

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6143

Chapter 197, Laws of 1994

53rd Legislature
1994 Regular Session

STATE RETIREMENT SYSTEMS--MEMBERSHIP SERVICE CREDIT
FOR PRIOR SERVICE--ESTABLISHMENT OR RESTORATION

EFFECTIVE DATE: 1/1/95

Passed by the Senate March 7, 1994
YEAS 47 NAYS 0

JOEL PRITCHARD

President of the Senate

Passed by the House March 4, 1994
YEAS 97 NAYS 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Approved March 30, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6143** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

Secretary

FILED

March 30, 1994 - 1:47 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6143

AS AMENDED BY THE HOUSE

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Spanel, Newhouse, Bauer, Nelson, Vognild, Winsley, Moore and Haugen)

Read first time 02/08/94.

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3 withdrawn contributions; amending RCW 41.26.170, 41.26.192, 41.26.194,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

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

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

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15 contributions withdrawn by a member of a state's retirement systems; or

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

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2 service credit previously earned, restoring withdrawn contributions, or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

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

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

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

18 (2) Persons who previously have failed to:

- 19 (a) Establish service credit for service previously earned; or
- 20 (b) Reestablish service credit by the restoration of withdrawn
21 contributions or repayment of a lump sum payment in lieu of a benefit,
22 may now establish or reestablish such service credit by paying the
23 actuarial value of the resulting increase in their benefit in a manner
24 defined by the department.

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

29 (4) Service credit is established for or restored to the period in
30 which the service credit is earned.

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

33 Upon termination for reasons other than retirement, the department
34 shall inform a member withdrawing his or her contributions, and the
35 member shall acknowledge in writing, of the right to restore such
36 contributions upon reestablishment of membership in the respective
37 retirement system and the requirements involved in such restoration.

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

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

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

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

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

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

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

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

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

29 (i) The legislative authority of any city, town, county, or
30 district;

31 (ii) The elected officials of any municipal corporation; or

32 (iii) The governing body of any other general authority law
33 enforcement agency.

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

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

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

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

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

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

30 (4) "Fire fighter" means:

31 (a) Any person who is serving on a full time, fully compensated
32 basis as a member of a fire department of an employer and who is
33 serving in a position which requires passing a civil service
34 examination for fire fighter, and who is actively employed as such;

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

37 (c) Supervisory fire fighter personnel;

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

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

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

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

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

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

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

27 (i) A natural born child;

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

30 (iii) A posthumous child;

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

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

35 (b) A person shall also be deemed to be a child up to and including
36 the age of twenty years and eleven months while attending any high
37 school, college, or vocational or other educational institution
38 accredited, licensed, or approved by the state, in which it is located,
39 including the summer vacation months and all other normal and regular

1 vacation periods at the particular educational institution after which
2 the child returns to school.

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

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

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

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

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

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

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

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

6 (b) "Basic salary" for plan II members, means salaries or wages
7 earned by a member during a payroll period for personal services,
8 including overtime payments, and shall include wages and salaries
9 deferred under provisions established pursuant to sections 403(b),
10 414(h), and 457 of the United States Internal Revenue Code, but shall
11 exclude lump sum payments for deferred annual sick leave, unused
12 accumulated vacation, unused accumulated annual leave, or any form of
13 severance pay. In any year in which a member serves in the legislature
14 the member shall have the option of having such member's basic salary
15 be the greater of:

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

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

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

37 (i) For members retiring after May 21, 1971 who were employed under
38 the coverage of a prior pension act before March 1, 1970, "service"
39 shall also include (A) such military service not exceeding five years

1 as was creditable to the member as of March 1, 1970, under the member's
2 particular prior pension act, and (B) such other periods of service as
3 were then creditable to a particular member under the provisions of RCW
4 41.18.165, 41.20.160 or 41.20.170. However, in no event shall credit
5 be allowed for any service rendered prior to March 1, 1970, where the
6 member at the time of rendition of such service was employed in a
7 position covered by a prior pension act, unless such service, at the
8 time credit is claimed therefor, is also creditable under the
9 provisions of such prior act.

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

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

22 Members of the retirement system who are elected or appointed to a
23 state elective position may elect to continue to be members of this
24 retirement system.

25 Service credit years of service shall be determined by dividing the
26 total number of service credit months of service by twelve. Any
27 fraction of a service credit year of service as so determined shall be
28 taken into account in the computation of such retirement allowance or
29 benefits.

30 If a member receives basic salary from two or more employers during
31 any calendar month, the individual shall receive one service credit
32 month's service credit during any calendar month in which multiple
33 service for ninety or more hours is rendered; or one-half service
34 credit month's service credit during any calendar month in which
35 multiple service for at least seventy hours but less than ninety hours
36 is rendered; or one-quarter service credit month during any calendar
37 month in which multiple service for less than seventy hours is
38 rendered.

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

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

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

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

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

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

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

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

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

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

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

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

4 (i) The fees of the following:

5 (A) A physician or surgeon licensed under the provisions of chapter
6 18.71 RCW;

7 (B) An osteopath licensed under the provisions of chapter 18.57
8 RCW;

9 (C) A chiropractor licensed under the provisions of chapter 18.25
10 RCW.

