

person in the state is entitled to obtain a copy of that list on application to the Director of Licenses and payment of such amount as may be fixed by him, which amount shall not exceed the cost of the list so furnished.

Partial
invalidity.

SEC. 13. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Title of act.

SEC. 14. This act may be cited as the "Physical Therapists Practice Act."

Passed the House February 22, 1949.

Passed the Senate March 6, 1949.

Approved by the Governor March 22, 1949.

CHAPTER 240.

[S. B. 148.]

STATE EMPLOYEES' RETIREMENT SYSTEM.

AN Act relating to the State Employees' Retirement System, and amending certain sections thereof; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Amendment.

SECTION 1. Section 1, chapter 274, Laws of 1947 (sec. 11072-1, Rem. Supp. 1947), is hereby amended to read as follows:

Definitions.

Section 1. The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

Retirement
system.

(a) "Retirement System" shall mean the State Employees' Retirement System provided for in this act.

(b) "Retirement Board" shall mean the Board provided for in this act to administer said Retirement System. Retirement Board.

(c) "State Treasurer" shall mean the Treasurer of the State of Washington. State Treasurer.

(d) "Employer" shall mean every branch, department, agency, commission, board and office of the State of Washington and any political subdivision of the said state admitted into the Retirement System. Employer.

(e) "Member" shall mean any employee included in the membership of the Retirement System, as provided for in section 13 of this act. Member.

(f) "Original member" of this Retirement System shall mean: Original member.

1. Any person who became a member of the said system prior to April 1, 1949;

2. Any person who becomes a member through the admission of an employer into the Retirement System on and after April 1, 1949, and prior to April 1, 1951;

3. Any person who first becomes a member by securing employment with an employer prior to April 1, 1951, provided he has rendered at least one (1) or more years of service to any employer prior to October 1, 1947.

(g) "New member" of this Retirement System shall mean a person who becomes a member of this Retirement System on or after April 1, 1949, except as otherwise provided in this section. New member.

(h) "Compensation earnable" shall mean salaries or wages earned during a payroll period for personal services and where the compensation is not all paid in money maintenance compensation shall be included upon the basis of the schedules established by the member's employer. Compensation earnable.

(i) "Service" shall mean periods of employment rendered to any employer for which compensation is paid, and shall include time spent in office as an Service.

elected or appointed official of an employer. Full time work for ten (10) days or more or an equivalent period of work in any given calendar month shall constitute one (1) month of service. Only months of service shall be counted in the computation of any retirement allowance or other benefit provided for in this act. Years of service shall be determined by dividing the total number of months of service by twelve (12). Any fraction of a year of service as so determined shall be taken into account in the computation of such retirement allowance or benefits.

Prior service.

(j) "Prior service" shall mean all service of an original member rendered to any employer prior to October 1, 1947. Service by a state employee officially assigned by the state on a temporary basis to assist another public agency, shall be considered as service as a state employee.

Membership service.

(k) "Membership service" shall mean:

1. In the case of any person who becomes a member through the admission of an employer into the Retirement System on or after April 1, 1949, and prior to April 1, 1951, all service rendered after October 1, 1947;

2. In the case of all other members, all service as a member.

Beneficiary.

(l) "Beneficiary" shall mean any person in receipt of a retirement allowance, pension or other benefit provided by this act.

Regular interest.

(m) "Regular interest" shall mean such rate as the Retirement Board may determine, such rate not to be lower than one per cent (1%) per annum nor more than four per cent (4%) per annum compounded annually.

Accumulated contributions.

(n) "Accumulated contributions" shall mean the sum of all contributions for the purchase of annuities standing to the credit of a member in his individual account together with regular interest thereon.

(o) "Average final compensation" shall mean the average compensation earnable by a member during his last five (5) years of service as an employee, or for any consecutive five (5) year period of service, whichever is the greater; or if he has less than five (5) years of service, then the average compensation earnable by him during his total years of service.

Average
final com-
pensation.

(p) "Final compensation" shall mean the annual rate of compensation earnable by a member at the time of termination of his employment.

Final com-
pensation.

