.32.034 and 1992 c 3 s 1;

35 (2) RCW 41.32.355 and 1992 c 3 s 2; and

36 (3) 1992 c 3 s 4 (uncodified).

1 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and shall take
4 effect immediately."

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