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

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

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

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

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

18 (D) Anesthesia and oxygen;

19 (E) Rental of iron lung and other durable medical and surgical
20 equipment;

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

22 (G) Professional ambulance service when used to transport the
23 member to or from a hospital when injured by an accident or stricken by
24 a disease;

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

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

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

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

32 (L) An optometrist licensed under the provisions of chapter 18.53
33 RCW.

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (3) If the member fails to meet the time limitations of subsection
15 (2) of this section, the member may make the payment required under
16 section 2(2) of this act prior to retirement. The member shall then
17 receive credit toward retirement for the period of previous service
18 that the withdrawn contributions cover.

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

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

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

32 If a plan I member's prior service as a law enforcement officer or
33 fire fighter under a prior pension system is not creditable because,
34 although employed in a position covered by a prior pension act, the
35 member had not yet become a member of the pension system governed by
36 the act, the member's prior service as a law enforcement officer or
37 fire fighter shall be creditable under plan I, if the member pays to

1 the plan(~~(, on or before June 30, 1993, an)~~) the amount ((equal to the
2 employee's and the employer's contributions that would have been
3 required under the prior act when the member's service was rendered if
4 the member had been a member of the prior pension system during that
5 period, together with interest as determined by the director)) set

6 forth under section 2(2) of this act prior to retirement.

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

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

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

26 (3) Persons covered under the provisions of subsection (1) of this
27 section may upon returning to member status (~~(as defined in RCW~~
28 ~~41.04.040(2))~~) reinstate all previous service by depositing the lump
29 sum payment received, with interest as computed by the director, within
30 two years of returning to service or prior to re-retiring, whichever
31 comes first. In computing the amount due, the director shall exclude
32 the accumulated value of the normal payments the member would have
33 received while in beneficiary status if the lump sum payment had not
34 occurred.

35 (4) If a member fails to meet the time limitations set forth under
36 subsection (3) of this section, the member may reinstate all previous
37 service under section 2(2) of this act prior to retirement. The sum
38 deposited shall exclude the accumulated value of the normal payments

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

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

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

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

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

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

26 (3) Except as specified in subsection ~~((+4))~~ (6) of this section,
27 a member shall be eligible to receive a maximum of two years service
28 credit during a member's entire working career for those periods when
29 a member is on an unpaid leave of absence authorized by an employer.
30 Such credit may be obtained only if the member makes the employer,
31 member, and state contributions plus interest as determined by the
32 department for the period of the authorized leave of absence within
33 five years of resumption of service or prior to retirement whichever
34 comes sooner(~~(:—PROVIDED,—That)~~).

35 (4) If a member fails to meet the time limitations of subsection
36 (3) of this section, the member may receive a maximum of two years of
37 service credit during a member's working career for those periods when
38 a member is on unpaid leave of absence authorized by an employer. This

1 may be done by paying the amount required under section 2(2) of this
2 act prior to retirement.

3 (5) For the purpose of ((this)) subsection (3) of this section the
4 contribution shall not include the contribution for the unfunded
5 supplemental present value as required by RCW 41.26.450. The
6 contributions required shall be based on the average of the member's
7 basic salary at both the time the authorized leave of absence was
8 granted and the time the member resumed employment.

9 ((+4)) (6) A member who leaves the employ of an employer to enter
10 the armed forces of the United States shall be entitled to retirement
11 system service credit for up to four years of military service.

12 (a) The member qualifies for service credit under this subsection
13 if:

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

18 (ii) The member makes the employee contributions required under RCW
19 41.26.450 plus interest as determined by the department within five
20 years of resumption of service or prior to retirement, whichever comes
21 sooner; or

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

25 (b) Upon receipt of member contributions under (a)(ii) of this
26 subsection, the department shall bill the employer and the state for
27 their respective contributions required under RCW 41.26.450 for the
28 period of military service, plus interest as determined by the
29 department.

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

34 ((+5)) (7) A member receiving benefits under Title 51 RCW who is
35 not receiving benefits under this chapter shall be deemed to be on
36 unpaid, authorized leave of absence.

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

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

5 The restoration of such funds must be completed within five years
6 of the resumption of service or prior to retirement, whichever occurs
7 first.

8 (2) If a member fails to meet the time limitations of subsection
9 (1) of this section, the member may receive service credit destroyed by
10 the withdrawn contributions if the amount required under section 2(2)
11 of this act is paid.

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

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

16 (1)(a) "Accumulated contributions" for plan I members, means the
17 sum of all regular annuity contributions and, except for the purpose of
18 withdrawal at the time of retirement, any amount paid under section
19 2(2) of this act with regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (ii) For members employed less than full time under written
34 contract with a school district, or community college district, in an
35 instructional position, for which the member receives service credit of
36 less than one year in all of the years used to determine the earnable
37 compensation used for computing benefits due under RCW 41.32.497,
38 41.32.498, and 41.32.520, the member may elect to have earnable
39 compensation defined as provided in RCW 41.32.345. For the purposes of

1 this subsection, the term "instructional position" means a position in
2 which more than seventy-five percent of the member's time is spent as
3 a classroom instructor (including office hours), a librarian, or a
4 counselor. Earnable compensation shall be so defined only for the
5 purpose of the calculation of retirement benefits and only as necessary
6 to insure that members who receive fractional service credit under RCW
7 41.32.270 receive benefits proportional to those received by members
8 who have received full-time service credit.

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

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

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

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

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

37 (12) "Fiscal year" means a year which begins July 1st and ends June
38 30th of the following year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (26)(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
11 receive no more than one service credit month during any calendar month
12 in which multiple service is rendered.