(q) "Annuity" shall mean payments for life derived from accumulated contributions of a member. All annuities shall be paid in monthly installments.

Annuity.

(r) "Pension" shall mean payments for life derived from contributions made by the employer. All pensions shall be paid in monthly installments.

Pension.

(s) "Retirement allowance" shall mean the sum of the annuity and the pension.

Retirement
allowance.

(t) "Annuity reserve" shall mean the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the Retirement Board, of all payments to be made on account of any annuity or benefits in lieu of any annuity, granted to a member under the provisions of this act.

Annuity
reserve.

(u) "Pension reserve" shall mean the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the Retirement Board, of all payments to be made on account of any pension, or benefits in lieu of any pension, granted to a member under the provisions of this act.

Pension
reserve.

(v) "Employee" shall mean any person who may become eligible for membership under this act as set forth in section 13 hereof.

Employee.

(w) "Contributions for the purchase of annuities" shall mean amounts deducted from the com-

Contributions
for the pur-
chase of
annuities.

pensation of a member, under the provisions of section 34, other than contributions to the Retirement System Expense Fund.

Actuarial
equivalent.

(x) "Actuarial equivalent" shall mean a benefit of equal value when computed upon the basis of such mortality and other tables as may be adopted by the Retirement Board.

Amendment.

SEC. 2. Section 2, chapter 274, Laws of 1947 (sec. 11072-2, Rem. Supp. 1947), is hereby amended to read as follows:

Administra-
tion.
Retirement
system
created.

Section 2. *Administration.* A State Employees' Retirement System is hereby created for the employees of the State of Washington and its political subdivisions. The administration and management of the Retirement System, the responsibility for making effective the provisions of this act, and the authority to make all rules and regulations necessary therefor are hereby vested in a Retirement Board.

Amendment.

SEC. 3. Section 6, chapter 274, Laws of 1947 (sec. 11072-6, Rem. Supp. 1947), is hereby amended to read as follows:

Board chair-
man, secre-
tary, actuary,
medical
advisor.

Section 6. *Board Chairman, Secretary, Actuary, Medical Adviser.* The Retirement Board shall elect from its membership a chairman and a vice-chairman, and shall appoint an executive secretary, and may employ or engage such other actuarial, medical, clerical, technical, and administrative employees or consultants as may be necessary for the proper operation of the Retirement System. The compensation of all persons so appointed, employed and engaged shall be fixed in accordance with compensation schedules adopted by the Board.

Compensa-
tion.

Amendment.

SEC. 4. Section 8, chapter 274, Laws of 1947 (sec. 11072-8, Rem. Supp. 1947), is hereby amended to read as follows:

Investment
of funds.

Section 8. (a) *Investment of Funds.* The members of the Retirement Board shall be the trustees of

the several funds created by this act and the Retirement Board shall have full power to invest same in bonds or other obligations of the United States, the State of Washington or of any county, city, village, or school district of the state, or of any other legally constituted taxing subdivision within the state, or in revenue bonds issued by the State of Washington or any of its political subdivisions or instrumentalities. All such bonds, or other obligations, shall be purchased at current market price and all such purchases shall be authorized by a resolution adopted by the Retirement Board. The Retirement Board may purchase out of the several funds hereinbefore created, appropriate contracts of life insurance or annuity from insurers duly authorized to do business in the State of Washington, if and when such purchase or purchases shall in the judgment of said Retirement Board be appropriate or necessary to carry out the purposes of this act.

Bonds, obligations,
mortgages,
notes, etc.

Life
insurance,
annuities.

(b) *Bank Deposits.* For the purpose of meeting disbursements for annuities and other payments in excess of the receipts, there shall be kept available by the Retirement Board an amount, not exceeding ten per cent (10%) of the total amount in the funds provided for by this act, on deposit in the state treasury.

Bank
deposits.

