
HOUSE BILL 2391

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By Representatives Linville, Quall, Schoesler, Long, Sehlin, Cooke, Kremen and Peery

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1 AN ACT Relating to establishing membership service credit for prior
2 service rendered or restoring membership service credit represented by
3 withdrawn contributions; amending RCW 41.26.170, 41.26.192, 41.26.194,
4 41.26.425, 41.26.520, 41.26.550, 41.32.010, 41.32.025, 41.32.240,
5 41.32.310, 41.32.498, 41.32.500, 41.32.510, 41.32.762, 41.32.810,
6 41.32.812, 41.32.825, 41.40.010, 41.40.023, 41.40.058, 41.40.150,
7 41.40.625, 41.40.710, 41.40.740, 41.50.010, 41.50.160, 41.54.020,
8 43.43.130, 43.43.260, and 43.43.280; reenacting and amending RCW
9 41.26.030; adding new sections to chapter 41.50 RCW; creating new
10 sections; making an appropriation; and providing effective dates.

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

12 NEW SECTION. **Sec. 1.** (1) This act removes the time limitations
13 within the state's retirement systems for:

14 (a) The restoration of service credit represented by employee
15 contributions withdrawn by a member of a state's retirement systems; or

16 (b) The crediting of certain service that, under the provisions of
17 the system, was not creditable at the time it was performed, such as a
18 probationary period or interrupted military service.

1 (2) This act expands the current procedures for establishing
2 service credit previously earned, restoring withdrawn contributions, or
3 repaying lump sums received in lieu of a benefit. In so doing, it
4 allows the member of one of the state's retirement systems to obtain
5 additional service credit by paying the value of this added benefit
6 that was previously unavailable.

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

9 (1) Except for those affected by subsection (4) of this section, a
10 member of a retirement system specified by RCW 41.50.030 or, one
11 previously established by the state but closed to new membership, may,
12 as provided in each retirement system:

- 13 (a) Establish allowable membership service not previously credited;
14 (b) Restore all or a part of that previously credited membership
15 service represented by withdrawn contributions; or
16 (c) Restore service credit represented by a lump sum payment in
17 lieu of benefits.

18 (2) Persons who fail to establish service credit for service
19 previously earned, complete the restoration of withdrawn contributions,
20 or the repayment of a lump sum payment in lieu of a benefit may now
21 establish such service credit, restore all or a part of these
22 contributions, or repay the lump sum payment by paying the actuarial
23 value of the resulting increase in their benefit. This shall be done
24 in a manner prescribed by the department.

25 (3) Any establishment of service credit for service previously
26 rendered, restoration of withdrawn contributions, or repayment of a
27 lump sum received in lieu of benefit must be completed prior to
28 retirement.

29 (4) A member may not make partial restoration if:

- 30 (a) He or she is a member of Plan I of a retirement system created
31 under chapter 41.26, 41.32, or 41.40 RCW, or a member of the Washington
32 state patrol retirement system; and
33 (b) Her or his service credit exceeds thirty years after the
34 establishment or restoration of all past service.

35 (5) Service credit is established for or restored to the period in
36 which the service credit is earned.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.50 RCW
2 to read as follows:

3 Upon termination for reasons other than retirement, the department
4 shall inform a member withdrawing his or her contributions, and the
5 member shall acknowledge in writing, of the right to restore such
6 contributions upon reestablishment of membership in the respective
7 retirement system and the requirements involved in such restoration.

8 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.50 RCW
9 to read as follows:

10 The department shall adopt rules under chapter 34.05 RCW
11 implementing and administering chapter . . . , Laws of 1994 (this act).
12 These rules are to include, but are not limited to:

13 (1) The application and calculation of actuarial value, with the
14 agreement of the state actuary; and

15 (2) Establishing the minimum partial payment or the minimum units
16 of restored service, or both.

17 **Sec. 5.** RCW 41.26.030 and 1993 c 502 s 1 and 1993 c 322 s 1 are
18 each reenacted and amended to read as follows:

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

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

23 (2)(a) "Employer" for plan I members, means the legislative
24 authority of any city, town, county, or district or the elected
25 officials of any municipal corporation that employs any law enforcement
26 officer and/or fire fighter, any authorized association of such
27 municipalities, and, except for the purposes of RCW 41.26.150, any
28 labor guild, association, or organization, which represents the fire
29 fighters or law enforcement officers of at least seven cities of over
30 20,000 population and the membership of each local lodge or division of
31 which is composed of at least sixty percent law enforcement officers or
32 fire fighters as defined in this chapter.

33 (b) "Employer" for plan II members, means the following entities to
34 the extent that the entity employs any law enforcement officer and/or
35 fire fighter:

36 (i) The legislative authority of any city, town, county, or
37 district;

1 (ii) The elected officials of any municipal corporation; or
2 (iii) The governing body of any other general authority law
3 enforcement agency.

4 (3) "Law enforcement officer" beginning January 1, 1994, means any
5 person who is commissioned and employed by an employer on a full time,
6 fully compensated basis to enforce the criminal laws of the state of
7 Washington generally, with the following qualifications:

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

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

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

23 (d) The term "law enforcement officer" also includes the executive
24 secretary of a labor guild, association or organization (which is an
25 employer under RCW 41.26.030(2) as now or hereafter amended) if that
26 individual has five years previous membership in the retirement system
27 established in chapter 41.20 RCW. The provisions of this subsection
28 (3)(d) shall not apply to plan II members; and

29 (e) The term "law enforcement officer" also includes a person
30 employed on or after January 1, 1993, as a public safety officer or
31 director of public safety, so long as the job duties substantially
32 involve only either police or fire duties, or both, and no other duties
33 in a city or town with a population of less than ten thousand. The
34 provisions of this subsection (3)(e) shall not apply to any public
35 safety officer or director of public safety who is receiving a
36 retirement allowance under this chapter as of May 12, 1993.

37 (4) "Fire fighter" means:

38 (a) Any person who is serving on a full time, fully compensated
39 basis as a member of a fire department of an employer and who is

1 serving in a position which requires passing a civil service
2 examination for fire fighter, and who is actively employed as such;

3 (b) Anyone who is actively employed as a full time fire fighter
4 where the fire department does not have a civil service examination;

5 (c) Supervisory fire fighter personnel;

6 (d) Any full time executive secretary of an association of fire
7 protection districts authorized under RCW 52.12.031. The provisions of
8 this subsection (4)(d) shall not apply to plan II members;

9 (e) The executive secretary of a labor guild, association or
10 organization (which is an employer under RCW 41.26.030(2) as now or
11 hereafter amended), if such individual has five years previous
12 membership in a retirement system established in chapter 41.16 or 41.18
13 RCW. The provisions of this subsection (4)(e) shall not apply to plan
14 II members;

15 (f) Any person who is serving on a full time, fully compensated
16 basis for an employer, as a fire dispatcher, in a department in which,
17 on March 1, 1970, a dispatcher was required to have passed a civil
18 service examination for fire fighter; and

19 (g) Any person who on March 1, 1970, was employed on a full time,
20 fully compensated basis by an employer, and who on May 21, 1971, was
21 making retirement contributions under the provisions of chapter 41.16
22 or 41.18 RCW.

23 (5) "Department" means the department of retirement systems created
24 in chapter 41.50 RCW.

25 (6) "Surviving spouse" means the surviving widow or widower of a
26 member. "Surviving spouse" shall not include the divorced spouse of a
27 member except as provided in RCW 41.26.162.

28 (7)(a) "Child" or "children" means an unmarried person who is under
29 the age of eighteen or mentally or physically handicapped as determined
30 by the department, except a handicapped person in the full time care of
31 a state institution, who is:

32 (i) A natural born child;

33 (ii) A stepchild where that relationship was in existence prior to
34 the date benefits are payable under this chapter;

35 (iii) A posthumous child;

36 (iv) A child legally adopted or made a legal ward of a member prior
37 to the date benefits are payable under this chapter; or

38 (v) An illegitimate child legitimized prior to the date any
39 benefits are payable under this chapter.

1 (b) A person shall also be deemed to be a child up to and including
2 the age of twenty years and eleven months while attending any high
3 school, college, or vocational or other educational institution
4 accredited, licensed, or approved by the state, in which it is located,
5 including the summer vacation months and all other normal and regular
6 vacation periods at the particular educational institution after which
7 the child returns to school.

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

14 (9) "Retirement fund" means the "Washington law enforcement
15 officers' and fire fighters' retirement system fund" as provided for
16 herein.

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

19 (11)(a) "Beneficiary" for plan I members, means any person in
20 receipt of a retirement allowance, disability allowance, death benefit,
21 or any other benefit described herein.

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

25 (12)(a) "Final average salary" for plan I members, means (i) for a
26 member holding the same position or rank for a minimum of twelve months
27 preceding the date of retirement, the basic salary attached to such
28 same position or rank at time of retirement; (ii) for any other member,
29 including a civil service member who has not served a minimum of twelve
30 months in the same position or rank preceding the date of retirement,
31 the average of the greatest basic salaries payable to such member
32 during any consecutive twenty-four month period within such member's
33 last ten years of service for which service credit is allowed, computed
34 by dividing the total basic salaries payable to such member during the
35 selected twenty-four month period by twenty-four; (iii) in the case of
36 disability of any member, the basic salary payable to such member at
37 the time of disability retirement; (iv) in the case of a member who
38 hereafter vests pursuant to RCW 41.26.090, the basic salary payable to
39 such member at the time of vesting.

1 (b) "Final average salary" for plan II members, means the monthly
2 average of the member's basic salary for the highest consecutive sixty
3 service credit months of service prior to such member's retirement,
4 termination, or death. Periods constituting authorized unpaid leaves
5 of absence may not be used in the calculation of final average salary.

6 (13)(a) "Basic salary" for plan I members, means the basic monthly
7 rate of salary or wages, including longevity pay but not including
8 overtime earnings or special salary or wages, upon which pension or
9 retirement benefits will be computed and upon which employer
10 contributions and salary deductions will be based.

11 (b) "Basic salary" for plan II members, means salaries or wages
12 earned by a member during a payroll period for personal services,
13 including overtime payments, and shall include wages and salaries
14 deferred under provisions established pursuant to sections 403(b),
15 414(h), and 457 of the United States Internal Revenue Code, but shall
16 exclude lump sum payments for deferred annual sick leave, unused
17 accumulated vacation, unused accumulated annual leave, or any form of
18 severance pay. In any year in which a member serves in the legislature
19 the member shall have the option of having such member's basic salary
20 be the greater of:

21 (i) The basic salary the member would have received had such member
22 not served in the legislature; or

23 (ii) Such member's actual basic salary received for nonlegislative
24 public employment and legislative service combined. Any additional
25 contributions to the retirement system required because basic salary
26 under (b)(i) of this subsection is greater than basic salary under
27 (b)(ii) of this subsection shall be paid by the member for both member
28 and employer contributions.