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

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

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

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

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

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

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

1 Any person who is a member of the teachers' retirement system and
2 who is elected or appointed to a state elective position may continue
3 to be a member of the retirement system and continue to receive a
4 service credit month for each of the months in a state elective
5 position by making the required member contributions.

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

10 The department shall adopt rules implementing this subsection.

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

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

15 (29) "Teacher" means any person qualified to teach who is engaged
16 by a public school in an instructional, administrative, or supervisory
17 capacity. The term includes state, educational service district, and
18 school district superintendents and their assistants and all employees
19 certificated by the superintendent of public instruction; and in
20 addition thereto any full time school doctor who is employed by a
21 public school and renders service of an instructional or educational
22 nature.

23 (30) "Average final compensation" for plan II members, means the
24 member's average earnable compensation of the highest consecutive sixty
25 service credit months 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 except under RCW
28 41.32.810(2).

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

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

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

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

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

1 (36) "Substitute teacher" means:

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

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

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

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

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

19 (d) The elected position of the superintendent of public
20 instruction is an eligible position.

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

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

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

29 The department is empowered within the limits of this chapter and,
30 with regard to restoration of service credit under section 2 of this
31 act, to decide on all questions of eligibility covering membership,
32 service credit, and benefits.

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

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

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

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

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

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

27 (2) A member who had the opportunity under chapter 41.32 RCW prior
28 to July 1, 1969, to establish credit for active United States military
29 service or credit for professional preparation and failed to do so
30 shall be permitted to establish additional credit within the provisions
31 of RCW 41.32.260 and 41.32.330. A member who was not permitted to
32 establish credit pursuant to section 2, chapter 32, Laws of 1973 2nd
33 ex. sess., for Washington teaching service previously rendered, must
34 present proof and make the necessary payment to establish such credit
35 as membership service credit. Payment for such credit must be made in
36 a lump sum on or before June 30, 1974. Any member desiring to
37 establish credit under the provisions of this (~~1969 amendment~~)
38 subsection must present proof and make the necessary payment before

1 June 30, 1974; or, if not employed on the effective date of this
2 amendment, before June 30th of the fifth school year upon returning to
3 public school employment in this state.

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

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

10 Any person who becomes a member subsequent to April 25, 1973 or who
11 has made the election, provided by RCW 41.32.497, to receive the
12 benefit provided by this section, shall receive a retirement allowance
13 consisting of:

14 (1) An annuity which shall be the actuarial equivalent of his or
15 her additional contributions on full salary as provided by chapter 274,
16 Laws of 1955 and his or her lump sum payment in excess of the required
17 contribution rate made at date of retirement, pursuant to RCW
18 41.32.350, if any; and

19 (2) A combined pension and annuity service retirement allowance
20 which shall be equal to two percent of his or her average earnable
21 compensation for his or her two highest compensated consecutive years
22 of service times the total years of creditable service established with
23 the retirement system, to a maximum of sixty percent of such average
24 earnable compensation: PROVIDED, That any member may irrevocably
25 elect, at time of retirement, to withdraw all or a part of his or her
26 accumulated contributions, other than any amount paid under section
27 2(2) of this act, and to receive, in lieu of the full retirement
28 allowance provided by this subsection, a reduction in the standard two
29 percent allowance, of the actuarially determined amount of monthly
30 annuity which would have been purchased by said contributions:
31 PROVIDED FURTHER, That no member may withdraw an amount of accumulated
32 contributions which would lower his or her retirement allowance below
33 the minimum allowance provided by RCW 41.32.497 as now or hereafter
34 amended: AND PROVIDED FURTHER, That said reduced amount may be reduced
35 even further pursuant to the options provided in RCW 41.32.530;

36 (3) Notwithstanding the provisions of subsections (1) and (2) of
37 this section, the retirement allowance payable for service of a member
38 who was state superintendent of public instruction on January 1, 1973

1 shall be equal to three percent of the average earnable compensation of
2 his two highest consecutive years of service for each year of such
3 service.

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

6 ~~((1))~~ Membership in the retirement system is terminated when a
7 member retires for service or disability, dies, withdraws the
8 accumulated contributions or does not establish service credit with the
9 retirement system for five consecutive years; however, a member may
10 retain membership in the teachers' retirement system by leaving the
11 accumulated contributions in the teachers' retirement fund under one of
12 the following conditions:

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

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

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

20 The prior service certificate becomes void when a member dies,
21 withdraws the accumulated contributions or does not establish service
22 credit with the retirement system for five consecutive years, and any
23 prior administrative interpretation of the board of trustees,
24 consistent with this section, is hereby ratified, affirmed and
25 approved.

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

30 ~~(3) Within the ninety days following the employee's resumption of
31 employment, the employer shall notify the department of the resumption
32 and the department shall then return to the employer a statement of the
33 potential service credit to be restored, the amount of funds required
34 for restoration, and the date when the restoration must be
35 accomplished. The employee shall be given a copy of the statement and
36 shall sign a copy of the statement which signed copy shall be placed in
37 the employee's personnel file.)~~

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

3 (1) Should a member cease to be employed by an employer and request
4 upon a form provided by the department a refund of the member's
5 accumulated contributions with interest, this amount shall be paid to
6 the individual less any withdrawal fee which may be assessed by the
7 director which shall be deposited in the department of retirement
8 systems expense fund. (~~The amount withdrawn, together with interest~~
9 ~~as determined by the director must be paid if the member desires to~~
10 ~~reestablish the former service credits.))~~)

11 (2) Termination of employment with one employer for the specific
12 purpose of accepting employment with another employer or termination
13 with one employer and reemployment with the same employer, whether for
14 the same school year or for the ensuing school year, shall not qualify
15 a member for a refund of the member's accumulated contributions.

