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**SUBSTITUTE SENATE BILL 5119**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Bauer, Long, Winsley, Loveland, Newhouse, Fraser, Gaspard, Haugen, Sutherland and McAuliffe)

Read first time 02/09/95.

1 AN ACT Relating to cost-of-living allowances for retirement  
2 purposes; amending RCW 41.04.275; reenacting and amending RCW  
3 41.32.010, 41.40.010, and 43.84.092; adding new sections to chapter  
4 41.32 RCW; adding new sections to chapter 41.40 RCW; creating new  
5 sections; decodifying RCW 41.32.488; repealing RCW 41.32.487,  
6 41.32.4871, 41.32.499, 41.32.575, 41.40.195, 41.40.198, 41.40.1981,  
7 41.40.1983, and 41.40.325; providing an effective date; and declaring  
8 an emergency.

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

10 NEW SECTION. **Sec. 1.** The intent of this act is to:

11 (1) Simplify the calculation of postretirement adjustments so that  
12 they can be more easily communicated to plan I active and retired  
13 members;

14 (2) Provide postretirement adjustments based on years of service  
15 rather than size of benefit;

16 (3) Provide postretirement adjustments at an earlier age;

17 (4) Provide postretirement adjustments to a larger segment of plan  
18 I retirees; and

1 (5) Simplify administration by reducing the number of plan I  
2 postretirement adjustments to one.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW  
4 under the subchapter heading "Plan I" to read as follows:

5 (1) Beginning July 1, 1995, and annually thereafter, the retirement  
6 allowance of a person meeting the requirements of this section shall be  
7 increased by the annual increase amount.

8 (2) The following persons shall be eligible for the benefit  
9 provided in subsection (1) of this section:

10 (a) A beneficiary who has received a retirement allowance for at  
11 least one year and has attained at least age sixty-six by July 1st in  
12 the calendar year in which the annual increase is given; or

13 (b) A beneficiary whose retirement allowance is lower than the  
14 minimum benefit provided under section 3 of this act.

15 (3) The following persons shall also be eligible for the benefit  
16 provided in subsection (1) of this section:

17 (a) A beneficiary receiving the minimum benefit on June 30, 1995,  
18 under RCW 41.32.485; or

19 (b) A recipient of a survivor benefit on June 30, 1995, which has  
20 been increased by RCW 41.32.575.

21 (4) If otherwise eligible, those receiving an annual adjustment  
22 under RCW 41.32.530(1)(d) shall be eligible for the annual increase  
23 adjustment in addition to the benefit that would have been received  
24 absent this section.

25 (5) Those receiving a temporary disability benefit under RCW  
26 41.32.540 shall not be eligible for the benefit provided by this  
27 section.

28 (6) The legislature reserves the right to amend or repeal this  
29 section in the future and no member or beneficiary has a contractual  
30 right to receive this postretirement adjustment not granted prior to  
31 that time.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.32 RCW  
33 under the subchapter heading "Plan I" to read as follows:

34 (1) No one who becomes a beneficiary after June 30, 1995, shall  
35 receive a monthly retirement allowance of less than twenty-four dollars  
36 and twenty-two cents times the number of years of service creditable to  
37 the person whose service is the basis of such retirement allowance.

1 (2) If the retirement allowance payable was adjusted at the time  
2 benefit payments to the beneficiary commenced, the minimum allowance  
3 provided in this section shall be adjusted in a manner consistent with  
4 that adjustment.

5 (3) Beginning July 1, 1996, the minimum benefit set forth in  
6 subsection (1) of this section shall be adjusted annually by the annual  
7 increase.

8 (4) Those receiving a temporary disability benefit under RCW  
9 41.32.540 shall not be eligible for the benefit provided by this  
10 section.

11 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.32 RCW  
12 under the subchapter heading "Plan I" to read as follows:

13 (1) The amount of the July 1, 1993, increase to the retirement  
14 allowance of beneficiaries under this chapter as a result of the  
15 temporary adjustment authorized by section 2, chapter 519, Laws of  
16 1993, shall be made a permanent adjustment on July 1, 1995.

17 (2) Beneficiaries receiving a benefit under RCW 41.32.485 who are  
18 at least age seventy-nine shall receive on July 1, 1995, a permanent  
19 adjustment of one dollar and eighteen cents per month per year of  
20 service.