29 (14)(a) "Service" for plan I members, means all periods of
30 employment for an employer as a fire fighter or law enforcement
31 officer, for which compensation is paid, together with periods of
32 suspension not exceeding thirty days in duration. For the purposes of
33 this chapter service shall also include service in the armed forces of
34 the United States as provided in RCW 41.26.190. Credit shall be
35 allowed for all service credit months of service rendered by a member
36 from and after the member's initial commencement of employment as a
37 fire fighter or law enforcement officer, during which the member worked
38 for seventy or more hours, or was on disability leave or disability
39 retirement. Only service credit months of service shall be counted in

1 the computation of any retirement allowance or other benefit provided
2 for in this chapter.

3 (i) For members retiring after May 21, 1971 who were employed under
4 the coverage of a prior pension act before March 1, 1970, "service"
5 shall also include (A) such military service not exceeding five years
6 as was creditable to the member as of March 1, 1970, under the member's
7 particular prior pension act, and (B) such other periods of service as
8 were then creditable to a particular member under the provisions of RCW
9 41.18.165, 41.20.160 or 41.20.170. However, in no event shall credit
10 be allowed for any service rendered prior to March 1, 1970, where the
11 member at the time of rendition of such service was employed in a
12 position covered by a prior pension act, unless such service, at the
13 time credit is claimed therefor, is also creditable under the
14 provisions of such prior act.

15 (ii) A member who is employed by two employers at the same time
16 shall only be credited with service to one such employer for any month
17 during which the member rendered such dual service.

18 (b) "Service" for plan II members, means periods of employment by
19 a member for one or more employers for which basic salary is earned for
20 ninety or more hours per calendar month which shall constitute a
21 service credit month. Periods of employment by a member for one or
22 more employers for which basic salary is earned for at least seventy
23 hours but less than ninety hours per calendar month shall constitute
24 one-half service credit month. Periods of employment by a member for
25 one or more employers for which basic salary is earned for less than
26 seventy hours shall constitute a one-quarter service credit month.

27 Members of the retirement system who are elected or appointed to a
28 state elective position may elect to continue to be members of this
29 retirement system.

30 Service credit years of service shall be determined by dividing the
31 total number of service credit months of service by twelve. Any
32 fraction of a service credit year of service as so determined shall be
33 taken into account in the computation of such retirement allowance or
34 benefits.

35 If a member receives basic salary from two or more employers during
36 any calendar month, the individual shall receive one service credit
37 month's service credit during any calendar month in which multiple
38 service for ninety or more hours is rendered; or one-half service
39 credit month's service credit during any calendar month in which

1 multiple service for at least seventy hours but less than ninety hours
2 is rendered; or one-quarter service credit month during any calendar
3 month in which multiple service for less than seventy hours is ren-
4 dered.

5 (15) "Accumulated contributions" means the employee's contributions
6 made by a member, including any amount paid under section 2(2) of this
7 act, plus accrued interest credited thereon.

8 (16) "Actuarial reserve" means a method of financing a pension or
9 retirement plan wherein reserves are accumulated as the liabilities for
10 benefit payments are incurred in order that sufficient funds will be
11 available on the date of retirement of each member to pay the member's
12 future benefits during the period of retirement.

13 (17) "Actuarial valuation" means a mathematical determination of
14 the financial condition of a retirement plan. It includes the
15 computation of the present monetary value of benefits payable to
16 present members, and the present monetary value of future employer and
17 employee contributions, giving effect to mortality among active and
18 retired members and also to the rates of disability, retirement,
19 withdrawal from service, salary and interest earned on investments.

20 (18) "Disability board" for plan I members means either the county
21 disability board or the city disability board established in RCW
22 41.26.110.

23 (19) "Disability leave" means the period of six months or any
24 portion thereof during which a member is on leave at an allowance equal
25 to the member's full salary prior to the commencement of disability
26 retirement. The definition contained in this subsection shall apply
27 only to plan I members.

28 (20) "Disability retirement" for plan I members, means the period
29 following termination of a member's disability leave, during which the
30 member is in receipt of a disability retirement allowance.

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

33 (22) "Medical services" for plan I members, shall include the
34 following as minimum services to be provided. Reasonable charges for
35 these services shall be paid in accordance with RCW 41.26.150.

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

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

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

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

9 (i) The fees of the following:

10 (A) A physician or surgeon licensed under the provisions of chapter
11 18.71 RCW;

12 (B) An osteopath licensed under the provisions of chapter 18.57
13 RCW;

14 (C) A chiropractor licensed under the provisions of chapter 18.25
15 RCW.

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

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

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

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

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

23 (D) Anesthesia and oxygen;

24 (E) Rental of iron lung and other durable medical and surgical
25 equipment;

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

27 (G) Professional ambulance service when used to transport the
28 member to or from a hospital when injured by an accident or stricken by
29 a disease;

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

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

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

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

37 (L) An optometrist licensed under the provisions of chapter 18.53
38 RCW.

1 (23) "Regular interest" means such rate as the director may
2 determine.

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

7 (25) "Director" means the director of the department.

8 (26) "State actuary" or "actuary" means the person appointed
9 pursuant to RCW 44.44.010(2).

10 (27) "State elective position" means any position held by any
11 person elected or appointed to state-wide office or elected or
12 appointed as a member of the legislature.

13 (28) "Plan I" means the law enforcement officers' and fire
14 fighters' retirement system, plan I providing the benefits and funding
15 provisions covering persons who first became members of the system
16 prior to October 1, 1977.

17 (29) "Plan II" means the law enforcement officers' and fire
18 fighters' retirement system, plan II providing the benefits and funding
19 provisions covering persons who first became members of the system on
20 and after October 1, 1977.

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

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

25 (32) "General authority law enforcement agency" means any agency,
26 department, or division of a municipal corporation, political
27 subdivision, or other unit of local government of this state, and any
28 agency, department, or division of state government, having as its
29 primary function the detection and apprehension of persons committing
30 infractions or violating the traffic or criminal laws in general, but
31 not including the Washington state patrol. Such an agency, department,
32 or division is distinguished from a limited authority law enforcement
33 agency having as one of its functions the apprehension or detection of
34 persons committing infractions or violating the traffic or criminal
35 laws relating to limited subject areas, including but not limited to,
36 the state departments of natural resources, (~~(fisheries,~~) fish and
37 wildlife, and social and health services, the state gambling
38 commission, the state lottery commission, the state parks and
39 recreation commission, the state utilities and transportation

1 commission, the state liquor control board, and the state department of
2 corrections.

3 **Sec. 6.** RCW 41.26.170 and 1991 c 35 s 24 are each amended to read
4 as follows:

5 (1) Should service of a member be discontinued except by death,
6 disability, or retirement, the member shall, upon application therefor,
7 be paid the accumulated contributions within sixty days after the day
8 of application and the rights to all benefits as a member shall cease:
9 PROVIDED, That any member with at least five years' service may elect
10 the provisions of RCW 41.26.090(2).

11 (2) Any member whose contributions have been paid in accordance
12 with subsection (1) of this section and who reenters the service of an
13 employer (~~((within ten years of the date of separation))~~) shall upon the
14 restoration of (~~(all)~~) withdrawn contributions, which restoration must
15 be completed within a total period of five years of service following
16 resumption of employment, then receive credit toward retirement for the
17 period of previous service which these contributions are to cover.

18 (3) If the member fails to meet the time limitations of subsection
19 (2) of this section, the member may restore the withdrawn contributions
20 under section 2(2) of this act prior to retirement. The member shall
21 then receive credit toward retirement for the period of previous
22 service that these contributions are to cover.

23 **Sec. 7.** RCW 41.26.192 and 1992 c 157 s 1 are each amended to read
24 as follows:

25 If a member of plan I served as a law enforcement officer or fire
26 fighter under a prior pension system and that service is not creditable
27 to plan I because the member withdrew his or her contributions plus
28 accrued interest from the prior pension system, the member's prior
29 service as a law enforcement officer shall be credited to plan I if the
30 member pays to the retirement system (~~((by June 30, 1993, an))~~) the
31 amount ((equal to that which the member withdrew from the prior pension
32 system together with interest as determined by the director)) under
33 section 2(2) of this act prior to retirement.

34 **Sec. 8.** RCW 41.26.194 and 1992 c 157 s 2 are each amended to read
35 as follows:

1 If a plan I member's prior service as a law enforcement officer or
2 fire fighter under a prior pension system is not creditable because,
3 although employed in a position covered by a prior pension act, the
4 member had not yet become a member of the pension system governed by
5 the act, the member's prior service as a law enforcement officer or
6 fire fighter shall be creditable under plan I, if the member pays to
7 the plan(~~(, on or before June 30, 1993, an)~~) the amount (~~(equal to the~~
8 ~~employee's and the employer's contributions that would have been~~
9 ~~required under the prior act when the member's service was rendered if~~
10 ~~the member had been a member of the prior pension system during that~~
11 ~~period, together with interest as determined by the director)~~) set
12 forth under section 2(2) of this act prior to retirement.

13 **Sec. 9.** RCW 41.26.425 and 1982 c 144 s 1 are each amended to read
14 as follows:

15 (1) On or after June 10, 1982, the director may pay a beneficiary,
16 (~~(as defined in RCW 41.04.040(3),)~~) subject to the provisions of
17 subsection (~~((4))~~) (5) of this section, a lump sum payment in lieu of
18 a monthly benefit if the initial monthly benefit computed in accordance
19 with RCW 41.26.420 would be less than fifty dollars. The lump sum
20 payment shall be the greater of the actuarial equivalent of such
21 monthly benefits or an amount equal to the individual's accumulated
22 contributions plus accrued interest.

23 (2) A beneficiary, (~~(as defined in RCW 41.04.040(3),)~~) subject to
24 the provisions of subsection (~~((4))~~) (5) of this section, who is
25 receiving a regular monthly benefit of less than fifty dollars may
26 request, in writing, to convert from a monthly benefit to a lump sum
27 payment. If the director approves the conversion, the calculation of
28 the actuarial equivalent of the total estimated regular benefit will be
29 computed based on the beneficiary's age at the time the benefit
30 initially accrued. The lump sum payment will be reduced to reflect any
31 payments received on or after the initial benefit accrual date.

32 (3) Persons covered under the provisions of subsection (1) of this
33 section may upon returning to member status (~~(as defined in RCW~~
34 ~~41.04.040(2))~~) reinstate all previous service by depositing the lump
35 sum payment received, with interest as computed by the director, within
36 two years of returning to service or prior to re-retiring, whichever
37 comes first. In computing the amount due, the director shall exclude
38 the accumulated value of the normal payments the member would have

1 received while in beneficiary status if the lump sum payment had not
2 occurred.

3 (4) If a member fails to meet the time limitations set forth under
4 subsection (3) of this section, the member may reinstate all previous
5 service under section 2(2) of this act prior to retirement. The sum
6 deposited shall exclude the accumulated value of the normal payments
7 the member would have received while in beneficiary status if the lump
8 sum payment had not occurred.

