
ENGROSSED HOUSE BILL 2643

State of Washington

53rd Legislature

1994 Regular Session

By Representatives Sommers and Silver; by request of Department of Retirement Systems

Read first time 01/19/94. Referred to Committee on Appropriations.

1 AN ACT Relating to cross-referencing pension statutes; amending RCW
2 41.40.010, 41.32.010, and 41.32.470; adding a new section to chapter
3 41.26 RCW; creating a new section; and recodifying RCW 41.26.180.

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

5 NEW SECTION. **Sec. 1.** (1) This act provides cross-references to
6 existing statutes that affect calculation of pensions under the
7 retirement systems authorized by chapters 41.40 and 41.32 RCW to the
8 relevant definition sections of those chapters. Except as provided in
9 subsection (2) of this section, this act is technical in nature and
10 neither enhances nor diminishes existing pension rights. Except for
11 the amendment to RCW 41.40.010(5), it is not the intent of the
12 legislature to change the substance or effect of any statute previously
13 enacted. Rather, this act provides cross-references to applicable
14 statutes in order to aid with the administration of benefits authorized
15 in chapters 41.40 and 41.32 RCW.

16 (2) The amendments to RCW 41.40.010 (5) and (29) contained in
17 section 2 of this act and to RCW 41.32.010(31) contained in section 3
18 of this act clarify the status of certain persons as either members or
19 retirees.

1 **Sec. 2.** RCW 41.40.010 and 1993 c 95 s 8 are each amended to read
2 as follows:

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

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

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

9 (3) "State treasurer" means the treasurer of the state of
10 Washington.

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

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

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

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

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

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

38 (c) Any person who first becomes a member by securing employment
39 with an employer prior to April 1, 1951, provided the member has

1 rendered at least one or more years of service to any employer prior to
2 October 1, 1947;

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

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

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

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

26 (8)(a) "Compensation earnable" for plan I members, means salaries
27 or wages earned during a payroll period for personal services and where
28 the compensation is not all paid in money, maintenance compensation
29 shall be included upon the basis of the schedules established by the
30 member's employer(~~(:—PROVIDED, That)~~).

31 (i) "Compensation earnable" for plan I members also includes the
32 following actual or imputed payments, which are not paid for personal
33 services:

34 (A) Retroactive payments to an individual by an employer on
35 reinstatement of the employee in a position, or payments by an employer
36 to an individual in lieu of reinstatement in a position which are
37 awarded or granted as the equivalent of the salary or wage which the
38 individual would have earned during a payroll period shall be

1 considered compensation earnable and the individual shall receive the
2 equivalent service credit(~~(= PROVIDED FURTHER, That))~~);

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

9 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
10 72.09.240;

11 (D) Compensation that a member would have received but for a
12 disability occurring in the line of duty only as authorized by RCW
13 41.40.038; and

14 (E) Compensation that a member receives due to participation in the
15 leave sharing program only as authorized by RCW 41.04.650 through
16 41.04.670.

17 (ii) "Compensation earnable" does not include:

18 (A) Remuneration for unused sick leave authorized under RCW
19 41.04.340, 28A.400.210, or 28A.310.490;

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

22 (b) "Compensation earnable" for plan II members, means salaries or
23 wages earned by a member during a payroll period for personal services,
24 including overtime payments, and shall include wages and salaries
25 deferred under provisions established pursuant to sections 403(b),
26 414(h), and 457 of the United States Internal Revenue Code, but shall
27 exclude nonmoney maintenance compensation and lump sum or other
28 payments for deferred annual sick leave, unused accumulated vacation,
29 unused accumulated annual leave, or any form of severance pay(~~(=~~
30 ~~PROVIDED, That))~~).