SEC. 5. Section 9, chapter 274, Laws of 1947 (sec. 11072-9, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 9. (a) *State Treasurer Custodian of Funds.* All bonds or other obligations purchased according to section 8 shall be forthwith placed in the hands of the State Treasurer, who is hereby designated as custodian thereof, and it shall be his duty to collect the principal thereof and the interest thereon as the same becomes due and payable, and place the same when so collected into the Retirement System's Funds herein provided for bonds or other

State
Treasurer
custodian
of funds.

Board may
sell bonds or
obligations.

obligations. The Retirement Board may sell any of the said bonds, or other obligations upon like resolution, and the proceeds thereof shall be paid by the purchaser to the State Treasurer upon delivery to him of such bonds or other obligations by the State Treasurer.

Disburse-
ments by
voucher.

(b) The State Treasurer shall be the custodian of all other funds of the Retirement System and all disbursements therefrom shall be paid by the State Auditor upon vouchers duly authorized by the Retirement Board and bearing the signature of the duly authorized officer of the Retirement Board.

Treasurer
to deposit
according
to law.

(c) The State Treasurer is hereby authorized and directed to deposit any portion of the funds of the Retirement System not needed for immediate use in the same manner and subject to all the provisions of law with respect to the deposit of state funds by such Treasurer, and all interest earned by such portion of the said Retirement System's funds as may be deposited by the State Treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the Retirement Fund or the Retirement System Expense Fund.

Interest
credited to
Retirement
Fund or Re-
tirement
System Ex-
pense Fund.

Retirement
System Ex-
pense Fund.

(d) There is hereby established in the state treasury as a separate fund, the Retirement System Expense Fund, from which shall be paid the expense of the administration of this act exclusive of the amounts payable as refunds, adjustments, retirement allowances and other benefits provided for herein. All contributions by members to the Retirement System Expense Fund as provided in section 34 hereof and contributions by employers for the expense of operating the Retirement System as provided for herein shall be transmitted to the State Treasurer to be credited to the Retirement System Expense Fund. Further, all sums contributed by employees under the provisions of section 34, chapter 274, Laws of 1947, and now on deposit in the

Retirement
Fund sums
to be trans-
ferred to Ex-
pense Fund.

State Employees' Retirement Fund and credited to the Expense Fund as established by section 11 (f), chapter 274, Laws of 1947, shall be transferred to the said Retirement System Expense Fund.

1. For the purpose of providing amounts to be used to defray the cost of such administration, the Retirement Board shall ascertain at the beginning of each biennium and request from the Legislature an appropriation from the Retirement System Expense Fund sufficient to cover estimated expenses for the said biennium.

Board to request appropriation.

2. In order to reimburse the Retirement System Expense Fund on an equitable basis the Retirement Board shall, after crediting the estimated amount to be collected as employees' contributions, ascertain and report to each employer the sum necessary to defray its proportional share of the entire expense of the administration of this act during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the said administration as the ratio of the number of the employer's members bears to the total number of members in the entire System. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

Employers to reimburse Expense Fund on proportional basis.

3. Beginning April 1, 1949, the Retirement Board shall compute and bill each employer at the end of each month for the amount due for that month to the Retirement System Expense Fund and the same shall be paid as are its other obligations. Such computation as to each such employer shall be made on a basis directly proportional to the ratio the number of the said employer's members bears to the total number of members in the System: *Provided*, That the Retirement Board may at its discretion establish a system of billing based upon calendar year

Board to bill employers monthly.

Quarterly billing.

quarters in which event the said billing shall be at the end of each such quarter.

Amendment. SEC. 6. Section 11, chapter 274, Laws of 1947 (sec. 11072-11, Rem. Supp. 1947), is hereby amended to read as follows:

Funds of Retirement System. Section 11. *Funds of Retirement System.* For the purpose of accounting record and not the segregation of moneys there are hereby created the Employees' Savings Fund, and Employers' Accumulation Fund, the Annuity Reserve Fund, the Pension Reserve Fund, and the Income Fund.