21 (3) Beneficiaries under this chapter who are not subject to  
22 subsection (1) of this section and not receiving a benefit under RCW  
23 41.32.485 shall receive the following permanent adjustment to their  
24 retirement allowance on July 1, 1995:

25 (a) Those who are age seventy, thirty-nine cents per month per year  
26 of service;

27 (b) Those who are age seventy-one, seventy-nine cents per month per  
28 year of service; and

29 (c) Those who are at least age seventy-two, one dollar and eighteen  
30 cents per month per year of service.

31 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.40 RCW  
32 under the subchapter heading "Plan I" to read as follows:

33 (1) Beginning July 1, 1995, and annually thereafter, the retirement  
34 allowance of a person meeting the requirements of this section shall be  
35 increased by the annual increase amount.

36 (2) The following persons shall be eligible for the benefit  
37 provided in subsection (1) of this section:

1 (a) A beneficiary who has received a retirement allowance for at  
2 least one year and has attained at least age sixty-six by July 1st in  
3 the calendar year in which the annual increase is given; or

4 (b) A beneficiary whose retirement allowance is lower than the  
5 minimum benefit provided under section 7 of this act.

6 (3) The following persons shall also be eligible for the benefit  
7 provided in subsection (1) of this section:

8 (a) A beneficiary receiving the minimum benefit on June 30, 1995,  
9 under RCW 41.40.198; or

10 (b) A recipient of a survivor benefit on June 30, 1995, which has  
11 been increased by RCW 41.40.325.

12 (4) Those receiving an annual adjustment under RCW 41.40.188(1)(c)  
13 shall be eligible for the annual increase adjustment in addition to the  
14 benefit that would have been received absent this section.

15 (5) If otherwise eligible, those receiving a benefit under RCW  
16 41.40.220(1), or a survivor of a disabled member under RCW 41.44.170(5)  
17 shall be eligible for the benefit provided by this section.

18 (6) The legislature reserves the right to amend or repeal this  
19 section in the future and no member or beneficiary has a contractual  
20 right to receive this postretirement adjustment not granted prior to  
21 that time.

22 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.40 RCW  
23 under the subchapter heading "Part I" to read as follows:

24 For the purposes of sections 7 and 8 of this act, "beneficiary"  
25 means a beneficiary under RCW 41.40.010 or 41.44.030, or both RCW  
26 41.40.010 and 41.44.030.

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

29 (1) Except as provided in subsections (4) and (5) of this section,  
30 no one who becomes a beneficiary after June 30, 1995, shall receive a  
31 monthly retirement allowance of less than twenty-four dollars and  
32 twenty-two cents times the number of years of service creditable to the  
33 person whose service is the basis of such retirement allowance.

34 (2) Where the retirement allowance payable was adjusted at the time  
35 benefit payments to the beneficiary commenced, the minimum allowance  
36 provided in this section shall be adjusted in a manner consistent with  
37 that adjustment.

1 (3) Beginning July 1, 1996, the minimum benefit set forth in  
2 subsection (1) of this section shall be adjusted annually by the annual  
3 increase.

4 (4) Those receiving a benefit under RCW 41.40.220(1), or under RCW  
5 41.44.170(3) and (5) shall not be eligible for the benefit provided by  
6 this section.

7 (5) For persons who served as elected officials and whose  
8 accumulated employee contributions and credited interest was less than  
9 seven hundred fifty dollars at the time of retirement, the minimum  
10 benefit under subsection (1) of this section shall be ten dollars per  
11 month per each year of creditable service.

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

14 (1) The amount of the July 1, 1993, increase to the retirement  
15 allowance of beneficiaries under this chapter as a result of the  
16 temporary adjustment authorized by section 3, chapter 519, Laws of  
17 1993, shall be made a permanent adjustment on July 1, 1995.

18 (2) Beneficiaries receiving a benefit under RCW 41.40.198 who are  
19 at least age seventy-nine shall receive on July 1, 1995, a permanent  
20 adjustment of one dollar and eighteen cents per month per year of  
21 service.

22 (3) Beneficiaries under this chapter who are not subject to  
23 subsection (1) of this section and are not receiving a benefit under  
24 RCW 41.40.198 shall receive the following permanent adjustment to their  
25 retirement allowance on July 1, 1995:

26 (a) Those who are age seventy, thirty-nine cents per month per year  
27 of service;

28 (b) Those who are age seventy-one, seventy-nine cents per month per  
29 year of service; and

30 (c) Those who are at least age seventy-two, one dollar and eighteen  
31 cents per month per year of service.