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

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

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

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

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

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

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

19 (~~(5)~~) (6) It is the intent of the legislature that any member who
20 receives a settlement under this section shall be deemed to be retired
21 from this system.

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

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

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

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

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

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

22 (~~((4))~~) (6) A member who leaves the employ of an employer to enter
23 the armed forces of the United States shall be entitled to retirement
24 system service credit for up to four years of military service.

25 (a) The member qualifies for service credit under this subsection
26 if:

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

31 (ii) The member makes the employee contributions required under RCW
32 41.32.775 plus interest as determined by the department within five
33 years of resumption of service or prior to retirement, whichever comes
34 sooner; or

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

38 (b) Upon receipt of member contributions under (a)(ii) of this
39 subsection, the department shall bill the employer for its contribution

1 required under RCW 41.32.775 for the period of military service, plus
2 interest as determined by the department.

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

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

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

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

21 (1) A member, who had left service and withdrawn the member's
22 accumulated contributions, shall, upon reestablishment of membership
23 under RCW 41.32.240, receive service credit for such prior service if
24 the member restores all withdrawn accumulated contributions together
25 with interest since the time of withdrawal as determined by the
26 department. The restoration of such funds must be completed within
27 five years of the resumption of service or prior to retirement,
28 whichever occurs first.

29 (2) If a member fails to meet the time limitations of subsection
30 (1) of this section, the member may receive service credit destroyed by
31 the withdrawn contributions if the amount required under section 2(2)
32 of this act is paid.

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

35 As used in this chapter, unless a different meaning is plainly
36 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 as now
12 or hereafter amended; and the term shall also include any labor guild,
13 association, or organization the membership of a local lodge or
14 division of which is comprised of at least forty percent employees of
15 an employer (other than such labor guild, association, or organization)
16 within this chapter. The term may also include any city of the first
17 class that has its own retirement 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.

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

26 (a) Any person who became a member of the system prior to April 1,
27 1949;

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

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

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

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

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

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

19 (8)(a) "Compensation earnable" for plan I members, means salaries
20 or wages earned during a payroll period for personal services and where
21 the compensation is not all paid in money, maintenance compensation
22 shall be included upon the basis of the schedules established by the
23 member's employer: PROVIDED, That retroactive payments to an
24 individual by an employer on reinstatement of the employee in a
25 position, or payments by an employer to an individual in lieu of
26 reinstatement in a position which are awarded or granted as the
27 equivalent of the salary or wage which the individual would have earned
28 during a payroll period shall be considered compensation earnable and
29 the individual shall receive the equivalent service credit: PROVIDED
30 FURTHER, That if a leave of absence is taken by an individual for the
31 purpose of serving in the state legislature, the salary which would
32 have been received for the position from which the leave of absence was
33 taken, shall be considered as compensation earnable if the employee's
34 contribution is paid by the employee and the employer's contribution is
35 paid by the employer or employee.

36 (b) "Compensation earnable" for plan II members, means salaries or
37 wages earned by a member during a payroll period for personal services,
38 including overtime payments, and shall include wages and salaries
39 deferred under provisions established pursuant to sections 403(b),

1 414(h), and 457 of the United States Internal Revenue Code, but shall
2 exclude nonmoney maintenance compensation and lump sum payments for
3 deferred annual sick leave, unused accumulated vacation, unused
4 accumulated annual leave, or any form of severance pay: PROVIDED, That
5 retroactive payments to an individual by an employer on reinstatement
6 of the employee in a position, or payments by an employer to an
7 individual in lieu of reinstatement in a position which are awarded or
8 granted as the equivalent of the salary or wage which the individual
9 would have earned during a payroll period shall be considered
10 compensation earnable to the extent provided above, and the individual
11 shall receive the equivalent service credit: PROVIDED FURTHER, That in
12 any year in which a member serves in the legislature, the member shall
13 have the option of having such member's compensation earnable be the
14 greater of:

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

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

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

38 Service by a state employee officially assigned by the state on a
39 temporary basis to assist another public agency, shall be considered as

1 service as a state employee: PROVIDED, That service to any other
2 public agency shall not be considered service as a state employee if
3 such service has been used to establish benefits in any other public
4 retirement system: PROVIDED FURTHER, That an individual shall receive
5 no more than a total of twelve service credit months of service during
6 any calendar year: PROVIDED FURTHER, That where an individual is
7 employed in an eligible position by one or more employers the
8 individual shall receive no more than one service credit month during
9 any calendar month in which multiple service for seventy or more hours
10 is rendered.

11 (b) "Service" for plan II members, means periods of employment by
12 a member in an eligible position or positions for one or more employers
13 for which compensation earnable is paid. Compensation earnable earned
14 for ninety or more hours in any calendar month shall constitute one
15 service credit month except as provided in RCW 41.40.088. Compensation
16 earnable earned for at least seventy hours but less than ninety hours
17 in any calendar month shall constitute one-half service credit month of
18 service. Compensation earnable earned for less than seventy hours in
19 any calendar month shall constitute one-quarter service credit month of
20 service.