9 (5) Only persons entitled to or receiving a service retirement
10 allowance under RCW 41.26.420 or an earned disability allowance under
11 RCW 41.26.470 qualify for participation under this section.

12 ~~((+5))~~ (6) It is the intent of the legislature that any member who
13 receives a settlement under this section shall be deemed to be retired
14 from this system.

15 **Sec. 10.** RCW 41.26.520 and 1993 c 95 s 4 are each amended to read
16 as follows:

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

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

32 (3) Except as specified in subsection ~~((+4))~~ (6) of this section,
33 a member shall be eligible to receive a maximum of two years service
34 credit during a member's entire working career for those periods when
35 a member is on an unpaid leave of absence authorized by an employer.
36 Such credit may be obtained only if the member makes the employer,
37 member, and state contributions plus interest as determined by the
38 department for the period of the authorized leave of absence within

1 five years of resumption of service or prior to retirement whichever
2 comes sooner(~~(: PROVIDED, That)~~).

3 (4) If a member fails to meet the time limitations of subsection
4 (3) of this section, the member may receive a maximum of two years of
5 service credit during a member's working career for those periods when
6 a member is on unpaid leave of absence authorized by an employer. This
7 may be done by paying the amount required under section 2(2) of this
8 act prior to retirement.

9 (5) For the purpose of ((this)) subsection (3) of this section the
10 contribution shall not include the contribution for the unfunded
11 supplemental present value as required by RCW 41.26.450. The contribu-
12 tions required shall be based on the average of the member's basic
13 salary at both the time the authorized leave of absence was granted and
14 the time the member resumed employment.

15 ~~((4))~~ (6) A member who leaves the employ of an employer to enter
16 the armed forces of the United States shall be entitled to retirement
17 system service credit for up to four years of military service.

18 (a) The member qualifies for service credit under this subsection
19 if:

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

24 (ii) The member makes the employee contributions required under RCW
25 41.26.450 plus interest as determined by the department within five
26 years of resumption of service or prior to retirement, whichever comes
27 sooner; or

28 (iii) Prior to retirement and not within ninety days of the
29 member's honorable discharge or five years of resumption of service the
30 member pays the amount required under section 2(2) of this act.

31 (b) Upon receipt of member contributions under (a)(ii) of this
32 subsection, the department shall bill the employer and the state for
33 their respective contributions required under RCW 41.26.450 for the
34 period of military service, plus interest as determined by the
35 department.

36 (c) The contributions required under (a)(ii) of this subsection
37 shall be based on the average of the member's basic salary at both the
38 time the member left the employ of the employer to enter the armed
39 forces and the time the member resumed employment.

1 (~~(5)~~) (7) A member receiving benefits under Title 51 RCW who is
2 not receiving benefits under this chapter shall be deemed to be on
3 unpaid, authorized leave of absence.

4 **Sec. 11.** RCW 41.26.550 and 1993 c 517 s 7 are each amended to read
5 as follows:

6 (1) A member, who had left service and withdrawn the member's funds
7 pursuant to RCW 41.26.540, shall receive service credit for such prior
8 service if the member restores all withdrawn funds together with
9 interest since the time of withdrawal as determined by the department.

10 The restoration of such funds must be completed within five years
11 of the resumption of service or prior to retirement, whichever occurs
12 first.

13 (2) If a member fails to meet the time limitations of subsection
14 (1) of this section, the member may restore withdrawn contributions and
15 receive service credit for such prior service if the amount required
16 under section 2(2) of this act is paid.

17 **Sec. 12.** RCW 41.32.010 and 1993 c 95 s 7 are each amended to read
18 as follows:

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

21 (1)(a) "Accumulated contributions" for plan I members, means the
22 sum of all regular annuity contributions and, except for the purpose of
23 withdrawal at the time of retirement, any amount paid under section
24 2(2) of this act with regular interest thereon.

25 (b) "Accumulated contributions" for plan II members, means the sum
26 of all contributions standing to the credit of a member in the member's
27 individual account, including any amount paid under section 2(2) of
28 this act, together with the regular interest thereon.

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

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

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

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

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

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

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

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

14 (9) "Disability allowance" means monthly payments during disabili-
15 ty. This subsection shall apply only to plan I members.

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

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

22 (A) Retroactive payments to an individual by an employer on
23 reinstatement of the employee in a position, or payments by an employer
24 to an individual in lieu of reinstatement in a position which are
25 awarded or granted as the equivalent of the salary or wages which the
26 individual would have earned during a payroll period shall be consid-
27 ered earnable compensation and the individual shall receive the
28 equivalent service credit.

29 (B) If a leave of absence, without pay, is taken by a member for
30 the purpose of serving as a member of the state legislature, and such
31 member has served in the legislature five or more years, the salary
32 which would have been received for the position from which the leave of
33 absence was taken shall be considered as compensation earnable if the
34 employee's contribution thereon is paid by the employee. In addition,
35 where a member has been a member of the state legislature for five or
36 more years, earnable compensation for the member's two highest
37 compensated consecutive years of service shall include a sum not to
38 exceed thirty-six hundred dollars for each of such two consecutive

1 years, regardless of whether or not legislative service was rendered
2 during those two years.

3 (ii) For members employed less than full time under written
4 contract with a school district, or community college district, in an
5 instructional position, for which the member receives service credit of
6 less than one year in all of the years used to determine the earnable
7 compensation used for computing benefits due under RCW 41.32.497,
8 41.32.498, and 41.32.520, the member may elect to have earnable
9 compensation defined as provided in RCW 41.32.345. For the purposes of
10 this subsection, the term "instructional position" means a position in
11 which more than seventy-five percent of the member's time is spent as
12 a classroom instructor (including office hours), a librarian, or a
13 counselor. Earnable compensation shall be so defined only for the
14 purpose of the calculation of retirement benefits and only as necessary
15 to insure that members who receive fractional service credit under RCW
16 41.32.270 receive benefits proportional to those received by members
17 who have received full-time service credit.

18 (b) "Earnable compensation" for plan II members, means salaries or
19 wages earned by a member during a payroll period for personal services,
20 including overtime payments, and shall include wages and salaries
21 deferred under provisions established pursuant to sections 403(b),
22 414(h), and 457 of the United States Internal Revenue Code, but shall
23 exclude lump sum payments for deferred annual sick leave, unused
24 accumulated vacation, unused accumulated annual leave, or any form of
25 severance pay.

26 (i) Retroactive payments to an individual by an employer on
27 reinstatement of the employee in a position or payments by an employer
28 to an individual in lieu of reinstatement in a position which are
29 awarded or granted as the equivalent of the salary or wages which the
30 individual would have earned during a payroll period shall be consid-
31 ered earnable compensation, to the extent provided above, and the
32 individual shall receive the equivalent service credit.

33 (ii) In any year in which a member serves in the legislature the
34 member shall have the option of having such member's earnable compensa-
35 tion be the greater of:

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

38 (B) Such member's actual earnable compensation received for
39 teaching and legislative service combined. Any additional contribu-

1 tions to the retirement system required because compensation earnable
2 under (b)(ii)(A) of this subsection is greater than compensation
3 earnable under (b)(ii)(B) of this subsection shall be paid by the
4 member for both member and employer contributions.

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

7 (12) "Fiscal year" means a year which begins July 1st and ends June
8 30th of the following year.

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

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

14 (15) "Member" means any teacher included in the membership of the
15 retirement system. Also, any other employee of the public schools who,
16 on July 1, 1947, had not elected to be exempt from membership and who,
17 prior to that date, had by an authorized payroll deduction, contributed
18 to the member reserve.

19 (16) "Membership service" means service rendered subsequent to the
20 first day of eligibility of a person to membership in the retirement
21 system: PROVIDED, That where a member is employed by two or more
22 employers the individual shall receive no more than one service credit
23 month during any calendar month in which multiple service is rendered.
24 The provisions of this subsection shall apply only to plan I members.

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

27 (18) "Pension reserve" is a fund in which shall be accumulated an
28 actuarial reserve adequate to meet present and future pension liabili-
29 ties of the system and from which all pension obligations are to be
30 paid.

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

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

38 (21) "Public school" means any institution or activity operated by
39 the state of Washington or any instrumentality or political subdivision

1 thereof employing teachers, except the University of Washington and
2 Washington State University.

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

7 (23) "Regular interest" means such rate as the director may
8 determine.

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

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

14 (25) "Retirement system" means the Washington state teachers'
15 retirement system.

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

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

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

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

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

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

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

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

9 Any person who is a member of the teachers' retirement system and
10 who is elected or appointed to a state elective position may continue
11 to be a member of the retirement system and continue to receive a
12 service credit month for each of the months in a state elective
13 position by making the required member contributions.

14 When an individual is employed by two or more employers the
15 individual shall only receive one month's service credit during any
16 calendar month in which multiple service for ninety or more hours is
17 rendered.

18 The department shall adopt rules implementing this subsection.

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

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

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

31 (30) "Average final compensation" for plan II members, means the
32 member's average earnable compensation of the highest consecutive sixty
33 service credit months prior to such member's retirement, termination,
34 or death. Periods constituting authorized leaves of absence may not be
35 used in the calculation of average final compensation except under RCW
36 41.32.810(2).

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

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

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

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

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

9 (36) "Substitute teacher" means:

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

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

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

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

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

27 (d) The elected position of the superintendent of public instruc-
28 tion is an eligible position.

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

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

35 **Sec. 13.** RCW 41.32.025 and 1991 c 35 s 35 are each amended to read
36 as follows:

37 The department is empowered within the limits of this chapter and,
38 with regard to restoration of service credit under section 2 of this

1 act, to decide on all questions of eligibility covering membership,
2 service credit, and benefits.

3 **Sec. 14.** RCW 41.32.240 and 1991 c 35 s 38 are each amended to read
4 as follows:

5 (1) All teachers employed full time in the public schools shall be
6 members of the system except alien teachers who have been granted a
7 temporary permit to teach as exchange teachers.

8 (2) A minimum of ninety days or the equivalent of ninety days of
9 employment during a fiscal year shall be required to establish
10 membership. A teacher shall be considered as employed full time if
11 serving regularly for four-fifths or more of a school day or if
12 assigned to duties which are the equivalent of four-fifths or more of
13 a full time assignment. A teacher who is employed for less than full
14 time service may become a member by filing an application with the
15 retirement system, submitting satisfactory proof of teaching service
16 and making the necessary payment before June 30 of the school year
17 immediately following the one during which the service was rendered.

18 (3) After June 30th of the school year immediately following the
19 one during which the less than full-time service was rendered, the
20 necessary payment may be made under section 2(2) of this act.