32 **Sec. 9.** RCW 41.04.275 and 1994 c 298 s 6 are each amended to read  
33 as follows:

34 The pension funding account is created in the state treasury.  
35 Moneys in the account may be spent only after appropriation.  
36 Expenditures from the account may be used only for the ((continuing))

1 costs of any state retirement system benefits (~~in effect on July 1,~~  
2 ~~1993, consistent with section 919, chapter 24, Laws of 1993 sp. sess~~)).

3 **Sec. 10.** RCW 41.32.010 and 1994 c 298 s 3, 1994 c 247 s 2, and  
4 1994 c 197 s 12 are each reenacted and amended to read as follows:

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

7 (1)(a) "Accumulated contributions" for plan I members, means the  
8 sum of all regular annuity contributions and, except for the purpose of  
9 withdrawal at the time of retirement, any amount paid under RCW  
10 41.50.165(2) with regular interest thereon.

11 (b) "Accumulated contributions" for plan II members, means the sum  
12 of all contributions standing to the credit of a member in the member's  
13 individual account, including any amount paid under RCW 41.50.165(2),  
14 together with the regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

6 (ii) "Earnable compensation" for plan I members also includes the  
7 following actual or imputed payments, which are not paid for personal  
8 services:

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

16 (B) If a leave of absence, without pay, is taken by a member for  
17 the purpose of serving as a member of the state legislature, and such  
18 member has served in the legislature five or more years, the salary  
19 which would have been received for the position from which the leave of  
20 absence was taken shall be considered as compensation earnable if the  
21 employee's contribution thereon is paid by the employee. In addition,  
22 where a member has been a member of the state legislature for five or  
23 more years, earnable compensation for the member's two highest  
24 compensated consecutive years of service shall include a sum not to  
25 exceed thirty-six hundred dollars for each of such two consecutive  
26 years, regardless of whether or not legislative service was rendered  
27 during those two years.

28 (iii) For members employed less than full time under written  
29 contract with a school district, or community college district, in an  
30 instructional position, for which the member receives service credit of  
31 less than one year in all of the years used to determine the earnable  
32 compensation used for computing benefits due under RCW 41.32.497,  
33 41.32.498, and 41.32.520, the member may elect to have earnable  
34 compensation defined as provided in RCW 41.32.345. For the purposes of  
35 this subsection, the term "instructional position" means a position in  
36 which more than seventy-five percent of the member's time is spent as  
37 a classroom instructor (including office hours), a librarian, or a  
38 counselor. Earnable compensation shall be so defined only for the  
39 purpose of the calculation of retirement benefits and only as necessary

1 to insure that members who receive fractional service credit under RCW  
2 41.32.270 receive benefits proportional to those received by members  
3 who have received full-time service credit.

4 (iv) "Earnable compensation" does not include:

5 (A) Remuneration for unused sick leave authorized under RCW  
6 41.04.340, 28A.400.210, or 28A.310.490;

7 (B) Remuneration for unused annual leave in excess of thirty days  
8 as authorized by RCW 43.01.044 and 43.01.041.

9 (b) "Earnable compensation" for plan II members, means salaries or  
10 wages earned by a member during a payroll period for personal services,  
11 including overtime payments, and shall include wages and salaries  
12 deferred under provisions established pursuant to sections 403(b),  
13 414(h), and 457 of the United States Internal Revenue Code, but shall  
14 exclude lump sum payments for deferred annual sick leave, unused  
15 accumulated vacation, unused accumulated annual leave, or any form of  
16 severance pay.

17 "Earnable compensation" for plan II members also includes the  
18 following actual or imputed payments which, except in the case of  
19 (b)(ii)(B) of this subsection, are not paid for personal services:

20 (i) Retroactive payments to an individual by an employer on  
21 reinstatement of the employee in a position or payments by an employer  
22 to an individual in lieu of reinstatement in a position which are  
23 awarded or granted as the equivalent of the salary or wages which the  
24 individual would have earned during a payroll period shall be  
25 considered earnable compensation, to the extent provided above, and the  
26 individual shall receive the equivalent service credit.

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

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

32 (B) Such member's actual earnable compensation received for  
33 teaching and legislative service combined. Any additional  
34 contributions to the retirement system required because compensation  
35 earnable under (b)(ii)(A) of this subsection is greater than  
36 compensation earnable under (b)(ii)(B) of this subsection shall be paid  
37 by the member for both member and employer contributions.