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

23 Service in any state elective position shall be deemed to be full
24 time service, except that persons serving in state elective positions
25 who are members of the teachers' retirement system or law enforcement
26 officers' and fire fighters' retirement system at the time of election
27 or appointment to such position may elect to continue membership in the
28 teachers' retirement system or law enforcement officers' and fire
29 fighters' retirement system.

30 A member shall receive a total of not more than twelve service
31 credit months of service for such calendar year: PROVIDED, That when
32 an individual is employed in an eligible position by one or more
33 employers the individual shall receive no more than one service credit
34 month during any calendar month in which multiple service for ninety or
35 more hours is rendered.

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

38 (11) "Service credit month" means a month or an accumulation of
39 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 employer, except as
12 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 section 2(2) of this act, together with
12 the 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 member in receipt of a retirement
22 allowance or other benefit provided by this chapter resulting from
23 service rendered to an employer by such member.

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

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

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

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

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

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

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

4 (1) Persons in ineligible positions;

5 (2) Employees of the legislature except the officers thereof
6 elected by the members of the senate and the house and legislative
7 committees, unless membership of such employees be authorized by the
8 said committee;

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

31 (b) A member holding elective office who has elected to apply for
32 membership pursuant to (a) of this subsection and who later wishes to
33 be eligible for a retirement allowance shall have the option of ending
34 his or her membership in the retirement system. A member wishing to
35 end his or her membership under this subsection must file, on a form
36 supplied by the department, a statement indicating that the member
37 agrees to irrevocably abandon any claim for service for future periods
38 served as an elected official. A member who receives more than fifteen
39 thousand dollars per year in compensation for his or her elective

1 service, adjusted annually for inflation by the director, is not
2 eligible for the option provided by this subsection (3)(b);

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

21 (5) Patient and inmate help in state charitable, penal, and
22 correctional institutions;

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

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

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

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

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

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

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

6 (13) Persons employed by or appointed or elected as an official of
7 a first class city that has its own retirement system: PROVIDED, That
8 any member elected or appointed to an elective office on or after April
9 1, 1971, shall have the option of continuing as a member of this system
10 in lieu of becoming a member of the city system. A member who elects
11 to continue as a member of this system shall pay the appropriate member
12 contributions and the city shall pay the employer contributions at the
13 rates prescribed by this chapter. The city shall also transfer to this
14 system all of such member's accumulated contributions together with
15 such further amounts as necessary to equal all employee and employer
16 contributions which would have been paid into this system on account of
17 such service with the city and thereupon the member shall be granted
18 credit for all such service. Any city that becomes an employer as
19 defined in RCW 41.40.010(4) as the result of an individual's election
20 under this subsection shall not be required to have all employees
21 covered for retirement under the provisions of this chapter. Nothing
22 in this subsection shall prohibit a city of the first class with its
23 own retirement system from: (a) Transferring all of its current
24 employees to the retirement system established under this chapter, or
25 (b) allowing newly hired employees the option of continuing coverage
26 under the retirement system established by this chapter.

27 Notwithstanding any other provision of this chapter, persons
28 transferring from employment with a first class city of over four
29 hundred thousand population that has its own retirement system to
30 employment with the state department of agriculture may elect to remain
31 within the retirement system of such city and the state shall pay the
32 employer contributions for such persons at like rates as prescribed for
33 employers of other members of such system;

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

37 (15) Employees who (a) are not citizens of the United States, (b)
38 are not covered by chapter 41.48 RCW, (c) are not excluded from
39 membership under this chapter or chapter 41.04 RCW, (d) are residents

1 of this state, and (e) make an irrevocable election to be excluded from
2 membership, in writing, which is submitted to the director within
3 thirty days after employment in an eligible position;

4 (16) Employees who are citizens of the United States and who reside
5 and perform duties for an employer outside of the United States:
6 PROVIDED, That unless otherwise excluded under this chapter or chapter
7 41.04 RCW, the employee may apply for membership (a) within thirty days
8 after employment in an eligible position and membership service credit
9 shall be granted from the first day of membership service, and (b)
10 after this thirty-day period, but membership service credit shall be
11 granted only if payment is made for the noncredited membership service
12 under section 2(2) of this act, otherwise service shall be from the
13 date of application;

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

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

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

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

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

36 (b) Reestablish and transfer to (~~the public employees'~~) this
37 retirement system all service which was previously credited under
38 chapter 41.44 RCW but which was canceled by discontinuance of service

1 and withdrawal of accumulated contributions as provided in RCW
2 41.44.190. The service may be reestablished and transferred only upon
3 payment by the member to the employees' savings fund of (~~the public~~
4 ~~employees~~) this retirement system of the amount withdrawn plus
5 interest thereon from the date of withdrawal until the date of payment
6 at a rate determined by the director. No additional payments are
7 required for service credit described in this subsection if already
8 established under this chapter; and

9 (c) Establish service credit for the initial period of employment
10 not to exceed six months, prior to establishing membership under
11 chapter 41.44 RCW, upon payment in full by the member of the total
12 employer's contribution to the benefit account fund of (~~the public~~
13 ~~employees~~) this retirement system that would have been made under
14 this chapter when the initial service was rendered. The payment shall
15 be based on the first month's compensation earnable as a member of the
16 state-wide city employees' retirement system and as defined in RCW
17 41.44.030(13). However, a person who has established service credit
18 under RCW (~~41.40.010(11)~~) 41.40.010(13) (c) or (d) shall not
19 establish additional credit under this subsection nor may anyone who
20 establishes credit under this subsection establish any additional
21 credit under RCW (~~41.40.010(11)~~) 41.40.010(13) (c) or (d). No
22 additional payments are required for service credit described in this
23 subsection if already established under this chapter.