21 **Sec. 15.** RCW 41.32.310 and 1992 c 72 s 6 are each amended to read
22 as follows:

23 (1) Any member desiring to establish credit for services previously
24 rendered, must present proof and make the necessary payments on or
25 before June 30 of the fifth school year of membership. Payments
26 covering all types of membership service credit must be made in a lump
27 sum when due, or in annual installments. The first annual installment
28 of at least twenty percent of the amount due must be paid before the
29 above deadline date, and the final payment must be made by June 30th of
30 the fourth school year following that in which the first installment
31 was made. The amount of payment and the interest thereon, whether lump
32 sum or installments, shall be made by a method and in an amount
33 established by the department.

34 (2) A member who had the opportunity under chapter 41.32 RCW prior
35 to July 1, 1969, to establish credit for active United States military
36 service or credit for professional preparation and failed to do so
37 shall be permitted to establish additional credit within the provisions

1 of RCW 41.32.260 and 41.32.330. A member who was not permitted to
2 establish credit pursuant to section 2, chapter 32, Laws of 1973 2nd
3 ex. sess., for Washington teaching service previously rendered, must
4 present proof and make the necessary payment to establish such credit
5 as membership service credit. Payment for such credit must be made in
6 a lump sum on or before June 30, 1974. Any member desiring to
7 establish credit under the provisions of this ((1969 amendment))
8 subsection must present proof and make the necessary payment before
9 June 30, 1974; or, if not employed on the effective date of this
10 amendment, before June 30th of the fifth school year upon returning to
11 public school employment in this state.

12 (3) After June 30th of the fifth school year of membership, any
13 member desiring to establish credit for services previously rendered,
14 must present proof and make the necessary payments under section 2(2)
15 of this act but prior to retirement.

16 **Sec. 16.** RCW 41.32.498 and 1991 c 35 s 55 are each amended to read
17 as follows:

18 Any person who becomes a member subsequent to April 25, 1973 or who
19 has made the election, provided by RCW 41.32.497, to receive the
20 benefit provided by this section, shall receive a retirement allowance
21 consisting of:

22 (1) An annuity which shall be the actuarial equivalent of his or
23 her additional contributions on full salary as provided by chapter 274,
24 Laws of 1955 and his or her lump sum payment in excess of the required
25 contribution rate made at date of retirement, pursuant to RCW
26 41.32.350, if any; and

27 (2) A combined pension and annuity service retirement allowance
28 which shall be equal to two percent of his or her average earnable
29 compensation for his or her two highest compensated consecutive years
30 of service times the total years of creditable service established with
31 the retirement system, to a maximum of sixty percent of such average
32 earnable compensation: PROVIDED, That any member may irrevocably
33 elect, at time of retirement, to withdraw all or a part of his or her
34 accumulated contributions, other than any amount paid under section
35 2(2) of this act, and to receive, in lieu of the full retirement
36 allowance provided by this subsection, a reduction in the standard two
37 percent allowance, of the actuarially determined amount of monthly
38 annuity which would have been purchased by said contributions:

1 PROVIDED FURTHER, That no member may withdraw an amount of accumulated
2 contributions which would lower his or her retirement allowance below
3 the minimum allowance provided by RCW 41.32.497 as now or hereafter
4 amended: AND PROVIDED FURTHER, That said reduced amount may be reduced
5 even further pursuant to the options provided in RCW 41.32.530;

6 (3) Notwithstanding the provisions of subsections (1) and (2) of
7 this section, the retirement allowance payable for service of a member
8 who was state superintendent of public instruction on January 1, 1973
9 shall be equal to three percent of the average earnable compensation of
10 his two highest consecutive years of service for each year of such
11 service.

12 **Sec. 17.** RCW 41.32.500 and 1991 c 35 s 57 are each amended to read
13 as follows:

14 (~~(1)~~) Membership in the retirement system is terminated when a
15 member retires for service or disability, dies, withdraws the
16 accumulated contributions or does not establish service credit with the
17 retirement system for five consecutive years; however, a member may
18 retain membership in the teachers' retirement system by leaving the
19 accumulated contributions in the teachers' retirement fund under one of
20 the following conditions:

21 (~~(a)~~) (1) If he or she is eligible for retirement;

22 (~~(b)~~) (2) If he or she is a member of another public retirement
23 system in the state of Washington by reason of change in employment and
24 has arranged to have membership extended during the period of such
25 employment;

26 (~~(c)~~) (3) If he or she is not eligible for retirement but has
27 established five or more years of Washington membership service credit.

28 The prior service certificate becomes void when a member dies,
29 withdraws the accumulated contributions or does not establish service
30 credit with the retirement system for five consecutive years, and any
31 prior administrative interpretation of the board of trustees,
32 consistent with this section, is hereby ratified, affirmed and
33 approved.

34 (~~(2) Any member, except an elected official, who reentered service~~
35 ~~and who failed to restore withdrawn contributions, shall now have from~~
36 ~~April 4, 1986, through June 30, 1987, to restore the contributions,~~
37 ~~with interest as determined by the director.~~

1 ~~(3) Within the ninety days following the employee's resumption of~~
2 ~~employment, the employer shall notify the department of the resumption~~
3 ~~and the department shall then return to the employer a statement of the~~
4 ~~potential service credit to be restored, the amount of funds required~~
5 ~~for restoration, and the date when the restoration must be~~
6 ~~accomplished. The employee shall be given a copy of the statement and~~
7 ~~shall sign a copy of the statement which signed copy shall be placed in~~
8 ~~the employee's personnel file.))~~

9 **Sec. 18.** RCW 41.32.510 and 1982 1st ex.s. c 52 s 15 are each
10 amended to read as follows:

11 (1) Should a member cease to be employed by an employer and request
12 upon a form provided by the department a refund of the member's
13 accumulated contributions with interest, this amount shall be paid to
14 the individual less any withdrawal fee which may be assessed by the
15 director which shall be deposited in the department of retirement
16 systems expense fund. ~~((The amount withdrawn, together with interest~~
17 ~~as determined by the director must be paid if the member desires to~~
18 ~~reestablish the former service credits.))~~

19 (2) Termination of employment with one employer for the specific
20 purpose of accepting employment with another employer or termination
21 with one employer and reemployment with the same employer, whether for
22 the same school year or for the ensuing school year, shall not qualify
23 a member for a refund of the member's accumulated contributions.

24 (3) A member who files an application for a refund of the member's
25 accumulated contributions and subsequently enters into a contract for
26 or resumes public school employment before a refund payment has been
27 made shall not be eligible for such payment.

28 **Sec. 19.** RCW 41.32.762 and 1982 c 144 s 2 are each amended to read
29 as follows:

30 (1) On or after June 10, 1982, the director may pay a beneficiary,
31 ~~((as defined in RCW 41.04.040(3),))~~ subject to the provisions of
32 subsection ~~((+4))~~ (5) of this section, a lump sum payment in lieu of
33 a monthly benefit if the initial monthly benefit computed in accordance
34 with RCW 41.32.760 would be less than fifty dollars. The lump sum
35 payment shall be the greater of the actuarial equivalent of such
36 monthly benefits or an amount equal to the individual's accumulated
37 contributions plus accrued interest.

1 (2) A beneficiary, (~~as defined in RCW 41.04.040(3),~~) subject to
2 the provisions of subsection (~~(4)~~) (5) of this section, who is
3 receiving a regular monthly benefit of less than fifty dollars may
4 request, in writing, to convert from a monthly benefit to a lump sum
5 payment. If the director approves the conversion, the calculation of
6 the actuarial equivalent of the total estimated regular benefit will be
7 computed based on the beneficiary's age at the time the benefit
8 initially accrued. The lump sum payment will be reduced to reflect any
9 payments received on or after the initial benefit accrual date.

10 (3) Persons covered under the provisions of subsection (1) of this
11 section may upon returning to member status (~~as defined in RCW~~
12 ~~41.04.040(2)~~) reinstate all previous service by depositing the lump
13 sum payment received, with interest as computed by the director, within
14 two years of returning to service or prior to re-retiring, whichever
15 comes first. In computing the amount due, the director shall exclude
16 the accumulated value of the normal payments the member would have
17 received while in beneficiary status if the lump sum payment had not
18 occurred.

19 (4) If a member fails to meet the time limitations under subsection
20 (3) of this section, reinstatement of all previous service will occur
21 if the member pays the amount required under section 2(2) of this act.
22 The amount, however, shall exclude the accumulated value of the normal
23 payments the member would have received while in beneficiary status if
24 the lump sum payment had not occurred.

25 (5) Only persons entitled to or receiving a service retirement
26 allowance under RCW 41.32.760 or an earned disability allowance under
27 RCW 41.32.790 qualify for participation under this section.

28 (~~(5)~~) (6) It is the intent of the legislature that any member who
29 receives a settlement under this section shall be deemed to be retired
30 from this system.

31 **Sec. 20.** RCW 41.32.810 and 1993 c 95 s 6 are each amended to read
32 as follows:

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

36 (2) A member who receives compensation from an employer while on an
37 authorized leave of absence to serve as an elected official of a labor
38 organization, and whose employer is reimbursed by the labor organiza-

1 tion for the compensation paid to the member during the period of
2 absence, may also be considered to be on a paid leave of absence. This
3 subsection shall only apply if the member's leave of absence is
4 authorized by a collective bargaining agreement that provides that the
5 member retains seniority rights with the employer during the period of
6 leave. The earnable compensation reported for a member who establishes
7 service credit under this subsection may not be greater than the salary
8 paid to the highest paid job class covered by the collective bargaining
9 agreement.

10 (3) Except as specified in subsection ~~((4))~~ (6) of this section,
11 a member shall be eligible to receive a maximum of two years service
12 credit during a member's entire working career for those periods when
13 a member is on an unpaid leave of absence authorized by an employer.
14 Such credit may be obtained only if the member makes both the employer
15 and member contributions plus interest as determined by the department
16 for the period of the authorized leave of absence within five years of
17 resumption of service or prior to retirement whichever comes sooner(~~(÷~~
18 ~~PROVIDED, That)~~)).

19 (4) If a member fails to meet the time limitations of subsection
20 (3) of this section, the member may receive a maximum of two years of
21 service credit during a member's working career for those periods when
22 a member is on unpaid leave of absence authorized by an employer. This
23 may be done by paying the amount required under section 2(2) of this
24 act prior to retirement.

25 (5) For the purpose of ~~((this))~~ subsection (3) of this section, the
26 contribution shall not include the contribution for the unfunded
27 supplemental present value as required by RCW 41.32.775. The
28 contributions required shall be based on the average of the member's
29 earnable compensation at both the time the authorized leave of absence
30 was granted and the time the member resumed employment.

31 ~~((4))~~ (6) A member who leaves the employ of an employer to enter
32 the armed forces of the United States shall be entitled to retirement
33 system service credit for up to four years of military service.