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



1 (12) "Fiscal year" means a year which begins July 1st and ends June  
2 30th of the following year.

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

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

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

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

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

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

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

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

32 (21) "Public school" means any institution or activity operated by  
33 the state of Washington or any instrumentality or political subdivision  
34 thereof employing teachers, except the University of Washington and  
35 Washington State University.

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

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

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

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

8 (25) "Retirement system" means the Washington state teachers'  
9 retirement system.

10 (26)(a) "Service" for plan I members means the time during which a  
11 member has been employed by an employer for compensation.

12 (i) If a member is employed by two or more employers the individual  
13 shall receive no more than one service credit month during any calendar  
14 month in which multiple service is rendered.

15 (ii) As authorized by RCW 28A.400.300, up to forty-five days of  
16 sick leave may be creditable as service solely for the purpose of  
17 determining eligibility to retire under RCW 41.32.470.

18 (iii) As authorized in RCW 41.32.065, service earned in an out-of-  
19 state retirement system that covers teachers in public schools may be  
20 applied solely for the purpose of determining eligibility to retire  
21 under RCW 41.32.470.

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

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

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

38 (iii) All other members in an eligible position or as a substitute  
39 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 (iv) Any person who is a member of the teachers' retirement system  
10 and who is elected or appointed to a state elective position may  
11 continue to be a member of the retirement system and continue to  
12 receive a service credit month for each of the months in a state  
13 elective position by making the required member contributions.

14 (v) 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 (vi) As authorized by RCW 28A.400.300, up to forty-five days of  
19 sick leave may be creditable as service solely for the purpose of  
20 determining eligibility to retire under RCW 41.32.470. For purposes of  
21 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two  
22 service credit months. Use of less than forty-five days of sick leave  
23 is creditable as allowed under this subsection as follows:

24 (A) Less than eleven days equals one-quarter service credit month;

25 (B) Eleven or more days but less than twenty-two days equals one-  
26 half service credit month;

27 (C) Twenty-two days equals one service credit month;

28 (D) More than twenty-two days but less than thirty-three days  
29 equals one and one-quarter service credit month;

30 (E) Thirty-three or more days but less than forty-five days equals  
31 one and one-half service credit month.

32 (vii) As authorized in RCW 41.32.065, service earned in an out-of-  
33 state retirement system that covers teachers in public schools may be  
34 applied solely for the purpose of determining eligibility to retire  
35 under RCW 41.32.470.

36 (viii) The department shall adopt rules implementing this  
37 subsection.

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

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

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

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

17 (31) "Retiree" means any person in receipt of a retirement  
18 allowance or other benefit provided by this chapter resulting from  
19 service rendered to an employer while a member. A person is in receipt  
20 of a retirement allowance as defined in subsection (24) of this section  
21 or other benefit as provided by this chapter when the department mails,  
22 causes to be mailed, or otherwise transmits the retirement allowance  
23 warrant.

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

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

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

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

32 (36) "Substitute teacher" means:

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

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

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

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

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

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

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

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

20 (40) "Index" means, for any calendar year, that year's annual  
21 average consumer price index, Seattle, Washington area, for urban wage  
22 earners and clerical workers, all items compiled by the bureau of labor  
23 statistics, United States department of labor.

24 (41) "Index A" means the index for the year prior to the  
25 determination of a postretirement adjustment.

26 (42) "Index B" means the index for the year prior to index A.

27 (43) "Index year" means the earliest calendar year in which the  
28 index is more than sixty percent of index A.

29 (44) "Adjustment ratio" means the value of index A divided by index  
30 B.

31 (45) "Annual increase" means, initially, sixty-two cents per month  
32 per year of service which amount shall be increased each July 1st by  
33 three percent, rounded to the nearest cent.

34 **Sec. 11.** RCW 41.40.010 and 1994 c 298 s 2, 1994 c 247 s 5, 1994 c  
35 197 s 23, and 1994 c 177 s 8 are each reenacted and amended to read as  
36 follows:

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

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

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

5 (3) "State treasurer" means the treasurer of the state of  
6 Washington.