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

29 (b) In the case of a former member of (~~the public employees~~)
30 this retirement system who is not employed by an employer on July 26,
31 1987, the written election must be filed and the payments must be
32 completed in full within one year after reemployment by an employer.

33 (c) In the case of a retiree receiving a retirement allowance from
34 (~~the public employees~~) this retirement system on July 26, 1987, or
35 any person having vested rights as described in RCW 41.40.150 (~~(3) or~~
36 ~~(5)~~) (4), the written election may be filed and the payments may be
37 completed at any time.

38 (3) Upon receipt of the written election and payments required by
39 subsection (1) of this section from any retiree described in subsection

1 (2)((+e)) of this section, the department shall recompute the
2 retiree's allowance in accordance with this section and shall pay any
3 additional benefit resulting from such recomputation retroactively to
4 the date of retirement from the system governed by this chapter.

5 (4) Any person who was a member of the state-wide city employees'
6 retirement system under chapter 41.44 RCW and also became a member of
7 this retirement system, and did not make the election under subsection
8 (1) of this section because he or she was not a member of this
9 retirement system prior to July 27, 1987 or did not meet the time
10 limitations of subsection (2) (a) or (b) of this section, may elect to
11 do any of the following:

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

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

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

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

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

26 Should any member die, or should the individual separate or be
27 separated from service without leave of absence before attaining age
28 sixty years, or should the individual become a beneficiary, except a
29 beneficiary of an optional retirement allowance as provided by RCW
30 41.40.188, the individual shall thereupon cease to be a member except;

31 (1) As provided in RCW 41.40.170.

32 (2) An employee not previously retired who reenters service shall
33 upon completion of six months of continuous service and upon the
34 restoration, in one lump sum or in annual installments, of all
35 withdrawn contributions: (a) With interest as computed by the
36 director, which restoration must be completed within a total period of
37 five years of membership service following the member's first
38 resumption of employment((-)) or (b) paying the amount required under

1 section 2(2) of this act, be returned to the status, either as an
2 original member or new member which the member held at time of
3 separation.

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

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

24 ~~((+5))~~) (4)(a) The recipient of a retirement allowance who is
25 employed in an eligible position other than under RCW 41.40.023(12)
26 shall be considered to have terminated his or her retirement status and
27 shall immediately become a member of the retirement system with the
28 status of membership the member held as of the date of retirement.
29 Retirement benefits shall be suspended during the period of eligible
30 employment and the individual shall make contributions and receive
31 membership credit. Such a member shall have the right to again retire
32 if eligible in accordance with RCW 41.40.180: PROVIDED, That where any
33 such right to retire is exercised to become effective before the member
34 has rendered two uninterrupted years of service the type of retirement
35 allowance the member had at the time of the member's previous
36 retirement shall be reinstated;

37 (b) The recipient of a retirement allowance elected to office or
38 appointed to office directly by the governor, and who shall apply for
39 and be accepted in membership as provided in RCW 41.40.023(3) shall be

1 considered to have terminated his or her retirement status and shall
2 become a member of the retirement system with the status of membership
3 the member held as of the date of retirement. Retirement benefits
4 shall be suspended from the date of return to membership until the date
5 when the member again retires and the member shall make contributions
6 and receive membership credit. Such a member shall have the right to
7 again retire if eligible in accordance with RCW 41.40.180: PROVIDED,
8 That where any such right to retire is exercised to become effective
9 before the member has rendered six uninterrupted months of service the
10 type of retirement allowance the member had at the time of the member's
11 previous retirement shall be reinstated, but no additional service
12 credit shall be allowed: AND PROVIDED FURTHER, That if such a
13 recipient of a retirement allowance does not elect to apply for reentry
14 into membership as provided in RCW 41.40.023(3), the member shall be
15 considered to remain in a retirement status and the individual's
16 retirement benefits shall continue without interruption.

17 ((+6)) (5) Any member who leaves the employment of an employer and
18 enters the employ of a public agency or agencies of the state of
19 Washington, other than those within the jurisdiction of ((the
20 Washington public employees')) this retirement system, and who
21 establishes membership in a retirement system or a pension fund
22 operated by such agency or agencies and who shall continue membership
23 therein until attaining age sixty, shall remain a member for the
24 exclusive purpose of receiving a retirement allowance without the
25 limitation found in RCW 41.40.180(1) to begin on attainment of age
26 sixty-five; however, such a member may on written notice to the
27 director elect to receive a reduced retirement allowance on or after
28 age sixty which allowance shall be the actuarial equivalent of the sum
29 necessary to pay regular retirement benefits commencing at age sixty-
30 five: PROVIDED, That if such member should withdraw all or part of the
31 member's accumulated contributions except those additional
32 contributions made pursuant to RCW 41.40.330(2), the individual shall
33 thereupon cease to be a member and this section shall not apply.