34 (a) The member qualifies for service credit under this subsection
35 if:

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

1 (ii) The member makes the employee contributions required under RCW
2 41.32.775 plus interest as determined by the department within five
3 years of resumption of service or prior to retirement, whichever comes
4 sooner; or

5 (iii) Prior to retirement and not within ninety days of the
6 member's honorable discharge or five years of resumption of service the
7 member pays the amount required under section 2(2) of this act.

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

12 (c) The contributions required under (a)(ii) of this subsection
13 shall be based on the average of the member's earnable compensation at
14 both the time the member left the employ of the employer to enter the
15 armed forces and the time the member resumed employment.

16 **Sec. 21.** RCW 41.32.812 and 1992 c 212 s 20 are each amended to
17 read as follows:

18 The department of retirement systems shall credit at least one-half
19 service credit month for each month of each school year, as defined by
20 RCW 28A.150.040, from October 1, 1977, through December 31, 1986, to a
21 member of the teachers' retirement system plan II who was employed by
22 an employer, as defined by RCW 41.32.010, under a contract for half-
23 time employment as determined by the department for such school year
24 and from whose compensation contributions were paid by the employee or
25 picked up by the employer. Any withdrawn contributions shall be
26 restored under RCW 41.32.500(1) or section 2 of this act prior to
27 crediting any service.

28 **Sec. 22.** RCW 41.32.825 and 1988 c 117 s 2 are each amended to read
29 as follows:

30 (1) A member, who had left service and withdrawn the member's
31 accumulated contributions, shall, upon reestablishment of membership
32 under RCW 41.32.240, receive service credit for such prior service if
33 the member restores all withdrawn accumulated contributions together
34 with interest since the time of withdrawal as determined by the
35 department. The restoration of such funds must be completed within
36 five years of the resumption of service or prior to retirement,
37 whichever occurs first.

1 (2) If a member fails to meet the time limitations of subsection
2 (1) of this section, the member may restore withdrawn contributions and
3 receive service credit for such prior service if the amount required
4 under section 2(2) of this act is paid.

5 **Sec. 23.** RCW 41.40.010 and 1993 c 95 s 8 are each amended to read
6 as follows:

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

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

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

13 (3) "State treasurer" means the treasurer of the state of Washing-
14 ton.

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

26 (b) "Employer" for plan II members, means every branch, department,
27 agency, commission, board, and office of the state, and any political
28 subdivision and municipal corporation of the state admitted into the
29 retirement system, including public agencies created pursuant to RCW
30 35.63.070, 36.70.060, and 39.34.030.

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

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

34 (a) Any person who became a member of the system prior to April 1,
35 1949;

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

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

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

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

17 (f) Any member who has been a contributor under the system for two
18 or more years and who has restored all contributions that may have been
19 withdrawn as provided by RCW 41.40.150 and who on the effective date of
20 the individual's retirement has rendered five or more years of service
21 for the state or any political subdivision prior to the time of the
22 admission of the employer into the system; except that the provisions
23 relating to the minimum amount of retirement allowance for the member
24 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
25 apply to the member.

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

28 (8)(a) "Compensation earnable" for plan I members, means salaries
29 or wages earned during a payroll period for personal services and where
30 the compensation is not all paid in money, maintenance compensation
31 shall be included upon the basis of the schedules established by the
32 member's employer: PROVIDED, That retroactive payments to an individu-
33 al by an employer on reinstatement of the employee in a position, or
34 payments by an employer to an individual in lieu of reinstatement in a
35 position which are awarded or granted as the equivalent of the salary
36 or wage which the individual would have earned during a payroll period
37 shall be considered compensation earnable and the individual shall
38 receive the equivalent service credit: PROVIDED FURTHER, That if a
39 leave of absence is taken by an individual for the purpose of serving

1 in the state legislature, the salary which would have been received for
2 the position from which the leave of absence was taken, shall be
3 considered as compensation earnable if the employee's contribution is
4 paid by the employee and the employer's contribution is paid by the
5 employer or employee.

6 (b) "Compensation earnable" for plan II members, means salaries or
7 wages earned by a member during a payroll period for personal services,
8 including overtime payments, and shall include wages and salaries
9 deferred under provisions established pursuant to sections 403(b),
10 414(h), and 457 of the United States Internal Revenue Code, but shall
11 exclude nonmoney maintenance compensation and lump sum payments for
12 deferred annual sick leave, unused accumulated vacation, unused
13 accumulated annual leave, or any form of severance pay: 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 compensa-
19 tion earnable to the extent provided above, and the individual shall
20 receive the equivalent service credit: PROVIDED FURTHER, That in any
21 year in which a member serves in the legislature, the member shall have
22 the option of having such member's compensation earnable be the greater
23 of:

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

26 (ii) Such member's actual compensation earnable received for
27 nonlegislative public employment and legislative service combined. Any
28 additional contributions to the retirement system required because
29 compensation earnable under subparagraph (i) of this subsection is
30 greater than compensation earnable under subparagraph (ii) of this
31 subsection shall be paid by the member for both member and employer
32 contributions.

33 (9)(a) "Service" for plan I members, except as provided in RCW
34 41.40.088, means periods of employment in an eligible position or
35 positions for one or more employers rendered to any employer for which
36 compensation is paid, and includes time spent in office as an elected
37 or appointed official of an employer. Compensation earnable earned in
38 full time work for seventy hours or more in any given calendar month
39 shall constitute one service credit month except as provided in RCW

1 41.40.088. Compensation earnable earned for less than seventy hours in
2 any calendar month shall constitute one-quarter service credit month of
3 service except as provided in RCW 41.40.088. Only service credit
4 months and one-quarter service credit months shall be counted in the
5 computation of any retirement allowance or other benefit provided for
6 in this chapter. Any fraction of a year of service shall be taken into
7 account in the computation of such retirement allowance or benefits.

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

20 (b) "Service" for plan II members, means periods of employment by
21 a member in an eligible position or positions for one or more employers
22 for which compensation earnable is paid. Compensation earnable earned
23 for ninety or more hours in any calendar month shall constitute one
24 service credit month except as provided in RCW 41.40.088. Compensation
25 earnable earned for at least seventy hours but less than ninety hours
26 in any calendar month shall constitute one-half service credit month of
27 service. Compensation earnable earned for less than seventy hours in
28 any calendar month shall constitute one-quarter service credit month of
29 service.

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

32 Service in any state elective position shall be deemed to be full
33 time service, except that persons serving in state elective positions
34 who are members of the teachers' retirement system or law enforcement
35 officers' and fire fighters' retirement system at the time of election
36 or appointment to such position may elect to continue membership in the
37 teachers' retirement system or law enforcement officers' and fire
38 fighters' retirement system.

1 A member shall receive a total of not more than twelve service
2 credit months of service for such calendar year: PROVIDED, That when
3 an individual is employed in an eligible position by one or more
4 employers the individual shall receive no more than one service credit
5 month during any calendar month in which multiple service for ninety or
6 more hours is rendered.

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

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

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

13 (13) "Membership service" means:

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

15 (b) All service after October 1, 1947, to any employer prior to the
16 time of its admission into the retirement system: PROVIDED, That an
17 amount equal to the employer and employee contributions which would
18 have been paid to the retirement system on account of such service
19 shall have been paid to the retirement system with interest (as
20 computed by the department) on the employee's portion prior to
21 retirement of such person, by the employee or his employer, except as
22 qualified by RCW 41.40.023: PROVIDED FURTHER, That employer contribu-
23 tions plus employee contributions with interest submitted by the
24 employee under this subsection shall be placed in the employee's
25 individual account in the employees' savings fund and be treated as any
26 other contribution made by the employee, with the exception that the
27 contributions submitted by the employee in payment of the employer's
28 obligation, together with the interest the director may apply to the
29 employer's contribution, shall be excluded from the calculation of the
30 member's annuity in the event the member selects a benefit with an
31 annuity option;

32 (c) Service not to exceed six consecutive months of probationary
33 service rendered after April 1, 1949, and prior to becoming a member,
34 in the case of any member, upon payment in full by such member of the
35 total amount of the employer's contribution to the retirement fund
36 which would have been required under the law in effect when such
37 probationary service was rendered if the member had been a member
38 during such period, except that the amount of the employer's contribu-

1 tion shall be calculated by the director based on the first month's
2 compensation earnable as a member;

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

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

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

16 (15) "Regular interest" means such rate as the director may
17 determine.

18 (16) "Accumulated contributions" means the sum of all contributions
19 standing to the credit of a member in the member's individual account,
20 including any amount paid under section 2(2) of this act, together with
21 the regular interest thereon.

22 (17)(a) "Average final compensation" for plan I members, means the
23 annual average of the greatest compensation earnable by a member during
24 any consecutive two year period of service credit months for which
25 service credit is allowed; or if the member has less than two years of
26 service credit months then the annual average compensation earnable
27 during the total years of service for which service credit is allowed.

28 (b) "Average final compensation" for plan II members, means the
29 member's average compensation earnable of the highest consecutive sixty
30 months of service credit months prior to such member's retirement,
31 termination, or death. Periods constituting authorized leaves of
32 absence may not be used in the calculation of average final compensa-
33 tion except under RCW 41.40.710(2).

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

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

1 (20) "Pension" means payments for life derived from contributions
2 made by the employer. All pensions shall be paid in monthly install-
3 ments.

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

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

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

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

13 (25) "Eligible position" means:

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

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

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

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

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

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

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

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

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

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

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

7 **Sec. 24.** RCW 41.40.023 and 1993 c 319 s 1 are each amended to read
8 as follows:

9 Membership in the retirement system shall consist of all regularly
10 compensated employees and appointive and elective officials of
11 employers, as defined in this chapter, with the following exceptions:

12 (1) Persons in ineligible positions;

13 (2) Employees of the legislature except the officers thereof
14 elected by the members of the senate and the house and legislative
15 committees, unless membership of such employees be authorized by the
16 said committee;

17 (3)(a) Persons holding elective offices or persons appointed
18 directly by the governor: PROVIDED, That such persons shall have the
19 option of applying for membership during such periods of employment:
20 AND PROVIDED FURTHER, That any persons holding or who have held
21 elective offices or persons appointed by the governor who are members
22 in the retirement system and who have, prior to becoming such members,
23 previously held an elective office, and did not at the start of such
24 initial or successive terms of office exercise their option to become
25 members, may apply for membership to be effective during such term or
26 terms of office, and shall be allowed to establish the service credit
27 applicable to such term or terms of office upon payment of the employee
28 contributions therefor by the employee with interest as determined by
29 the director and employer contributions therefor by the employer or
30 employee with interest as determined by the director: AND PROVIDED
31 FURTHER, That all contributions with interest submitted by the employee
32 under this subsection shall be placed in the employee's individual
33 account in the employee's savings fund and be treated as any other
34 contribution made by the employee, with the exception that any
35 contributions submitted by the employee in payment of the employer's
36 obligation, together with the interest the director may apply to the
37 employer's contribution, shall not be considered part of the member's
38 annuity for any purpose except withdrawal of contributions;