7 (4)(a) "Employer" for plan I members, means every branch,  
8 department, agency, commission, board, and office of the state, any  
9 political subdivision or association of political subdivisions of the  
10 state admitted into the retirement system, and legal entities  
11 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the  
12 term shall also include any labor guild, association, or organization  
13 the membership of a local lodge or division of which is comprised of at  
14 least forty percent employees of an employer (other than such labor  
15 guild, association, or organization) within this chapter. The term may  
16 also include any city of the first class that has its own retirement  
17 system.

18 (b) "Employer" for plan II members, means every branch, department,  
19 agency, commission, board, and office of the state, and any political  
20 subdivision and municipal corporation of the state admitted into the  
21 retirement system, including public agencies created pursuant to RCW  
22 35.63.070, 36.70.060, and 39.34.030.

23 (5) "Member" means any employee included in the membership of the  
24 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045  
25 does not prohibit a person otherwise eligible for membership in the  
26 retirement system from establishing such membership effective when he  
27 or she first entered an eligible position.

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

29 (a) Any person who became a member of the system prior to April 1,  
30 1949;

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

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

38 (d) Any person who first becomes a member through the admission of  
39 an employer into the retirement system on or after April 1, 1951,

1 provided, such person has been in the regular employ of the employer  
2 for at least six months of the twelve-month period preceding the said  
3 admission date;

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

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

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

22 (8)(a) "Compensation earnable" for plan I members, means salaries  
23 or wages earned during a payroll period for personal services and where  
24 the compensation is not all paid in money, maintenance compensation  
25 shall be included upon the basis of the schedules established by the  
26 member's employer. Compensation that a member receives for being in  
27 standby status is also compensation earnable, subject to the conditions  
28 of this subsection. A member is in standby status when not being paid  
29 for time actually worked and only when both of the following conditions  
30 exist: (i) The member is required to be present at, or in the  
31 immediate vicinity of, a specified location; and (ii) the employer  
32 requires the member to be prepared to report immediately for work, if  
33 the need arises, although the need may not arise. Standby compensation  
34 is regular salary for the purposes of RCW 41.50.150(2).

35 (A) "Compensation earnable" for plan I members also includes the  
36 following actual or imputed payments, which are not paid for personal  
37 services:

38 (I) Retroactive payments to an individual by an employer on  
39 reinstatement of the employee in a position, or payments by an employer

1 to an individual in lieu of reinstatement in a position which are  
2 awarded or granted as the equivalent of the salary or wage which the  
3 individual would have earned during a payroll period shall be  
4 considered compensation earnable and the individual shall receive the  
5 equivalent service credit;

6 (II) If a leave of absence is taken by an individual for the  
7 purpose of serving in the state legislature, the salary which would  
8 have been received for the position from which the leave of absence was  
9 taken, shall be considered as compensation earnable if the employee's  
10 contribution is paid by the employee and the employer's contribution is  
11 paid by the employer or employee.

12 (III) Assault pay only as authorized by RCW 27.04.100, 72.01.045,  
13 and 72.09.240;

14 (IV) Compensation that a member would have received but for a  
15 disability occurring in the line of duty only as authorized by RCW  
16 41.40.038; and

17 (V) Compensation that a member receives due to participation in the  
18 leave sharing program only as authorized by RCW 41.04.650 through  
19 41.04.670.

20 (B) "Compensation earnable" does not include:

21 (I) Remuneration for unused sick leave authorized under RCW  
22 41.04.340, 28A.400.210, or 28A.310.490;

23 (II) Remuneration for unused annual leave in excess of thirty days  
24 as authorized by RCW 43.01.044 and 43.01.041.

25 (b) "Compensation earnable" for plan II members, means salaries or  
26 wages earned by a member during a payroll period for personal services,  
27 including overtime payments, and shall include wages and salaries  
28 deferred under provisions established pursuant to sections 403(b),  
29 414(h), and 457 of the United States Internal Revenue Code, but shall  
30 exclude nonmoney maintenance compensation and lump sum or other  
31 payments for deferred annual sick leave, unused accumulated vacation,  
32 unused accumulated annual leave, or any form of severance pay.  
33 Compensation that a member receives for being in standby status is also  
34 compensation earnable, subject to the conditions of this subsection.  
35 A member is in standby status when not being paid for time actually  
36 worked and only when both of the following conditions exist: (i) The  
37 member is required to be present at, or in the immediate vicinity of,  
38 a specified location; and (ii) the employer requires the member to be  
39 prepared to report immediately for work, if the need arises, although



1 the need may not arise. Standby compensation is regular salary for the  
2 purposes of RCW 41.50.150(2).