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

36 (1) On or after June 10, 1982, the director may pay a member
37 eligible to receive a retirement allowance or the member's beneficiary,
38 subject to the provisions of subsection ((+4)) (5) of this section, a

1 lump sum payment in lieu of a monthly benefit if the initial monthly
2 benefit computed in accordance with RCW 41.40.620 would be less than
3 fifty dollars. The lump sum payment shall be the greater of the
4 actuarial equivalent of the monthly benefits or an amount equal to the
5 individual's accumulated contributions plus accrued interest.

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

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

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

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

32 ~~((5))~~ (6) It is the intent of the legislature that any member who
33 receives a settlement under this section shall be deemed to be retired
34 from this system.

35 **Sec. 28.** RCW 41.40.710 and 1993 c 95 s 2 are each amended to read
36 as follows:

1 (1) A member who is on a paid leave of absence authorized by a
2 member's employer shall continue to receive service credit as provided
3 for under the provisions of RCW 41.40.610 through 41.40.740.

4 (2) A member who receives compensation from an employer while on an
5 authorized leave of absence to serve as an elected official of a labor
6 organization, and whose employer is reimbursed by the labor
7 organization for the compensation paid to the member during the period
8 of absence, may also be considered to be on a paid leave of absence.
9 This subsection shall only apply if the member's leave of absence is
10 authorized by a collective bargaining agreement that provides that the
11 member retains seniority rights with the employer during the period of
12 leave. The compensation earnable reported for a member who establishes
13 service credit under this subsection may not be greater than the salary
14 paid to the highest paid job class covered by the collective bargaining
15 agreement.

16 (3) Except as specified in subsection (4) of this section, a member
17 shall be eligible to receive a maximum of two years service credit
18 during a member's entire working career for those periods when a member
19 is on an unpaid leave of absence authorized by an employer. Such
20 credit may be obtained only if:

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

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

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

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

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

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

1 (ii) The member makes the employee contributions required under RCW
2 41.40.650 plus interest as determined by the department within five
3 years of resumption of service or prior to retirement, whichever comes
4 sooner; or

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

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

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

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

18 (1) A member, who had left service and withdrawn the member's
19 accumulated contributions, shall receive service credit for such prior
20 service if the member restores all withdrawn accumulated contributions
21 together with interest since the time of withdrawal as determined by
22 the department.

23 The restoration of such funds must be completed within five years
24 of the resumption of service or prior to retirement, whichever occurs
25 first.

26 (2) If a member fails to meet the time limitations of subsection
27 (1) of this section, the member may receive service credit destroyed by
28 the withdrawn contributions if the amount required under section 2(2)
29 of this act is paid.

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

32 As used in this chapter, unless the context clearly indicates
33 otherwise:

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

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

1 (~~(2)~~) (3) "Director" means the director of the department of
2 retirement systems.

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

5 The department of retirement systems shall incorporate the
6 development of individual member accounts receivable into its
7 information systems projects for fiscal years 1993 and 1994, so that by
8 January 1, 1994, members of state retirement systems who are otherwise
9 eligible to restore previously withdrawn contributions have the option
10 to make (~~the~~) restoration (~~in annual installments~~) in a manner
11 determined by the department.

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

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

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

27 (3) (~~A member of the retirement system under chapter 41.32 RCW who~~
28 ~~is serving in office pursuant to Article II or III of the state~~
29 ~~Constitution may, notwithstanding the provisions of RCW 41.40.023(4),~~
30 ~~within one year from July 1, 1988, make an irrevocable election to~~
31 ~~become a member of the retirement system under chapter 41.40 RCW. A~~
32 ~~member who makes this election shall receive service credit under~~
33 ~~chapter 41.40 RCW for all prior and future periods of employment which~~
34 ~~are, or otherwise would be, credited under chapter 41.32 RCW. Such a~~
35 ~~member who established membership under chapter 41.32 RCW prior to June~~
36 ~~30, 1977, shall be granted membership under chapter 41.40 RCW as if he~~
37 ~~or she had been a member of that system prior to June 30, 1977.~~

1 All contributions credited to such member under chapter 41.32 RCW
2 for service now to be credited in the retirement system under chapter
3 41.40 RCW shall be transferred to the system and the member shall not
4 receive any credit nor enjoy any rights under chapter 41.32 RCW for
5 those periods of service.) If a member does not meet the time
6 limitation under subsection (2) of this section, the member, prior to
7 retirement, may restore the service credit destroyed by the withdrawn
8 contributions by paying the amount required under section 2(2) of this
9 act.

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

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

14 (1) A Washington state patrol retirement fund is hereby established
15 for members of the Washington state patrol which shall include funds
16 created and placed under the management of a retirement board for the
17 payment of retirement allowances and other benefits under the
18 provisions hereof.

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

30 (3)(a) A member who reenters or has reentered service within ten
31 years from the date of his termination, shall upon completion of six
32 months of continuous service and upon the restoration of all withdrawn
33 contributions, plus interest as determined by the director, which
34 restoration must be completed within five years after resumption of
35 service, be returned to the status of membership he earned at the time
36 of termination.

37 ~~((+3+))~~ (b) A member who does not meet the time limitations for
38 restoration under (a) of this subsection, may restore the service

1 credit destroyed by the withdrawn contributions by paying the amount
2 required under section 2(2) of this act prior to retirement.