1 (b) A member holding elective office who has elected to apply for
2 membership pursuant to (a) of this subsection and who later wishes to
3 be eligible for a retirement allowance shall have the option of ending
4 his or her membership in the retirement system. A member wishing to
5 end his or her membership under this subsection must file, on a form
6 supplied by the department, a statement indicating that the member
7 agrees to irrevocably abandon any claim for service for future periods
8 served as an elected official. A member who receives more than fifteen
9 thousand dollars per year in compensation for his or her elective
10 service, adjusted annually for inflation by the director, is not
11 eligible for the option provided by this subsection (3)(b);

12 (4) Employees holding membership in, or receiving pension benefits
13 under, any retirement plan operated wholly or in part by an agency of
14 the state or political subdivision thereof, or who are by reason of
15 their current employment contributing to or otherwise establishing the
16 right to receive benefits from any such retirement plan: PROVIDED,
17 HOWEVER, In any case where the retirement system has in existence an
18 agreement with another retirement system in connection with exchange of
19 service credit or an agreement whereby members can retain service
20 credit in more than one system, such an employee shall be allowed
21 membership rights should the agreement so provide: AND PROVIDED
22 FURTHER, That an employee shall be allowed membership if otherwise
23 eligible while receiving survivor's benefits: AND PROVIDED FURTHER,
24 That an employee shall not either before or after June 7, 1984, be
25 excluded from membership or denied service credit pursuant to this
26 subsection solely on account of: (a) Membership in the plan created
27 under chapter 2.14 RCW; or (b) enrollment under the relief and
28 compensation provisions or the pension provisions of the volunteer fire
29 fighters' relief and pension fund under chapter 41.24 RCW;

30 (5) Patient and inmate help in state charitable, penal, and
31 correctional institutions;

32 (6) "Members" of a state veterans' home or state soldiers' home;

33 (7) Persons employed by an institution of higher learning or
34 community college, primarily as an incident to and in furtherance of
35 their education or training, or the education or training of a spouse;

36 (8) Employees of an institution of higher learning or community
37 college during the period of service necessary to establish eligibility
38 for membership in the retirement plans operated by such institutions;

1 (9) Persons rendering professional services to an employer on a
2 fee, retainer, or contract basis or when the income from these services
3 is less than fifty percent of the gross income received from the
4 person's practice of a profession;

5 (10) Persons appointed after April 1, 1963, by the liquor control
6 board as agency vendors;

7 (11) Employees of a labor guild, association, or organization:
8 PROVIDED, That elective officials and employees of a labor guild,
9 association, or organization which qualifies as an employer within this
10 chapter shall have the option of applying for membership;

11 (12) Plan I retirees employed in eligible positions on a temporary
12 basis for a period not to exceed five months in a calendar year:
13 PROVIDED, That if such employees are employed for more than five months
14 in a calendar year in an eligible position they shall become members of
15 the system prospectively;

16 (13) Persons employed by or appointed or elected as an official of
17 a first class city that has its own retirement system: PROVIDED, That
18 any member elected or appointed to an elective office on or after April
19 1, 1971, shall have the option of continuing as a member of this system
20 in lieu of becoming a member of the city system. A member who elects
21 to continue as a member of this system shall pay the appropriate member
22 contributions and the city shall pay the employer contributions at the
23 rates prescribed by this chapter. The city shall also transfer to this
24 system all of such member's accumulated contributions together with
25 such further amounts as necessary to equal all employee and employer
26 contributions which would have been paid into this system on account of
27 such service with the city and thereupon the member shall be granted
28 credit for all such service. Any city that becomes an employer as
29 defined in RCW 41.40.010(4) as the result of an individual's election
30 under this subsection shall not be required to have all employees
31 covered for retirement under the provisions of this chapter. Nothing
32 in this subsection shall prohibit a city of the first class with its
33 own retirement system from: (a) Transferring all of its current
34 employees to the retirement system established under this chapter, or
35 (b) allowing newly hired employees the option of continuing coverage
36 under the retirement system established by this chapter.

37 Notwithstanding any other provision of this chapter, persons
38 transferring from employment with a first class city of over four
39 hundred thousand population that has its own retirement system to

1 employment with the state department of agriculture may elect to remain
2 within the retirement system of such city and the state shall pay the
3 employer contributions for such persons at like rates as prescribed for
4 employers of other members of such system;

5 (14) Employees who (a) are not citizens of the United States, (b)
6 do not reside in the United States, and (c) perform duties outside of
7 the United States;

8 (15) Employees who (a) are not citizens of the United States, (b)
9 are not covered by chapter 41.48 RCW, (c) are not excluded from
10 membership under this chapter or chapter 41.04 RCW, (d) are residents
11 of this state, and (e) make an irrevocable election to be excluded from
12 membership, in writing, which is submitted to the director within
13 thirty days after employment in an eligible position;

14 (16) Employees who are citizens of the United States and who reside
15 and perform duties for an employer outside of the United States:
16 PROVIDED, That unless otherwise excluded under this chapter or chapter
17 41.04 RCW, the employee may apply for membership (a) within thirty days
18 after employment in an eligible position and membership service credit
19 shall be granted from the first day of membership service, and (b)
20 after this thirty-day period, but membership service credit shall be
21 granted only if payment is made for the noncredited membership service
22 under section 2(2) of this act, otherwise service shall be from the
23 date of application;

24 (17) The city manager or chief administrative officer of a city or
25 town who serves at the pleasure of an appointing authority: PROVIDED,
26 That such persons shall have the option of applying for membership
27 within thirty days from date of their appointment to such positions.
28 Persons serving in such positions as of April 4, 1986, shall continue
29 to be members in the retirement system unless they notify the director
30 in writing prior to December 31, 1986, of their desire to withdraw from
31 membership in the retirement system. A member who withdraws from
32 membership in the system under this section shall receive a refund of
33 the member's accumulated contributions.

34 Persons serving in such positions who have not opted for membership
35 within the specified thirty days, may do so by paying the amount
36 required under section 2(2) of this act for the period from the date of
37 their appointment to the date of acceptance into membership.

1 **Sec. 25.** RCW 41.40.058 and 1987 c 417 s 1 are each amended to read
2 as follows:

3 (1) Any person who was a member of the state-wide city employees'
4 retirement system governed by chapter 41.44 RCW and who also became a
5 member of (~~the public employees'~~) this retirement system on or before
6 July 26, 1987, may, in a writing filed with the director, elect to:

7 (a) Transfer to (~~the public employees'~~) this retirement system
8 all service currently credited under chapter 41.44 RCW;

9 (b) Reestablish and transfer to (~~the public employees'~~) this
10 retirement system all service which was previously credited under
11 chapter 41.44 RCW but which was canceled by discontinuance of service
12 and withdrawal of accumulated contributions as provided in RCW
13 41.44.190. The service may be reestablished and transferred only upon
14 payment by the member to the employees' savings fund of (~~the public~~
15 ~~employees'~~) this retirement system of the amount withdrawn plus
16 interest thereon from the date of withdrawal until the date of payment
17 at a rate determined by the director. No additional payments are
18 required for service credit described in this subsection if already
19 established under this chapter; and

20 (c) Establish service credit for the initial period of employment
21 not to exceed six months, prior to establishing membership under
22 chapter 41.44 RCW, upon payment in full by the member of the total
23 employer's contribution to the benefit account fund of (~~the public~~
24 ~~employees'~~) this retirement system that would have been made under
25 this chapter when the initial service was rendered. The payment shall
26 be based on the first month's compensation earnable as a member of the
27 state-wide city employees' retirement system and as defined in RCW
28 41.44.030(13). However, a person who has established service credit
29 under RCW (~~41.40.010(11)~~) 41.40.010(13) (c) or (d) shall not
30 establish additional credit under this subsection nor may anyone who
31 establishes credit under this subsection establish any additional
32 credit under RCW (~~41.40.010(11)~~) 41.40.010(13) (c) or (d). No
33 additional payments are required for service credit described in this
34 subsection if already established under this chapter.

35 (2)(a) In the case of a member of (~~the public employees'~~) this
36 retirement system who is employed by an employer on July 26, 1987, the
37 written election required by subsection (1) of this section must be
38 filed and the payments required by subsection (1)(b) and (c) of this
39 section must be completed in full within one year after July 26, 1987.

1 (b) In the case of a former member of (~~the public employees~~)
2 this retirement system who is not employed by an employer on July 26,
3 1987, the written election must be filed and the payments must be
4 completed in full within one year after reemployment by an employer.

5 (c) In the case of a retiree receiving a retirement allowance from
6 (~~the public employees~~) this retirement system on July 26, 1987, or
7 any person having vested rights as described in RCW 41.40.150 (~~(3) or~~
8 ~~(5)~~) (4), the written election may be filed and the payments may be
9 completed at any time.

10 (3) Upon receipt of the written election and payments required by
11 subsection (1) of this section from any retiree described in subsection
12 (2)(~~(e)~~) of this section, the department shall recompute the
13 retiree's allowance in accordance with this section and shall pay any
14 additional benefit resulting from such recomputation retroactively to
15 the date of retirement from the system governed by this chapter.

16 (4) Any person who was a member of the state-wide city employees'
17 retirement system under chapter 41.44 RCW and also became a member of
18 this retirement system, and did not make the election under subsection
19 (1) of this section because he or she was not a member of this
20 retirement system prior to July 27, 1987 or did not meet the time
21 limitations of subsection (2) (a) or (b) of this section, may elect to
22 do any of the following:

23 (a) Transfer to this retirement system all service currently
24 credited under chapter 41.44 RCW;

25 (b) Reestablish and transfer to this retirement system all service
26 that was previously credited under chapter 41.44 RCW but was canceled
27 by discontinuance of service and withdrawal of accumulated
28 contributions as provided in RCW 41.44.190; and

29 (c) Establish service credit for the initial period of employment
30 not to exceed six months, prior to establishing membership under
31 chapter 41.44 RCW.

32 To make the election or elections, the person must pay the amount
33 required under section 2(2) of this act prior to retirement from this
34 retirement system.

35 **Sec. 26.** RCW 41.40.150 and 1992 c 195 s 1 are each amended to read
36 as follows:

37 Should any member die, or should the individual separate or be
38 separated from service without leave of absence before attaining age

1 sixty years, or should the individual become a beneficiary, except a
2 beneficiary of an optional retirement allowance as provided by RCW
3 41.40.188, the individual shall thereupon cease to be a member except;

4 (1) As provided in RCW 41.40.170.

5 (2) An employee not previously retired who reenters service shall
6 upon completion of six months of continuous service and upon the
7 restoration, in one lump sum or in annual installments, of all
8 withdrawn contributions: (a) With interest as computed by the
9 director, which restoration must be completed within a total period of
10 five years of membership service following the member's first
11 resumption of employment((7)) or (b) paying the amount required under
12 section 2(2) of this act, be returned to the status, either as an
13 original member or new member which the member held at time of
14 separation.