3 "Compensation earnable" for plan II members also includes the  
4 following actual or imputed payments, which are not paid for personal  
5 services:

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

13 (B) In any year in which a member serves in the legislature, the  
14 member shall have the option of having such member's compensation  
15 earnable be the greater of:

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

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

25 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and  
26 72.09.240;

27 (D) Compensation that a member would have received but for a  
28 disability occurring in the line of duty only as authorized by RCW  
29 41.40.038; and

30 (E) Compensation that a member receives due to participation in the  
31 leave sharing program only as authorized by RCW 41.04.650 through  
32 41.04.670.

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 Time spent in standby status, whether compensated or not, is not  
9 service.

10 (i) Service by a state employee officially assigned by the state on  
11 a temporary basis to assist another public agency, shall be considered  
12 as service as a state employee: PROVIDED, That service to any other  
13 public agency shall not be considered service as a state employee if  
14 such service has been used to establish benefits in any other public  
15 retirement system.

16 (ii) An individual shall receive no more than a total of twelve  
17 service credit months of service during any calendar year. If an  
18 individual is employed in an eligible position by one or more employers  
19 the individual shall receive no more than one service credit month  
20 during any calendar month in which multiple service for seventy or more  
21 hours is rendered.

22 (iii) A school district employee may count up to forty-five days of  
23 sick leave as creditable service solely for the purpose of determining  
24 eligibility to retire under RCW 41.40.180 as authorized by RCW  
25 28A.400.300. For purposes of plan I "forty-five days" as used in RCW  
26 28A.400.300 is equal to two service credit months. Use of less than  
27 forty-five days of sick leave is creditable as allowed under this  
28 subsection as follows:

29 (A) Less than twenty-two days equals one-quarter service credit  
30 month;

31 (B) Twenty-two days equals one service credit month;

32 (C) More than twenty-two days but less than forty-five days equals  
33 one and one-quarter service credit month.

34 (b) "Service" for plan II members, means periods of employment by  
35 a member in an eligible position or positions for one or more employers  
36 for which compensation earnable is paid. Compensation earnable earned  
37 for ninety or more hours in any calendar month shall constitute one  
38 service credit month except as provided in RCW 41.40.088. Compensation  
39 earnable earned for at least seventy hours but less than ninety hours

1 in any calendar month shall constitute one-half service credit month of  
2 service. Compensation earnable earned for less than seventy hours in  
3 any calendar month shall constitute one-quarter service credit month of  
4 service. Time spent in standby status, whether compensated or not, is  
5 not service.

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

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

15 (ii) A member shall receive a total of not more than twelve service  
16 credit months of service for such calendar year. If an individual is  
17 employed in an eligible position by one or more employers the  
18 individual shall receive no more than one service credit month during  
19 any calendar month in which multiple service for ninety or more hours  
20 is rendered.

21 (iii) Up to forty-five days of sick leave may be creditable as  
22 service solely for the purpose of determining eligibility to retire  
23 under RCW 41.40.180 as authorized by RCW 28A.400.300. For purposes of  
24 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two  
25 service credit months. Use of less than forty-five days of sick leave  
26 is creditable as allowed under this subsection as follows:

27 (A) Less than eleven days equals one-quarter service credit month;

28 (B) Eleven or more days but less than twenty-two days equals one-  
29 half service credit month;

30 (C) Twenty-two days equals one service credit month;

31 (D) More than twenty-two days but less than thirty-three days  
32 equals one and one-quarter service credit month;

33 (E) Thirty-three or more days but less than forty-five days equals  
34 one and one-half service credit month.

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

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

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

3 (13) "Membership service" means:

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

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

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

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

1 (14)(a) "Beneficiary" for plan I members, means any person in  
2 receipt of a retirement allowance, pension or other benefit provided by  
3 this 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 (15) "Regular interest" means such rate as the director may  
8 determine.

9 (16) "Accumulated contributions" means the sum of all contributions  
10 standing to the credit of a member in the member's individual account,  
11 including any amount paid under RCW 41.50.165(2), together with the  
12 regular interest thereon.