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

12 (b) Within sixty days of notification of a member's cadet service
13 transfer as provided in (~~subsection (3)~~)(a) of this (~~section~~)
14 subsection, the department of retirement systems shall transfer the
15 employee's accumulated contributions attributable to the periods of
16 service as a cadet, including accumulated interest.

17 (~~(4)~~) (5) A member of the retirement system who has served or
18 shall serve on active federal service in the armed forces of the United
19 States pursuant to and by reason of orders by competent federal
20 authority, who left or shall leave the Washington state patrol to enter
21 such service, and who within one year from termination of such active
22 federal service, resumes employment as a state employee, shall have his
23 service in such armed forces credited to him as a member of the
24 retirement system: PROVIDED, That no such service in excess of five
25 years shall be credited unless such service was actually rendered
26 during time of war or emergency.

27 (~~(5)~~) (6) An active employee of the Washington state patrol who
28 either became a member of the retirement system prior to June 12, 1980,
29 and who has prior service as a cadet in the public employees'
30 retirement system may make an irrevocable election to transfer such
31 service to the retirement system within a period ending June 30, 1985,
32 or, if not an active employee on July 1, 1983, within one year of
33 returning to commissioned service, whichever date is later. Any member
34 upon making such election shall have transferred all existing service
35 credited in the public employees' retirement system which constituted
36 service as a cadet together with the employee's contributions plus
37 credited interest. If the employee has withdrawn the employee's
38 contributions, the contributions must be restored to the public
39 employees' retirement system before the transfer of credit can occur

1 and such restoration must be completed within the time limits specified
2 in this subsection for making the elective transfer.

3 ~~((6))~~ (7) An active employee of the Washington state patrol who
4 either became a member of the retirement system prior to June 12, 1980,
5 or who has prior service as a cadet in the public employees' retirement
6 system may make an irrevocable election to transfer such service to the
7 retirement system if they have not met the time limitations of
8 subsection (6) of this section by paying the amount required under
9 section 2(2) of this act less the contributions transferred. Any
10 member upon making such election shall have transferred all existing
11 service credited in the public employees' retirement system that
12 constituted service as a cadet together with the employee's
13 contributions plus credited interest. If the employee has withdrawn
14 the employee's contributions, the contributions must be restored to the
15 public employees' retirement system before the transfer of credit can
16 occur and such restoration must be completed within the time limits
17 specified in subsection (6) of this section for making the elective
18 transfer.

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

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

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

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

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

1 (~~(7)~~) (9) The department of retirement systems shall make the
2 requested transfer subject to the conditions specified in (~~subsection~~
3 ~~(5)~~) subsections (6) and (7) of this section or establish additional
4 credit as provided in subsection (~~(6)~~) (8) of this section. Employee
5 contributions and credited interest transferred shall be credited to
6 the employee's account in the Washington state patrol retirement
7 system.

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

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

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

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

18 (3) Any member with twenty-five years service in the Washington
19 state patrol may have the member's service in the armed forces credited
20 as a member whether or not the individual left the employ of the
21 Washington state patrol to enter such armed forces: PROVIDED, That in
22 no instance shall military service in excess of five years be credited:
23 AND PROVIDED FURTHER, That in each instance, a member must restore all
24 withdrawn accumulated contributions, which restoration must be
25 completed on the date of the member's retirement, or (~~within five~~
26 ~~years of membership service following the member's first resumption of~~
27 ~~employment~~) as provided under RCW 43.43.130, whichever occurs first:
28 AND PROVIDED FURTHER, That this section shall not apply to any
29 individual, not a veteran within the meaning of RCW 41.06.150, as now
30 or hereafter amended: AND PROVIDED FURTHER, That in no instance shall
31 military service be credited to any member who is receiving full
32 military retirement benefits pursuant to Title 10 United States Code,
33 as now or hereafter amended.

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

37 (5) A yearly increase in retirement allowance which shall amount to
38 two percent of the retirement allowance computed at the time of

1 retirement. This yearly increase shall be added to the retirement
2 allowance on July 1st of each calendar year.

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

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

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

17 (2) If a member should cease to be an employee before attaining age
18 sixty for reasons other than the member's death, or retirement, the
19 individual shall thereupon cease to be a member except as provided
20 under RCW 43.43.130 (2) and (3) and, the individual may withdraw the
21 member's contributions to the retirement fund, including any amount
22 paid under section 2(2) of this act, with interest as determined by the
23 director, by making application therefor to the department, except
24 that: A member who ceases to be an employee after having completed at
25 least five years of service shall remain a member during the period of
26 the member's absence from employment for the exclusive purpose only of
27 receiving a retirement allowance to begin at attainment of age sixty,
28 however such a member may upon written notice to the department elect
29 to receive a reduced retirement allowance on or after age fifty-five
30 which allowance shall be the actuarial equivalent of the sum necessary
31 to pay regular retirement benefits as of age sixty: PROVIDED, That if
32 such member should withdraw all or part of the member's accumulated
33 contributions, the individual shall thereupon cease to be a member and
34 this subsection shall not apply.

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

1 NEW SECTION. **Sec. 37.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 38.** This act shall take effect January 1, 1995.

6 NEW SECTION. **Sec. 39.** The director of the department of
7 retirement systems may immediately take such steps as are necessary to
8 ensure that this act is implemented on its effective date.

 Passed the Senate March 7, 1994.

 Passed the House March 4, 1994.

 Approved by the Governor March 30, 1994.

 Filed in Office of Secretary of State March 30, 1994.