Employees' savings fund. (a) *Employees' Savings Fund.* The Employees' Savings Fund shall be the fund in which shall be accumulated the contributions from the compensation of members for the purchase of annuities. The Retirement Board shall provide for the maintenance of an individual account with each member of the Retirement System showing the amount of the member's contributions together with interest accumulations thereon. The contributions of a member returned to him upon his withdrawal from service, or paid in event of his death, as provided in this act, shall be paid from the Employees' Savings Fund. Any accumulated contributions forfeited by failure of a member, or his estate, to claim the same as provided for in this act shall be transferred from the Employees' Savings Fund to the Income Fund. The accumulated contributions of a member, upon his retirement, shall be transferred from the Employees' Savings Fund to the Annuity Reserve Fund.

Returned contributions paid from fund. (b) *Employers' Accumulation Fund.* The Employers' Accumulation Fund shall be the fund in which shall be accumulated the reserves for the payment of all pensions payable as provided in this act. The amounts contributed by the employer to provide pension benefits shall be credited to the Employers' Accumulation Fund. The pension reserves covering pensions payable to a new member, upon his retire-

Transfer on retirement.

ment, shall be transferred from the Employers' Accumulation Fund to the Pension Reserve Fund. Until the prior service contributions shall have been discontinued, upon retirement of an original member, pension benefits shall be paid from the Employers' Accumulation Fund. After the prior service contributions have been discontinued, an amount equal to the then pension reserve for all beneficiaries being paid pension benefits from the Employers' Accumulation Fund shall be transferred to the Pension Reserve Fund and upon retirement of an original member, an amount equal to his pension reserve shall be transferred from the Employers' Accumulation Fund to the Pension Reserve Fund.

(c) *Annuity Reserve Fund.* The Annuity Reserve Fund shall be the fund from which shall be paid all annuities, or benefits in lieu thereof, because of which reserves have been transferred from the Employees' Savings Fund to the Annuity Reserve Fund.

Annuity Reserve Fund.

(d) *Pension Reserve Fund.* The Pension Reserve Fund shall be the fund from which shall be paid all pensions for new members, and benefits in lieu thereof; and after prior service contributions have been discontinued, all pensions for original members, and benefits in lieu thereof, shall be paid from the Pension Reserve Fund.

Pension Reserve Fund.

(e) *Income Fund.* An Income Fund is hereby created for the purpose of crediting regular interest on the amounts in the various other funds with the exception of the Retirement System Expense Fund, and to provide a contingent fund out of which special requirements of any of the other funds may be covered. Transfers for such special requirements shall be made only when the amount in the Income Fund exceeds the ordinary requirements of such fund as evidenced by a resolution of the Retirement Board recorded in its minutes. The Retirement

Income Fund.
Interest on other funds.

Contingencies.

Transfers.

Interest to
be credited
annually to
other funds.

Board shall annually allow regular interest for the preceding year to each of the funds enumerated in subsection (a), (b), (c) and (d) of this section, and the amount so allowed shall be due and payable to said funds and shall be annually credited thereto by the Retirement Board and paid from the Income Fund: *Provided, however,* That interest on contributions from members within any one (1) calendar year shall begin on the first day of the calendar year next following and shall be computed at the end of the calendar year. Interest on accumulated contributions shall cease upon the expiration of five (5) years from the date of termination of employment, subject to the provisions of section 16 (c) and section 18. All accumulated contributions standing to the account of a terminated member and unclaimed after the expiration of fifteen (15) years from the date of such termination except as provided in the aforementioned sections shall thereafter become an integral part of the Income Fund. All income, interest, and dividends derived from the deposits and investments authorized by this act shall be paid into the Income Fund with the exception of interest derived from sums deposited in the Retirement System Expense Fund. The Retirement Board is hereby authorized to accept gifts and bequests. Any funds that may come into the possession of the Retirement System in such manner, or any funds which may be transferred from the Employees' Savings Fund by reason of lack of claimant, or because of a surplus in any fund created by this act, or any other moneys the disposition of which is not otherwise provided for herein, shall be credited to the Income Fund.

Unclaimed
contributions.

Income,
interest and
dividends.

Gifts and
surplus.

Amendment.