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

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

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

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

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

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

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

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

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

3 (25) "Eligible position" means:

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

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

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

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

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

21 (29) "Retiree" means any person in receipt of a retirement  
22 allowance or other benefit provided by this chapter resulting from  
23 service rendered to an employer while a member. A person is in receipt  
24 of a retirement allowance as defined in subsection (21) of this section  
25 or other benefit as provided by this chapter when the department mails,  
26 causes to be mailed, or otherwise transmits the retirement allowance  
27 warrant.

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

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

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

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

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

1 (35) "Index" means, for any calendar year, that year's annual  
2 average consumer price index, Seattle, Washington area, for urban wage  
3 earners and clerical workers, all items, compiled by the bureau of  
4 labor statistics, United States department of labor.

5 (36) "Index A" means the index for the year prior to the  
6 determination of a postretirement adjustment.

7 (37) "Index B" means the index for the year prior to index A.

8 (38) "Index year" means the earliest calendar year in which the  
9 index is more than sixty percent of index A.

10 (39) "Adjustment ratio" means the value of index A divided by index  
11 B.

12 (40) "Annual increase" means, initially, sixty-two cents per month  
13 per year of service which amount shall be increased each July 1st by  
14 three percent, rounded to the nearest cent.

15 **Sec. 12.** RCW 43.84.092 and 1994 c 2 s 6 (Initiative Measure No.  
16 601), 1993 sp.s. c 25 s 511, 1993 sp.s. c 8 s 1, 1993 c 500 s 6, 1993  
17 c 492 s 473, 1993 c 445 s 4, 1993 c 329 s 2, and 1993 c 4 s 9 are each  
18 reenacted and amended to read as follows:

19 (1) All earnings of investments of surplus balances in the state  
20 treasury shall be deposited to the treasury income account, which  
21 account is hereby established in the state treasury.

22 (2) The treasury income account shall be utilized to pay or receive  
23 funds associated with federal programs as required by the federal cash  
24 management improvement act of 1990. The treasury income account is  
25 subject in all respects to chapter 43.88 RCW, but no appropriation is  
26 required for refunds or allocations of interest earnings required by  
27 the cash management improvement act. Refunds of interest to the  
28 federal treasury required under the cash management improvement act  
29 fall under RCW 43.88.180 and shall not require appropriation. The  
30 office of financial management shall determine the amounts due to or  
31 from the federal government pursuant to the cash management improvement  
32 act. The office of financial management may direct transfers of funds  
33 between accounts as deemed necessary to implement the provisions of the  
34 cash management improvement act, and this subsection. Refunds or  
35 allocations shall occur prior to the distributions of earnings set  
36 forth in subsection (4) of this section.

37 (3) Except for the provisions of RCW 43.84.160, the treasury income  
38 account may be utilized for the payment of purchased banking services

1 on behalf of treasury funds including, but not limited to, depository,  
2 safekeeping, and disbursement functions for the state treasury and  
3 affected state agencies. The treasury income account is subject in all  
4 respects to chapter 43.88 RCW, but no appropriation is required for  
5 payments to financial institutions. Payments shall occur prior to  
6 distribution of earnings set forth in subsection (4) of this section.

7 (4) Monthly, the state treasurer shall distribute the earnings  
8 credited to the treasury income account. The state treasurer shall  
9 credit the general fund with all the earnings credited to the treasury  
10 income account except:

11 (a) The following accounts and funds shall receive their  
12 proportionate share of earnings based upon each account's and fund's  
13 average daily balance for the period: The capitol building  
14 construction account, the Cedar River channel construction and  
15 operation account, the Central Washington University capital projects  
16 account, the charitable, educational, penal and reformatory  
17 institutions account, the common school construction fund, the county  
18 criminal justice assistance account, the county sales and use tax  
19 equalization account, the data processing building construction  
20 account, the deferred compensation administrative account, the deferred  
21 compensation principal account, the department of retirement systems  
22 expense account, the Eastern Washington University capital projects  
23 account, the education construction fund, the emergency reserve fund,  
24 the federal forest revolving account, the health services account, the  
25 public health services account, the health system capacity account, the  
26 personal health services account, the industrial insurance premium  
27 refund account, the judges' retirement account, the judicial retirement  
28 administrative account, the judicial retirement principal account, the  
29 local leasehold excise tax account, the local real estate excise tax  
30 account, the local sales and use tax account, the medical aid account,  
31 the municipal criminal justice assistance account, the municipal sales  
32 and use tax equalization account, the natural resources deposit  
33 account, the pension funding account, the perpetual surveillance and  
34 maintenance account, the public employees' retirement system plan I  
35 account, the public employees' retirement system plan II account, the  
36 Puyallup tribal settlement account, the resource management cost  
37 account, the site closure account, the special wildlife account, the  
38 state employees' insurance account, the state employees' insurance  
39 reserve account, the state investment board expense account, the state