31 "Compensation earnable" for plan II members also includes the
32 following actual or imputed payments, which are not paid for personal
33 services:

34 (i) Retroactive payments to an individual by an employer on
35 reinstatement of the employee in a position, or payments by an employer
36 to an individual in lieu of reinstatement in a position which are
37 awarded or granted as the equivalent of the salary or wage which the
38 individual would have earned during a payroll period shall be
39 considered compensation earnable to the extent provided above, and the

1 individual shall receive the equivalent service credit(~~(:—PROVIDED~~
2 ~~FURTHER, That))~~);

3 (ii) In any year in which a member serves in the legislature, the
4 member shall have the option of having such member's compensation
5 earnable be the greater of:

6 ~~((i))~~ (A) The compensation earnable the member would have
7 received had such member not served in the legislature; or

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

15 (iii) Assault pay only as authorized by RCW 27.04.100, 72.01.045,
16 and 72.09.240;

17 (iv) Compensation that a member would have received but for a
18 disability occurring in the line of duty only as authorized by RCW
19 41.40.038; and

20 (v) Compensation that a member receives due to participation in the
21 leave sharing program only as authorized by RCW 41.04.650 through
22 41.04.670.

23 (9)(a) "Service" for plan I members, except as provided in RCW
24 41.40.088, means periods of employment in an eligible position or
25 positions for one or more employers rendered to any employer for which
26 compensation is paid, and includes time spent in office as an elected
27 or appointed official of an employer. Compensation earnable earned in
28 full time work for seventy hours or more in any given calendar month
29 shall constitute one service credit month except as provided in RCW
30 41.40.088. Compensation earnable earned for less than seventy hours in
31 any calendar month shall constitute one-quarter service credit month of
32 service except as provided in RCW 41.40.088. Only service credit
33 months and one-quarter service credit months shall be counted in the
34 computation of any retirement allowance or other benefit provided for
35 in this chapter. Any fraction of a year of service shall be taken into
36 account in the computation of such retirement allowance or benefits.

37 (i) Service by a state employee officially assigned by the state on
38 a temporary basis to assist another public agency, shall be considered
39 as service as a state employee: PROVIDED, That service to any other

1 public agency shall not be considered service as a state employee if
2 such service has been used to establish benefits in any other public
3 retirement system(~~(: PROVIDED FURTHER, That)~~).

4 (ii) An individual shall receive no more than a total of twelve
5 service credit months of service during any calendar year(~~(: PROVIDED~~
6 FURTHER, That where)). If an individual is employed in an eligible
7 position by one or more employers the individual shall receive no more
8 than one service credit month during any calendar month in which
9 multiple service for seventy or more hours is rendered.

10 (iii) A school district employee may count up to forty-five days of
11 sick leave as creditable service solely for the purpose of determining
12 eligibility to retire under RCW 41.40.180 as authorized by RCW
13 28A.400.300. For purposes of plan I "forty-five days" as used in RCW
14 28A.400.300 is equal to two service credit months. Use of less than
15 forty-five days of sick leave is creditable as allowed under this
16 subsection as follows:

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

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

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

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

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

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

1 membership in the teachers' retirement system or law enforcement
2 officers' and fire fighters' retirement system.

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

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

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

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

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

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

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

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

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

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

29 (13) "Membership service" means:

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

31 (b) All service after October 1, 1947, to any employer prior to the
32 time of its admission into the retirement system: PROVIDED, That an
33 amount equal to the employer and employee contributions which would
34 have been paid to the retirement system on account of such service
35 shall have been paid to the retirement system with interest (as
36 computed by the department) on the employee's portion prior to
37 retirement of such person, by the employee or his or her employer,
38 except as qualified by RCW 41.40.023: PROVIDED FURTHER, That employer
39 contributions plus employee contributions with interest submitted by

1 the employee under this subsection shall be placed in the employee's
2 individual account in the employees' savings fund and be treated as any
3 other contribution made by the employee, with the exception that the
4 contributions submitted by the employee in payment of the employer's
5 obligation, together with the interest the director may apply to the
6 employer's contribution, shall be excluded from the calculation of the
7 member's annuity in the event the member selects a benefit with an
8 annuity option;

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

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

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

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

31 (15) "Regular interest" means such rate as the director may
32 determine.

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

36 (17)(a) "Average final compensation" for plan I members, means the
37 annual average of the greatest compensation earnable by a member during
38 any consecutive two year period of service credit months for which
39 service credit is allowed; or if the member has less than two years of

1 service credit months then the annual average compensation earnable
2 during the total years of service for which service credit is allowed.