SEC. 7. Section 13, chapter 274, Laws of 1947 (sec. 11072-13, Rem. Supp. 1947), is hereby amended to read as follows:

Section 13. *Membership of Retirement System.* Membership in the Retirement System shall consist of all regularly compensated employees and appointive and elective officials of Employers as defined in this act who have served at least six months without interruption, with the following exceptions:

Membership
of retire-
ment system.

Qualification.

Exceptions.

1. Persons in positions requiring normally less than five (5) months of uninterrupted service a year;

2. Employees of the Legislature and legislative committees, unless membership of such employees be authorized by the said committee;

3. Persons holding elective offices or persons appointed directly by the Governor: *Provided*, That such persons shall have the option of applying for membership and to be accepted by action of the Retirement Board;

4. Employees holding membership in, or receiving pension benefits under, any retirement plan operated wholly or in part by an agency of the state or political subdivision thereof, or who are by reason of their current employment contributing to or otherwise establishing the right to receive benefits from any such retirement plan;

5. Patient and inmate help in state charitable, penal and correctional institutions;

6. "Members" of a state veterans' home or state soldiers' home;

7. Persons employed by an employer or serving in an institution operated by an employer, primarily as an incident to and in furtherance of their education or training;

8. Employees of the University of Washington and the State College of Washington during the period of service necessary to establish eligibility for membership in the retirement plans operated by such institutions;

9. Persons rendering professional services to an employer on a fee, retainer or contract basis or as an incident to the private practice of a profession.

Amendment. SEC. 8. Section 14, chapter 274, Laws of 1947 (sec. 11072-14, Rem. Supp. 1947), is hereby amended to read as follows:

Information furnished by employees. Section 14. *Information Furnished by Employees, Appointive and Elective Officials.* Within thirty (30) days after his employment or his acceptance into membership by action of the Retirement Board each employee, appointive or elective official shall submit to the Retirement Board a statement of his name, sex, title, compensation, duties, date of birth, and length of service as an employee or appointive or elective official, and such other information as the Retirement Board shall require. Each employee becoming an original member shall file a detailed statement of all his prior service as an employee and shall furnish such other facts as the Retirement Board may require for the proper operation of the Retirement System. Compliance with the provisions set forth in this section shall be considered to be a condition of employment and failure by an employee to comply may result in separation from service.

Amendment. SEC. 9. Section 15, chapter 274, Laws of 1947 (sec. 11072-15, Rem. Supp. 1947), is hereby amended to read as follows:

Prior service certificate. Section 15. *Prior Service Certificate.* Subject to such rules and regulations as the Retirement Board shall adopt, the Retirement Board shall issue to each original member a certificate certifying to the aggregate length of all his prior service as defined in this act. Such certificate shall be final and conclusive for retirement purposes as to such service, unless modified by the Retirement Board on its own motion or upon application made by the member.

Certificate conclusive.

SEC. 10. Section 16, chapter 274, Laws of 1947 (sec. 11072-16, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 16. *Membership Ceases.* Should any member become a beneficiary, or die, or should he separate or be separated from service without leave of absence before attaining age sixty (60) years, he shall thereupon cease to be a member: *Provided,* That any member who would have attained sixty (60) years or more by April 1, 1949, who shall be involuntarily separated from service prior to that date, with ten (10) years or more service, shall not thereby lose his right to benefits under this act. Should he again become employed by an employer he shall enter the Retirement System as a new member and his membership service shall be computed from the date he last became a member, *Except:* Membership ceases.

(a) As provided in section 18;

(b) That an employee who re-enters or has re-entered service within ten (10) years from the date of his separation, shall upon completion of six (6) months of continuous service and upon the restoration of all withdrawn contributions, which restoration must be completed within three (3) years after resumption of employment, be returned to the status, either as an original member or new member which he held at time of separation.

(c) That a member separated for reasons beyond his control, who has completed at least fifteen (15) years of service, or who has completed at least ten (10) years of service and is age fifty (50) or older shall remain a member during the period of his absence from service for the exclusive purpose only of receiving a retirement allowance to begin at attainment of age sixty-five (65): *Provided,* That if such member should withdraw all or part of his accumulated contributions he shall thereupon cease Reemployment.

Exceptions.