1 investment board commingled trust fund accounts, the supplemental  
2 pension account, the teachers' retirement system plan I account, the  
3 teachers' retirement system plan II account, the tuition recovery trust  
4 fund, the University of Washington bond retirement fund, the University  
5 of Washington building account, the volunteer fire fighters' relief and  
6 pension principal account, the volunteer fire fighters' relief and  
7 pension administrative account, the Washington judicial retirement  
8 system account, the Washington law enforcement officers' and fire  
9 fighters' system plan I retirement account, the Washington law  
10 enforcement officers' and fire fighters' system plan II retirement  
11 account, the Washington state patrol retirement account, the Washington  
12 State University building account, the Washington State University bond  
13 retirement fund, the water pollution control revolving fund, and the  
14 Western Washington University capital projects account. Earnings  
15 derived from investing balances of the agricultural permanent fund, the  
16 normal school permanent fund, the permanent common school fund, the  
17 scientific permanent fund, and the state university permanent fund  
18 shall be allocated to their respective beneficiary accounts. All  
19 earnings to be distributed under this subsection (4)(a) shall first be  
20 reduced by the allocation to the state treasurer's service fund  
21 pursuant to RCW 43.08.190.

22 (b) The following accounts and funds shall receive eighty percent  
23 of their proportionate share of earnings based upon each account's or  
24 fund's average daily balance for the period: The marine operating  
25 fund, the motor vehicle fund, and the transportation fund.

26 (5) In conformance with Article II, section 37 of the state  
27 Constitution, no treasury accounts or funds shall be allocated earnings  
28 without the specific affirmative directive of this section.

29 NEW SECTION. **Sec. 13.** The following acts or parts of acts are  
30 each repealed:

- 31 (1) RCW 41.32.487 and 1989 c 272 s 6 & 1987 c 455 s 3;
- 32 (2) RCW 41.32.4871 and 1993 c 519 s 2;
- 33 (3) RCW 41.32.499 and 1991 c 35 s 56, 1973 2nd ex.s. c 32 s 1, &  
34 1973 1st ex.s. c 189 s 9;
- 35 (4) RCW 41.32.575 and 1994 c 247 s 3 & 1989 c 272 s 3;
- 36 (5) RCW 41.40.195 and 1991 c 35 s 79, 1973 2nd ex.s. c 14 s 1, 1973  
37 1st ex.s. c 190 s 11, 1971 ex.s. c 271 s 6, & 1970 ex.s. c 68 s 1;

- 1 (6) RCW 41.40.198 and 1989 c 272 s 8, 1987 c 455 s 2, 1986 c 306 s  
2 3, & 1979 ex.s. c 96 s 1;  
3 (7) RCW 41.40.1981 and 1989 c 272 s 9 & 1987 c 455 s 4;  
4 (8) RCW 41.40.1983 and 1993 c 519 s 3; and  
5 (9) RCW 41.40.325 and 1994 c 247 s 6 & 1989 c 272 s 2.

6 NEW SECTION. **Sec. 14.** RCW 41.32.488 is decodified.

7 NEW SECTION. **Sec. 15.** If any provision of this act or its  
8 application to any person or circumstance is held invalid, the  
9 remainder of the act or the application of the provision to other  
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 16.** The department of retirement systems may  
12 continue to pay cost-of-living adjustments consistent with the  
13 provisions of the statutes repealed by section 13 of this act, in lieu  
14 of the benefits provided by sections 2, 4, 5, and 8 of this act, if the  
15 department determines that: (1) A member earned service credit under  
16 chapter 41.40 or 41.32 RCW on or after May 8, 1989; and (2) a retiree  
17 would receive greater increases in the next ten years under the  
18 statutes repealed by section 13 of this act than under the provisions  
19 of sections 2, 4, 5, and 8 of this act; and (3) the retiree does not  
20 elect the benefits provided by this act over the benefits provided  
21 under the statutes repealed by section 13 of this act. The election  
22 must be made in a manner prescribed by the department.

23 NEW SECTION. **Sec. 17.** This act shall take effect on July 1, 1995.

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