15 ~~(3) ((Within the ninety days following the employee's resumption of~~
16 ~~employment, the employer shall notify the department of the resumption~~
17 ~~and the department shall then return to the employer a statement of the~~
18 ~~potential service credit to be restored, the amount of funds required~~
19 ~~for restoration, and the date when the restoration must be~~
20 ~~accomplished. The employee shall be given a copy of the statement and~~
21 ~~shall sign a copy of the statement which signed copy shall be placed in~~
22 ~~the employee's personnel file.~~

23 ~~(4))~~ A member who separates or has separated after having
24 completed at least five years of service shall remain a member during
25 the period of absence from service for the exclusive purpose of
26 receiving a retirement allowance to begin at attainment of age sixty-
27 five, however, such a member may on written notice to the director
28 elect to receive a reduced retirement allowance on or after age sixty
29 which allowance shall be the actuarial equivalent of the sum necessary
30 to pay regular retirement benefits as of age sixty-five: PROVIDED,
31 That if such member should withdraw all or part of the member's
32 accumulated contributions except those additional contributions made
33 pursuant to RCW 41.40.330(2), the individual shall thereupon cease to
34 be a member and this section shall not apply.

35 ~~((5))~~ (4)(a) The recipient of a retirement allowance who is
36 employed in an eligible position other than under RCW 41.40.023(12)
37 shall be considered to have terminated his or her retirement status and
38 shall immediately become a member of the retirement system with the
39 status of membership the member held as of the date of retirement.

1 Retirement benefits shall be suspended during the period of eligible
2 employment and the individual shall make contributions and receive
3 membership credit. Such a member shall have the right to again retire
4 if eligible in accordance with RCW 41.40.180: PROVIDED, That where any
5 such right to retire is exercised to become effective before the member
6 has rendered two uninterrupted years of service the type of retirement
7 allowance the member had at the time of the member's previous
8 retirement shall be reinstated;

9 (b) The recipient of a retirement allowance elected to office or
10 appointed to office directly by the governor, and who shall apply for
11 and be accepted in membership as provided in RCW 41.40.023(3) shall be
12 considered to have terminated his or her retirement status and shall
13 become a member of the retirement system with the status of membership
14 the member held as of the date of retirement. Retirement benefits
15 shall be suspended from the date of return to membership until the date
16 when the member again retires and the member shall make contributions
17 and receive membership credit. Such a member shall have the right to
18 again retire if eligible in accordance with RCW 41.40.180: PROVIDED,
19 That where any such right to retire is exercised to become effective
20 before the member has rendered six uninterrupted months of service the
21 type of retirement allowance the member had at the time of the member's
22 previous retirement shall be reinstated, but no additional service
23 credit shall be allowed: AND PROVIDED FURTHER, That if such a
24 recipient of a retirement allowance does not elect to apply for reentry
25 into membership as provided in RCW 41.40.023(3), the member shall be
26 considered to remain in a retirement status and the individual's
27 retirement benefits shall continue without interruption.

28 ((+6)) (5) Any member who leaves the employment of an employer and
29 enters the employ of a public agency or agencies of the state of
30 Washington, other than those within the jurisdiction of ((the
31 Washington public employees')) this retirement system, and who
32 establishes membership in a retirement system or a pension fund
33 operated by such agency or agencies and who shall continue membership
34 therein until attaining age sixty, shall remain a member for the
35 exclusive purpose of receiving a retirement allowance without the
36 limitation found in RCW 41.40.180(1) to begin on attainment of age
37 sixty-five; however, such a member may on written notice to the
38 director elect to receive a reduced retirement allowance on or after
39 age sixty which allowance shall be the actuarial equivalent of the sum

1 necessary to pay regular retirement benefits commencing at age sixty-
2 five: PROVIDED, That if such member should withdraw all or part of the
3 member's accumulated contributions except those additional
4 contributions made pursuant to RCW 41.40.330(2), the individual shall
5 thereupon cease to be a member and this section shall not apply.

6 **Sec. 27.** RCW 41.40.625 and 1991 c 35 s 98 are each amended to read
7 as follows:

8 (1) On or after June 10, 1982, the director may pay a member
9 eligible to receive a retirement allowance or the member's beneficiary,
10 subject to the provisions of subsection (~~((4))~~) (5) of this section, a
11 lump sum payment in lieu of a monthly benefit if the initial monthly
12 benefit computed in accordance with RCW 41.40.620 would be less than
13 fifty dollars. The lump sum payment shall be the greater of the
14 actuarial equivalent of the monthly benefits or an amount equal to the
15 individual's accumulated contributions plus accrued interest.

16 (2) A retiree or a beneficiary, subject to the provisions of
17 subsection (~~((4))~~) (5) of this section, who is receiving a regular
18 monthly benefit of less than fifty dollars may request, in writing, to
19 convert from a monthly benefit to a lump sum payment. If the director
20 approves the conversion, the calculation of the actuarial equivalent of
21 the total estimated regular benefit will be computed based on the
22 beneficiary's age at the time the benefit initially accrued. The lump
23 sum payment will be reduced to reflect any payments received on or
24 after the initial benefit accrual date.

25 (3) Persons covered under the provisions of subsection (1) of this
26 section may upon returning to member status reinstate all previous
27 service by depositing the lump sum payment received, with interest as
28 computed by the director, within two years of returning to service or
29 prior to re-retiring, whichever comes first. In computing the amount
30 due, the director shall exclude the accumulated value of the normal
31 payments the member would have received while in beneficiary status if
32 the lump sum payment had not occurred.

33 (4) If a member fails to meet the time limitations under subsection
34 (3) of this section, reinstatement of all previous service will occur
35 if the member pays the amount required under section 2(2) of this act.
36 The amount, however, shall exclude the accumulated value of the normal
37 payments the member would have received while in beneficiary status if
38 the lump sum payment had not occurred.

1 (5) Only persons entitled to or receiving a service retirement
2 allowance under RCW 41.40.620 or an earned disability allowance under
3 RCW 41.40.670 qualify for participation under this section.

4 (~~(5)~~) (6) It is the intent of the legislature that any member who
5 receives a settlement under this section shall be deemed to be retired
6 from this system.

7 **Sec. 28.** RCW 41.40.710 and 1993 c 95 s 2 are each amended to read
8 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 for under the provisions of RCW 41.40.610 through 41.40.740.

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 organiza-
15 tion for the compensation paid to the member during the period of
16 absence, may also be considered to be on a paid leave of absence. This
17 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 (3) Except as specified in subsection (4) of this section, a member
25 shall be eligible to receive a maximum of two years service credit
26 during a member's entire working career for those periods when a member
27 is on an unpaid leave of absence authorized by an employer. Such
28 credit may be obtained only if:

29 (a) The member makes both the plan II employer and member
30 contributions plus interest as determined by the department for the
31 period of the authorized leave of absence within five years of
32 resumption of service or prior to retirement whichever comes sooner; or

33 (b) If not within five years of resumption of service but prior to
34 retirement, pay the amount required under section 2(2) of this act.

35 The contributions required under (a) of this subsection shall be
36 based on the average of the member's compensation earnable at both the
37 time the authorized leave of absence was granted and the time the
38 member resumed employment.

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

4 (a) The member qualifies for service credit under this subsection
5 if:

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

10 (ii) The member makes the employee contributions required under RCW
11 41.40.650 plus interest as determined by the department within five
12 years of resumption of service or prior to retirement, whichever comes
13 sooner; or

14 (iii) Prior to retirement and not within ninety days of the
15 member's honorable discharge or five years of resumption of service the
16 member pays the amount required under section 2(2) of this act.

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

21 (c) The contributions required under (a)(ii) of this subsection
22 shall be based on the average of the member's compensation earnable at
23 both the time the member left the employ of the employer to enter the
24 armed forces and the time the member resumed employment.

25 **Sec. 29.** RCW 41.40.740 and 1977 ex.s. c 295 s 15 are each amended
26 to read as follows:

27 (1) A member, who had left service and withdrawn the member's
28 accumulated contributions, shall receive service credit for such prior
29 service if the member restores all withdrawn accumulated contributions
30 together with interest since the time of withdrawal as determined by
31 the department.

32 The restoration of such funds must be completed within five years
33 of the resumption of service or prior to retirement, whichever occurs
34 first.

35 (2) If a member fails to meet the time limitations of subsection
36 (1) of this section, the member may restore withdrawn contributions and
37 receive service credit for such prior service if the amount required
38 under section 2(2) of this act is paid.

1 **Sec. 30.** RCW 41.50.010 and 1975-'76 2nd ex.s. c 105 s 3 are each
2 amended to read as follows:

3 As used in this chapter, unless the context clearly indicates
4 otherwise:

5 (1) "Actuarial value" means the present value of a change in
6 actuarial liability;

7 (2) "Department" means the department of retirement systems; and

8 (~~(+2)~~) (3) "Director" means the director of the department of
9 retirement systems.

10 **Sec. 31.** RCW 41.50.160 and 1992 c 195 s 2 are each amended to read
11 as follows:

12 The department of retirement systems shall incorporate the
13 development of individual member accounts receivable into its
14 information systems projects for fiscal years 1993 and 1994, so that by
15 January 1, 1994, members of state retirement systems who are otherwise
16 eligible to restore previously withdrawn contributions have the option
17 to make (~~(the)~~) restoration (~~((in annual installments))~~) in a manner
18 determined by the department.

19 **Sec. 32.** RCW 41.54.020 and 1987 c 384 s 2 are each amended to read
20 as follows:

21 (1) Those persons who are dual members on or after July 1, 1988,
22 shall not receive a retirement benefit from any prior system while dual
23 members without the loss of all benefits under this chapter.
24 Retroactive retirement in any prior system will cancel membership in
25 any subsequent systems except as allowed under RCW 41.04.270 and will
26 result in the refund of all employee and employer contributions made to
27 such systems.

28 (2) If a member has withdrawn contributions from a prior system,
29 the member may restore the contributions, together with interest since
30 the date of withdrawal as determined by the system, and recover the
31 service represented by the contributions. Such restoration must be
32 completed within two years of establishing dual membership or prior to
33 retirement, whichever occurs first.

34 (3) (~~(A member of the retirement system under chapter 41.32 RCW who~~
35 ~~is serving in office pursuant to Article II or III of the state~~
36 ~~Constitution may, notwithstanding the provisions of RCW 41.40.023(4),~~
37 ~~within one year from July 1, 1988, make an irrevocable election to~~

1 ~~become a member of the retirement system under chapter 41.40 RCW. A~~
2 ~~member who makes this election shall receive service credit under~~
3 ~~chapter 41.40 RCW for all prior and future periods of employment which~~
4 ~~are, or otherwise would be, credited under chapter 41.32 RCW. Such a~~
5 ~~member who established membership under chapter 41.32 RCW prior to June~~
6 ~~30, 1977, shall be granted membership under chapter 41.40 RCW as if he~~
7 ~~or she had been a member of that system prior to June 30, 1977.~~

8 All contributions credited to such member under chapter 41.32 RCW
9 for service now to be credited in the retirement system under chapter
10 41.40 RCW shall be transferred to the system and the member shall not
11 receive any credit nor enjoy any rights under chapter 41.32 RCW for
12 those periods of service.)) If a member does not meet the time
13 limitation under subsection (2) of this section, the member, prior to
14 retirement, may restore withdrawn contributions by paying the amount
15 required under section 2(2) of this act.