Withdrawal of contributions.

to be a member unless the amounts so withdrawn be restored before his retirement age is reached.

Amendment. SEC. 11. Section 17, chapter 274, Laws of 1947 (sec. 11072-17, Rem. Supp. 1947), is hereby amended to read as follows:

Service creditable. Section 17. *Service Creditable.* Subject to the provisions of section 16 at retirement the total service credited to a member shall consist of all his membership service and, if he has a prior service certificate, all service certified on such certificate.

Amendment. SEC. 12. Section 18, chapter 274, Laws of 1947 (sec. 11072-18, Rem. Supp. 1947), is hereby amended to read as follows:

Credit for war service. Section 18. *Credit for War Service.* A member of the Retirement System who has served or shall serve on active Federal service in the military or naval forces of the United States and who left or shall leave an employer to enter such service and within one (1) year from termination thereof, resumed or shall resume employment as an employee shall have his service in such armed forces credited to him as a member of the Retirement System: *Provided, however,* That no such service in excess of five (5) years shall be credited unless such service was actually rendered during time of war or emergency. During the period of such service of a member, his contributions to the Employees' Savings Fund shall be suspended and the balance in the Employees' Savings Fund standing to his credit as of the last payroll date preceding his leave of absence from the service of his employer shall be accumulated at regular interest.

Resumption of service. Contributions suspended. Amendment. SEC. 13. Section 19, chapter 274, Laws of 1947 (sec. 11072-19, Rem. Supp. 1947), is hereby amended to read as follows:

Optional retirement. Section 19. (a) *Optional Retirement.* On and after April 1, 1949, any member who has attained age

sixty (60) or over may retire upon his written application to the Retirement Board, setting forth at what time, not less than thirty (30) days, nor more than ninety (90) days subsequent to the execution and filing thereof, he desires to be retired: *Provided*, That in the national interest, during time of war engaged in by the United States, the Retirement Board may extend beyond age sixty (60), subject to the provision of subsection (b) of this section, the age at which any member may be eligible to retire.

Time of war.

(b) *Compulsory Retirement.* On and after April 1, 1949, any member who has attained age seventy (70) shall be retired forthwith or on the first day of the calendar month next succeeding that in which the said member shall have attained the age of seventy (70): *Provided*, That upon application of both a member who has attained age seventy (70) and his employer, the Retirement Board may continue such member in service for such periods as the Retirement Board may determine to be necessary.

Compulsory retirement.

May be continued in service by Board.

(c) *Service Retirement.* On and after April 1, 1949, any member who has completed thirty-five (35) years of service may retire on his written application to the Retirement Board, if he so desires, subject to war measures.

Service retirement.

After thirty-five years' service.

SEC. 14. Section 20, chapter 274, Laws of 1947 (sec. 11072-20, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 20. *Service Retirement Allowance.* Upon retirement from service, as provided for in section 19, a member shall receive a service retirement allowance which shall consist of:

Service retirement allowance.

(a) *Annuity.* An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

Annuity.

(b) *Basic Service Pension.* A basic service pension, subject to the provisions of paragraphs (d) and

Basic service pension.

(e) of this section, of one hundred dollars (\$100) per annum; and

Membership
service
pension.

(c) *Membership Service Pension.* A membership service pension, subject to the provisions of paragraph (e) of this section, which shall be equal to one one-hundred fortieth of his average final compensation for each year or fraction of a year of membership service credited to his service account, not to exceed thirty-five (35) years: *Provided*, That the membership service pension shall not exceed eight hundred dollars (\$800) per annum; and

Maximum.

Prior service
pension.

