
HOUSE BILL 1020

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Brough and Peery.

Read first time January 15, 1991. Referred to Committee on Appropriations.

1 AN ACT Relating to teachers' retirement; and amending RCW
2 41.32.010.

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

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

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

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

12 (b) "Accumulated contributions" for persons who establish
13 membership in the retirement system on or after October 1, 1977, means

1 the sum of all contributions standing to the credit of a member in the
2 member's individual account together with the regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

29 (ii) For members employed less than full time under written
30 contract with a school district, or community college district, in an

1 instructional position, for which the member receives service credit of
2 less than one year in all of the years used to determine the earnable
3 compensation used for computing benefits due under RCW 41.32.497,
4 41.32.498, and 41.32.520, the member may elect to have earnable
5 compensation defined as provided in RCW 41.32.011. For the purposes of
6 this subsection, the term "instructional position" means a position in
7 which more than seventy-five percent of the member's time is spent as
8 a classroom instructor (including office hours), a librarian, or a
9 counselor. Earnable compensation shall be so defined only for the
10 purpose of the calculation of retirement benefits and only as necessary
11 to insure that members who receive fractional service credit under RCW
12 41.32.270 receive benefits proportional to those received by members
13 who have received full-time service credit.

14 (b) "Earnable compensation" for persons who establish membership in
15 the retirement system on or after October 1, 1977, means salaries or
16 wages earned by a member during a payroll period for personal services,
17 including overtime payments, and shall include wages and salaries
18 deferred under provisions established pursuant to sections 403(b),
19 414(h), and 457 of the United States Internal Revenue Code, but shall
20 exclude lump sum payments for deferred annual sick leave, unused
21 accumulated vacation, unused accumulated annual leave, or any form of
22 severance pay: PROVIDED, That retroactive payments to an individual by
23 an employer on reinstatement of the employee in a position or payments
24 by an employer to an individual in lieu of reinstatement in a position
25 which are awarded or granted as the equivalent of the salary or wages
26 which the individual would have earned during a payroll period shall be
27 considered earnable compensation, to the extent provided above, and the
28 individual shall receive the equivalent service credit: PROVIDED
29 FURTHER, That in any year in which a member serves in the legislature

1 the member shall have the option of having such member's earnable
2 compensation be the greater of:

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

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

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

13 (13) "Fiscal year" means a year which begins July 1st and ends June
14 30th of the following year.

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

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

20 (16) "Member" means any teacher included in the membership of the
21 retirement system. Also, any other employee of the public schools who,
22 on July 1, 1947, had not elected to be exempt from membership and who,
23 prior to that date, had by an authorized payroll deduction, contributed
24 to the annuity fund.

25 (17) "Membership service" means service rendered subsequent to the
26 first day of eligibility of a person to membership in the retirement
27 system: PROVIDED, That where a member is employed by two or more
28 employers the individual shall only receive one month's service credit
29 during any calendar month in which multiple service is rendered. The

1 provisions of this subsection shall apply only to persons who establish
2 membership in the retirement system on or before September 30, 1977.

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

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

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

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

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

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

27 (24) "Regular interest" means such rate as the director may
28 determine.

29 (25) (a) "Retirement allowance" for persons who establish
30 membership in the retirement system on or before September 30, 1977,

1 means the sum of annuity and pension or any optional benefits payable
2 in lieu thereof.

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

6 (26) "Retirement system" means the Washington state teachers'
7 retirement system.

8 (27) (a) "Service" means the time during which a member has been
9 employed by an employer for compensation: PROVIDED, That where a
10 member is employed by two or more employers the individual shall only
11 receive one month's service credit during any calendar month in which
12 multiple service is rendered.

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

17 (i) A member employed in an eligible position or as a substitute
18 shall receive service credit for each month of September through August
19 of the following year if he or she earns earnable compensation for
20 eight hundred ten or more hours during that period and is employed
21 during nine of those months, except that a member may not receive
22 credit for any period prior to the member's employment in an eligible
23 position;

24 (ii) If a member in an eligible position does not meet the
25 requirements of (b)(i) of this subsection, he or she will receive
26 service credit only for those calendar months during which he or she
27 has received compensation for ninety or more hours.

28 Any person who is a member of the teachers' retirement system and
29 who is elected or appointed to a state elective position may continue
30 to be a member of the retirement system and continue to receive service

1 credit for the time spent in a state elective position by making the
2 required member contributions.

3 When an individual is employed by two or more employers the
4 individual shall only receive one month's service credit during any
5 calendar month in which multiple service for ninety or more hours is
6 rendered.

7 Notwithstanding RCW 41.32.240, teachers covered by RCW 41.32.755
8 through 41.32.825, who render service need not serve for ninety days to
9 obtain membership so long as the required contribution is submitted for
10 such ninety-day period. Where a member did not receive service credit
11 under RCW 41.32.775 through 41.32.825 due to the ninety-day period in
12 RCW 41.32.240 the member may receive service credit for that period so
13 long as the required contribution is submitted for the period. Anyone
14 entering membership on or after October 1, 1977, and prior to July 1,
15 1979, shall have until June 30, 1980, to make the required contribution
16 in one lump sum.

17 The department shall adopt rules implementing this subsection
18 (27)(b).

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

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.

1 (30) "Average final compensation" for persons who establish
2 membership in the retirement system on or after October 1, 1977, means
3 the member's average earnable compensation of the highest consecutive
4 sixty months of service prior to such member's retirement, termination,
5 or death. Periods constituting authorized leaves of absence may not be
6 used in the calculation of average final compensation.

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

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

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

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

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

18 (36) "Retirement board" means the director of retirement systems.

19 (37) "Substitute teacher" means:

20 (a) A teacher who is hired by a school district to work as a
21 temporary teacher, except for:

22 (i) Teachers who are contract employees of a school district and
23 are guaranteed a minimum number of hours; or

24 (ii) Community college district teachers that contribute to
25 teachers retirement system plan I and are also considered as full time
26 faculty by that community college district; or

27 (b) Persons who work in ineligible positions in more than one
28 school district.

29 (38) "Eligible position" in plan II means a position which normally
30 requires two or more uninterrupted months of creditable service during

1 September through August of the following year.