16 (4) Any service accrued in one system by the member shall not
17 accrue in any other system.

18 **Sec. 33.** RCW 43.43.130 and 1987 c 215 s 1 are each amended to read
19 as follows:

20 (1) A Washington state patrol retirement fund is hereby established
21 for members of the Washington state patrol which shall include funds
22 created and placed under the management of a retirement board for the
23 payment of retirement allowances and other benefits under the
24 provisions hereof.

25 (2) Any employee of the Washington state patrol, upon date of
26 commissioning, shall be eligible to participate in the retirement plan
27 and shall start contributing to the fund immediately. Any employee of
28 the Washington state patrol employed by the state of Washington or any
29 of its political subdivisions prior to August 1, 1947, unless such
30 service has been credited in another public retirement or pension
31 system operating in the state of Washington shall receive full credit
32 for such prior service but after that date each new commissioned
33 employee must automatically participate in the fund. If a member shall
34 terminate service in the patrol and later reenter, he shall be treated
35 in all respects as a new employee(~~(:—PROVIDED, That)~~).

36 (3)(a) A member who reenters or has reentered service within ten
37 years from the date of his termination, shall upon completion of six
38 months of continuous service and upon the restoration of all withdrawn

1 contributions, plus interest as determined by the director, which
2 restoration must be completed within five years after resumption of
3 service, be returned to the status of membership he earned at the time
4 of termination.

5 ~~((+3))~~ (b) A member who does not meet the time limitations for
6 restoration under (a) of this subsection, may restore withdrawn
7 contributions by paying the amount required under section 2(2) of this
8 act prior to retirement.

9 (4)(a) An employee of the Washington state patrol who becomes a
10 member of the retirement system after June 12, 1980, and who has
11 service as a cadet in the patrol training program may make an
12 irrevocable election to transfer the service to the retirement system.
13 Any member upon making such election shall have transferred all
14 existing service credited in a prior public retirement system in this
15 state for periods of employment as a cadet. Transfer of credit under
16 this subsection is contingent on completion of the transfer of funds
17 specified in ~~((subsection-3))~~(b) of this ~~((section))~~ subsection.

18 (b) Within sixty days of notification of a member's cadet service
19 transfer as provided in ~~((subsection-3))~~(a) of this ~~((section))~~
20 subsection, the department of retirement systems shall transfer the
21 employee's accumulated contributions attributable to the periods of
22 service as a cadet, including accumulated interest.

23 ~~((+4))~~ (5) A member of the retirement system who has served or
24 shall serve on active federal service in the armed forces of the United
25 States pursuant to and by reason of orders by competent federal
26 authority, who left or shall leave the Washington state patrol to enter
27 such service, and who within one year from termination of such active
28 federal service, resumes employment as a state employee, shall have his
29 service in such armed forces credited to him as a member of the
30 retirement system: PROVIDED, That no such service in excess of five
31 years shall be credited unless such service was actually rendered
32 during time of war or emergency.

33 ~~((+5))~~ (6) An active employee of the Washington state patrol who
34 either became a member of the retirement system prior to June 12, 1980,
35 and who has prior service as a cadet in the public employees'
36 retirement system may make an irrevocable election to transfer such
37 service to the retirement system within a period ending June 30, 1985,
38 or, if not an active employee on July 1, 1983, within one year of
39 returning to commissioned service, whichever date is later. Any member

1 upon making such election shall have transferred all existing service
2 credited in the public employees' retirement system which constituted
3 service as a cadet together with the employee's contributions plus
4 credited interest. If the employee has withdrawn the employee's
5 contributions, the contributions must be restored to the public
6 employees' retirement system before the transfer of credit can occur
7 and such restoration must be completed within the time limits specified
8 in this subsection for making the elective transfer.

9 ~~((6))~~ (7) An active employee of the Washington state patrol who
10 either became a member of the retirement system prior to June 12, 1980,
11 or who has prior service as a cadet in the public employees' retirement
12 system may make an irrevocable election to transfer such service to the
13 retirement system if they have not met the time limitations of
14 subsection (6) of this section by paying the amount required under
15 section 2(2) of this act less the contributions transferred. Any
16 member upon making such election shall have transferred all existing
17 service credited in the public employees' retirement system that
18 constituted service as a cadet together with the employee's
19 contributions plus credited interest. If the employee has withdrawn
20 the employee's contributions, the contributions must be restored to the
21 public employees' retirement system before the transfer of credit can
22 occur and such restoration must be completed within the time limits
23 specified in this subsection for making the elective transfer.

24 (8) An active employee of the Washington state patrol may establish
25 up to six months' retirement service credit in the state patrol
26 retirement system for any period of employment by the Washington state
27 patrol as a cadet if service credit for such employment was not
28 previously established in the public employees' retirement system,
29 subject to the following:

30 (a) Certification by the patrol that such employment as a cadet was
31 for the express purpose of receiving on-the-job training required for
32 attendance at the state patrol academy and for becoming a commissioned
33 trooper.

34 (b) Payment by the member of employee contributions in the amount
35 of seven percent of the total salary paid for each month of service to
36 be established, plus interest at seven percent from the date of the
37 probationary service to the date of payment. This payment shall be
38 made by the member no later than July 1, 1988.

1 (c) If the payment required under (b) of this subsection was not
2 made by July 1, 1988, the member may establish the probationary service
3 by paying the amount required under section 2(2) of this act.

4 (d) A written waiver by the member of the member's right to ever
5 establish the same service in the public employees' retirement system
6 at any time in the future.

7 ~~((7))~~ (9) The department of retirement systems shall make the
8 requested transfer subject to the conditions specified in ~~((subsection~~
9 ~~(5))~~ subsections (6) and (7) of this section or establish additional
10 credit as provided in subsection ~~((6))~~ (8) of this section. Employee
11 contributions and credited interest transferred shall be credited to
12 the employee's account in the Washington state patrol retirement
13 system.

14 **Sec. 34.** RCW 43.43.260 and 1982 1st ex.s. c 52 s 27 are each
15 amended to read as follows:

16 Upon retirement from service as provided in RCW 43.43.250, a member
17 shall be granted a retirement allowance which shall consist of:

18 (1) A prior service allowance which shall be equal to two percent
19 of the member's average final salary multiplied by the number of years
20 of prior service rendered by the member.

21 (2) A current service allowance which shall be equal to two percent
22 of the member's average final salary multiplied by the number of years
23 of service rendered while a member of the retirement system.

24 (3) Any member with twenty-five years service in the Washington
25 state patrol may have the member's service in the armed forces credited
26 as a member whether or not the individual left the employ of the
27 Washington state patrol to enter such armed forces: PROVIDED, That in
28 no instance shall military service in excess of five years be credited:
29 AND PROVIDED FURTHER, That in each instance, a member must restore all
30 withdrawn accumulated contributions, which restoration must be
31 completed on the date of the member's retirement, or ~~((within five~~
32 ~~years of membership service following the member's first resumption of~~
33 ~~employment))~~ as provided under RCW 43.43.130, whichever occurs first:
34 AND PROVIDED FURTHER, That this section shall not apply to any
35 individual, not a veteran within the meaning of RCW 41.06.150, as now
36 or hereafter amended: AND PROVIDED FURTHER, That in no instance shall
37 military service be credited to any member who is receiving full

1 military retirement benefits pursuant to Title 10 United States Code,
2 as now or hereafter amended.

3 (4) In no event shall the total retirement benefits from
4 subsections (1), (2), and (3) of this section, of any member exceed
5 seventy-five percent of the member's average final salary.

6 (5) A yearly increase in retirement allowance which shall amount to
7 two percent of the retirement allowance computed at the time of
8 retirement. This yearly increase shall be added to the retirement
9 allowance on July 1st of each calendar year.

10 The provisions of this section shall apply to all members presently
11 retired and to all members who shall retire in the future.

12 **Sec. 35.** RCW 43.43.280 and 1991 c 365 s 32 are each amended to
13 read as follows:

14 (1) If a member dies before retirement, and has no surviving spouse
15 or children under the age of eighteen years, all contributions made by
16 the member, including any amount paid under section 2(2) of this act,
17 with interest as determined by the director, less any amount identified
18 as owing to an obligee upon withdrawal of accumulated contributions
19 pursuant to a court order filed under RCW 41.50.670, shall be paid to
20 such person or persons as the member shall have nominated by written
21 designation duly executed and filed with the department, or if there be
22 no such designated person or persons, then to the member's legal
23 representative.

24 (2) If a member should cease to be an employee before attaining age
25 sixty for reasons other than the member's death, or retirement, the
26 individual shall thereupon cease to be a member except as provided
27 under RCW 43.43.130 (2) and (3) and, the individual may withdraw the
28 member's contributions to the retirement fund, including any amount
29 paid under section 2(2) of this act, with interest as determined by the
30 director, by making application therefor to the department, except
31 that: A member who ceases to be an employee after having completed at
32 least five years of service shall remain a member during the period of
33 the member's absence from employment for the exclusive purpose only of
34 receiving a retirement allowance to begin at attainment of age sixty,
35 however such a member may upon written notice to the department elect
36 to receive a reduced retirement allowance on or after age fifty-five
37 which allowance shall be the actuarial equivalent of the sum necessary
38 to pay regular retirement benefits as of age sixty: PROVIDED, That if

1 such member should withdraw all or part of the member's accumulated
2 contributions, the individual shall thereupon cease to be a member and
3 this subsection shall not apply.

4 NEW SECTION. **Sec. 36.** The department shall provide material to
5 the members of the systems as specified under RCW 41.50.030 to inform
6 them as to the effects of this act.

7 NEW SECTION. **Sec. 37.** The sum of two hundred thousand dollars, or
8 as much thereof as may be necessary, is appropriated for the period of
9 July 1, 1994, through June 30, 1995, from the department of retirement
10 systems' expense fund to the department of retirement systems for the
11 administration of this act.

12 NEW SECTION. **Sec. 38.** If any provision of this act or its
13 application to any person or circumstance is held invalid, the
14 remainder of the act or the application of the provision to other
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 39.** This act shall take effect January 1, 1995,
17 except for section 37 of this act which takes effect July 1, 1994.

18 NEW SECTION. **Sec. 40.** The director of the department of
19 retirement systems may immediately take such steps as are necessary to
20 ensure that this act is implemented on its effective date.

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