(d) *Prior Service Pension.* A prior service pension which shall be equal to one-seventieth of his average final compensation for each year or fraction of a year of prior service not to exceed thirty (30) years credited to his service accounts: *Provided*, That if the membership service when added to the prior service exceeds thirty-five (35) years, then the membership service shall be reduced so that the total of membership service and prior service is not greater than thirty-five (35) years: *Provided further*, That the total pension portions, provided by the employer under paragraphs (b), (c) and (d) of this section, shall not exceed eighteen hundred dollars (\$1,800) per annum. In no event, however, shall any original member upon retirement at age seventy (70) with ten (10) years of service credit receive less than nine hundred dollars (\$900) per annum as a Retirement Allowance. In the event that the Retirement Allowance as to such member provided by paragraphs (a), (b), (c) and (d) hereof shall amount to less than the said nine hundred dollars (\$900) the Basic Service Pension of the member shall be increased from one hundred dollars (\$100) to a sum sufficient to make a Retirement Allowance of that amount.

Total service
not to exceed
thirty-five
years.

Total pension
portions not
to exceed
\$1800 an-
nually.

Minimum
retirement
allowance.

Minimum
years service
of new
member for
pension.

(e) *Minimum Years Service of New Member for Pension.* To be eligible to receive the pension

portions provided by the employer under paragraphs (b) and (c) of this section, a new member must have at least ten (10) years of membership service credited to his service account, unless he becomes eligible for benefits provided for herein under sections 21, 22 and 23.

SEC. 15. Section 21, chapter 274, Laws of 1947 (sec. 11072-21, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 21. *Duty Disability.* Subject to the provisions of sections 32 and 33, upon application of a member, or his employer, a member who becomes totally incapacitated for duty as the natural and proximate result of the actual performance of duty, while in the service of an employer, without wilful negligence on his part, shall be retired: *Provided*, The Medical Adviser after a medical examination of such member shall certify in writing that such member is mentally and physically totally incapacitated for the further performance of his duty to his employer and that such member should be retired: *And provided further*, That the Retirement Board concurs in the recommendation of the Medical Adviser. Duty disability.
Certification by medical examiner.
Board to concur.

SEC. 16. Section 23, chapter 274, Laws of 1947 (sec. 11072-23, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 23. *Duty Disability Pension for Disability Before Age Sixty (60).* Upon retirement for disability, as provided in section 21, a member who has not attained age sixty (60) shall receive the following benefits, subject to the provisions of sections 32 and 33. Duty disability pension before age sixty.

(a) *Benefits of Age Sixty (60).* A disability retirement pension of two-thirds of his average final compensation from the date of his application for disability benefits to his attainment of age sixty (60), subject to the provisions of section 32. The dis- Benefits to age sixty.

Maximum. ability retirement pension provided by the employer shall not exceed eighteen hundred dollars (\$1,800) per annum; and

Benefits after age sixty. (b) *Benefits After Age Sixty (60)*. Upon attainment of age sixty (60), the disabled member shall receive a pension, as provided for in section 20, paragraphs (b), (c), and (d), together with an annuity which shall be the equivalent of the annuity he would have received had he continued contributions to the Employees' Savings Fund; said contributions to be based upon his final compensation at the time of his disability.

Contributions to and balance in Employees' Savings Fund. (c) *Contributions to and Balance in Employees' Savings Fund*. During the period a disabled member is receiving a disability pension, as provided for in paragraph (a) of this section, his contributions to the Employees' Savings Fund shall be suspended

Contributions suspended during disability. and his balance in the Employees' Fund, standing to his credit as of the date his disability pension is to begin, shall remain in the Employees' Savings Fund: *Provided*, That if the disabled member should die

Death before sixty during disability. before attaining age sixty (60), while a disability beneficiary, upon receipt by the Retirement Board of proper proof of death, his accumulated contributions standing to his credit in the Employees' Savings Fund, shall be paid to such person or persons, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the Retirement Board, or if there be no such designated person or persons, then to his legal representative.

Amendment. SEC. 17. Section 24, chapter 274, Laws of 1947 (sec. 11072-24, Rem. Supp. 1947), is hereby amended to read as follows:

Non-duty disability. Section 24. *Non-Duty Disability*. Subject to the provisions of sections 32 and 33, upon application

Fifteen years service. of a member, or his employer, a member who has been an employee at least fifteen (15) years, and

who becomes totally and permanently incapacitated for duty as the result of causes occurring not in the performance of his duty, may be retired by the Retirement Board: *Provided*, The Medical Adviser, after a medical examination of such member, shall certify in writing that such member is mentally or physically incapacitated for the further performance of duty, and such incapacity is likely to be permanent and that such member should be retired: *And provided further*, That the Retirement Board concurs in the recommendation of the Medical Adviser.

