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HOUSE BILL 1981

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representative Rayburn.

Read first time February 18, 1991.      Referred to Committee on Appropriations.

1            AN ACT Relating to including a statutory authorized association of  
2 irrigation districts within the public employees retirement system; and  
3 amending RCW 41.40.010.

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

5            **Sec. 1.** RCW 41.40.010 and 1990 c 274 s 3 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) "Retirement board" means the board provided for in this chapter  
12 and chapter 41.26 RCW.

13            (3) "State treasurer" means the treasurer of the state of  
14 Washington.

1 (4) (a) "Employer" for persons who establish membership in the  
2 retirement system on or before September 30, 1977, means every branch,  
3 department, agency, commission, board, and office of the state, any  
4 political subdivision or association of political subdivisions of the  
5 state admitted into the retirement system, and legal entities  
6 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW as now  
7 or hereafter amended; and the term shall also include any labor guild,  
8 association, or organization the membership of a local lodge or  
9 division of which is comprised of at least forty percent employees of  
10 an employer (other than such labor guild, association, or organization)  
11 within this chapter. The term may also include any city of the first  
12 class that has its own retirement system.

13 (b) "Employer" for persons who establish membership in the  
14 retirement system on or after October 1, 1977, means every branch,  
15 department, agency, commission, board, and office of the state, and any  
16 political subdivision and municipal corporation of the state admitted  
17 into the retirement system, including public agencies created pursuant  
18 to RCW 35.63.070, 36.70.060, ~~((and))~~ 39.34.030, and 87.76.020.

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

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

22 (a) Any person who became a member of the system prior to April 1,  
23 1949;

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

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

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

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

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

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

24 (8) (a) "Compensation earnable" for persons who establish  
25 membership in the retirement system on or before September 30, 1977,  
26 means salaries or wages earned during a payroll period for personal  
27 services and where the compensation is not all paid in money,  
28 maintenance compensation shall be included upon the basis of the  
29 schedules established by the member's employer: PROVIDED, That  
30 retroactive payments to an individual by an employer on reinstatement

1 of the employee in a position, or payments by an employer to an  
2 individual in lieu of reinstatement in a position which are awarded or  
3 granted as the equivalent of the salary or wage which the individual  
4 would have earned during a payroll period shall be considered  
5 compensation earnable and the individual shall receive the equivalent  
6 service credit: PROVIDED FURTHER, That if a leave of absence is taken  
7 by an individual for the purpose of serving in the state legislature,  
8 the salary which would have been received for the position from which  
9 the leave of absence was taken, shall be considered as compensation  
10 earnable if the employee's contribution is paid by the employee and the  
11 employer's contribution is paid by the employer or employee.

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

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

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

10 (9) (a) "Service" for persons who establish membership in the  
11 retirement system on or before September 30, 1977, means periods of  
12 employment rendered to any employer for which compensation is paid, and  
13 includes time spent in office as an elected or appointed official of an  
14 employer. Full time work for seventy hours or more in any given  
15 calendar month shall constitute one month of service except as provided  
16 in RCW 41.40.450. Only months of service shall be counted in the  
17 computation of any retirement allowance or other benefit provided for  
18 in this chapter. Years of service shall be determined by dividing the  
19 total number of months of service by twelve. Any fraction of a year of  
20 service as so determined shall be taken into account in the computation  
21 of such retirement allowance or benefits.

22 Service by a state employee officially assigned by the state on a  
23 temporary basis to assist another public agency, shall be considered as  
24 service as a state employee: PROVIDED, That service to any other  
25 public agency shall not be considered service as a state employee if  
26 such service has been used to establish benefits in any other public  
27 retirement system: PROVIDED FURTHER, That an individual shall receive  
28 no more than a total of twelve months of service credit during any  
29 calendar year: PROVIDED FURTHER, That where an individual is employed  
30 by two or more employers the individual shall only receive one months

1 service credit during any calendar month in which multiple service for  
2 seventy or more hours is rendered.

3 (b) "Service" for persons who establish membership in the  
4 retirement system on or after October 1, 1977, means periods of  
5 employment by a member for one or more employers for which compensation  
6 earnable is earned for ninety or more hours per calendar month except  
7 as provided in RCW 41.40.450.

8 Years of service shall be determined by dividing the total number  
9 of months of service by twelve. Any fraction of a year of service as  
10 so determined shall be taken into account in the computation of such  
11 retirement allowance or benefits.

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

19 A member shall receive a total of not more than twelve months of  
20 service for such calendar year: PROVIDED, That when an individual is  
21 employed by two or more employers the individual shall only receive one  
22 month's service credit during any calendar month in which multiple  
23 service for ninety or more hours is rendered.

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

26 (11) "Membership service" means:

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

28 (b) All service after October 1, 1947, to any employer prior to the  
29 time of its admission into the retirement system: PROVIDED, That an  
30 amount equal to the employer and employee contributions which would

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

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

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

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

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

10 (13) "Regular interest" means such rate as the director may  
11 determine.

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

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

22 (b) "Average final compensation" for persons who establish  
23 membership in the retirement system on or after October 1, 1977, means  
24 the member's average compensation earnable of the highest consecutive  
25 sixty months of service prior to such member's retirement, termination,  
26 or death. Periods constituting authorized leaves of absence may not be  
27 used in the calculation of average final compensation.

28 (16) "Final compensation" means the annual rate of compensation  
29 earnable by a member at the time of termination of employment.



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

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

7 (19) "Retirement allowance" means the sum of the annuity and the  
8 pension.

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

11 (21) "Actuarial equivalent" means a benefit of equal value when  
12 computed upon the basis of such mortality and other tables as may be  
13 adopted by the director.

14 (22) "Retirement" means withdrawal from active service with a  
15 retirement allowance as provided by this chapter.

16 (23) "Eligible position" means:

17 (a) Any position which normally requires five or more months of  
18 service a year for which regular compensation is paid to the occupant  
19 thereof. For purposes of this chapter an employer shall not define  
20 "position" in such a manner that an employee's work for that employer  
21 is divided into more than one position;

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

24 (24) "Ineligible position" means any position which does not  
25 conform with the requirements set forth in subdivision (23).

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

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

4       (27) "Retiree" means any member in receipt of a retirement  
5 allowance or other benefit provided by this chapter resulting from  
6 service rendered to an employer by such member.

7       (28) "Department" means the department of retirement systems  
8 created in chapter 41.50 RCW.

9       (29) "Director" means the director of the department.

10       (30) "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       (31) "State actuary" or "actuary" means the person appointed  
14 pursuant to RCW 44.44.010(2).