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

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

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

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

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

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

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

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

26 (25) "Eligible position" means:

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

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

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

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

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

7 (29) "Retiree" means any (~~member~~) person in receipt of a
8 retirement allowance or other benefit provided by this chapter
9 resulting from service rendered to an employer (~~by such~~) while a
10 member. A person is in receipt of a retirement allowance as defined in
11 subsection (21) of this section or other benefit as provided by this
12 chapter when the department mails, causes to be mailed, or otherwise
13 transmits the retirement allowance warrant.

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

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

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

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

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

26 **Sec. 3.** RCW 41.32.010 and 1993 c 95 s 7 are each amended to read
27 as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (A) Remuneration for unused sick leave authorized under RCW
26 41.04.340, 28A.400.210, or 28A.310.490;

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

29 (b) "Earnable compensation" for plan II members, means salaries or
30 wages earned by a member during a payroll period for personal services,
31 including overtime payments, and shall include wages and salaries
32 deferred under provisions established pursuant to sections 403(b),
33 414(h), and 457 of the United States Internal Revenue Code, but shall
34 exclude lump sum payments for deferred annual sick leave, unused
35 accumulated vacation, unused accumulated annual leave, or any form of
36 severance pay.

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

1 (i) Retroactive payments to an individual by an employer on
2 reinstatement of the employee in a position or payments by an employer
3 to an individual in lieu of reinstatement in a position which are
4 awarded or granted as the equivalent of the salary or wages which the
5 individual would have earned during a payroll period shall be
6 considered earnable compensation, to the extent provided above, and the
7 individual shall receive the equivalent service credit.

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

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

13 (B) Such member's actual earnable compensation received for
14 teaching and legislative service combined. Any additional
15 contributions to the retirement system required because compensation
16 earnable under (b)(ii)(A) of this subsection is greater than
17 compensation earnable under (b)(ii)(B) of this subsection shall be paid
18 by the member for both member and employer contributions.

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

21 (12) "Fiscal year" means a year which begins July 1st and ends June
22 30th of the following year.

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

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

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

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

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

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

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

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

14 (21) "Public school" means any institution or activity operated by
15 the state of Washington or any instrumentality or political subdivision
16 thereof employing teachers, except the University of Washington and
17 Washington State University.

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

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

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

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

29 (25) "Retirement system" means the Washington state teachers'
30 retirement system.

31 (26)(a) "Service" for plan I members means the time during which a
32 member has been employed by an employer for compensation(~~(:—PROVIDED,~~
33 ~~That where)~~).

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

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

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

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

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

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

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

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

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

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

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

36 (v) When an individual is employed by two or more employers the
37 individual shall only receive one month's service credit during any
38 calendar month in which multiple service for ninety or more hours is
39 rendered.

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

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

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

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

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

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

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

19 (viii) The department shall adopt rules implementing this
20 subsection.

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

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

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

33 (30) "Average final compensation" for plan II members, means the
34 member's average earnable compensation of the highest consecutive sixty
35 service credit months prior to such member's retirement, termination,
36 or death. Periods constituting authorized leaves of absence may not be
37 used in the calculation of average final compensation except under RCW
38 41.32.810(2).

1 (31) "Retiree" means any (~~member~~) person in receipt of a
2 retirement allowance or other benefit provided by this chapter
3 resulting from service rendered to an employer (~~by such~~) while a
4 member. A person is in receipt of a retirement allowance as defined in
5 subsection (24) of this section or other benefit as provided by this
6 chapter when the department mails, causes to be mailed, or otherwise
7 transmits the retirement allowance warrant.

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

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

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

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

16 (36) "Substitute teacher" means:

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

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

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

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

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

34 (d) The elected position of the superintendent of public
35 instruction is an eligible position.

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

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

4 **Sec. 4.** RCW 41.32.470 and 1965 ex.s. c 81 s 4 are each amended to
5 read as follows:

6 A member who is not a dual member under RCW 41.54.010 must have
7 established or reestablished with the retirement system at least five
8 years of credit for public school service in this state to be entitled
9 to a retirement allowance.

10 NEW SECTION. **Sec. 5.** The code reviser shall recodify RCW
11 41.26.180 within chapter 41.26 RCW under the subchapter heading
12 "Provisions applicable to plan I and plan II."

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