Certification
by medical
examiner.

Board to
concur.

SEC. 18. Section 27, chapter 274, Laws of 1947 (sec. 11072-27, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 27. *Refund of Contributions Upon Withdrawal from Service Before Retirement.* Subject to the provisions of section 29, should a member cease to be an employee before attaining age sixty (60), or after such age but before becoming eligible for benefits, for reasons other than his disability or death as provided in sections 22, 23, 24, 25, 26 and 28, he may request upon a form provided by the Retirement Board a refund of all or part of the contributions standing to his credit in the Employees' Savings Fund, with regular interest additions, and this amount shall be paid to him. Any person who has withdrawn his contributions from the Employees' Savings Fund, as provided for in this section, and who again becomes a member, may, as provided in section 16, restore to the Employees' Savings Fund all or part of such contributions previously withdrawn by him.

Refund on
withdrawal
from service
before
retirement.

All or part
to be paid
on demand.

Interest to
be added.

Restoration
on reem-
ployment.

SEC. 19. Section 28, chapter 274, Laws of 1947 (sec. 11072-28, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 28. *Refund of Contributions on Death Before Retirement.* Should a member die before

Refund on
death before
retirement.

commencement of his service retirement allowance as provided in sections 19, 20, 22, and 25 and while such member is not receiving a non-duty disability retirement allowance as provided in section 26, the amount of the accumulated contributions standing to his credit in the Employees' Savings Fund, at the time of his death, shall be paid to such person or persons, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the Retirement Board, or if there be no such designated person or persons, then to his legal representatives.

Amendment.

SEC. 20. Section 30, chapter 274, Laws of 1947 (sec. 11072-30, Rem. Supp. 1947), is hereby amended to read as follows:

Optional allowances.

Section 30. *Optional Allowances.* Any member may elect, in accordance with the provisions of this section and in lieu of a regular retirement allowance payable throughout life with termination at death, to receive as an optional retirement allowance the actuarial equivalent, at the time of his retirement, of his regular retirement allowance in accordance with the provisions of options I, II and III, as hereinafter set forth. No member may elect an optional retirement allowance unless he either: (a) Files such election in writing with the Retirement Board at least twelve (12) months before the date of his retirement, or (b) In the case of a member retiring before April 1, 1950, file such election in writing with the Retirement Board before the date of his retirement and before October 1, 1949, or (c) Passes a satisfactory health examination at the time of making such election. No election of an optional retirement allowance shall be effective in case the member making such election dies before his actual retirement date.

Actuarial equivalent.

Requirements to elect.

Option I.
Cash refund annuity.

Option I. *Cash Refund Annuity.* If he dies before the total of the annuity portions of the retire-

ment allowance paid to him equals the amount of his accumulated contributions at the time of retirement, then the balance shall be paid to such person or persons having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the Retirement Board, or if there be no such designated person or persons, then to his legal representatives; or

Option II. *Joint and Last Survivorship Allowance.* Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the Retirement Board at the time of his retirement; or

Option II.
Joint and
last survivorship
allowance.

Option III. *Modified Joint and Last Survivorship Allowance.* Upon his death, one-half of his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the Retirement Board at the time of his retirement.

Option III.
Modified
joint and last
survivorship
allowance.

SEC. 21. Section 31, chapter 274, Laws of 1947 (sec. 11072-31, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 31. *Benefits Offset by Workmen's Compensation or Similar Benefits.* Any amounts which may be paid or payable under the provisions of any workmen's compensation, or pension, or similar law on account of any disability shall be offset against and payable in lieu of any benefits payable from funds provided by the employer under the provisions of this act on account of the same disability.

Benefits
offset by
workmen's
compensation
or similar
benefits.

SEC. 22. Section 32, chapter 274, Laws of 1947 (sec. 11072-32, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Re-examina-
tion of
disability
beneficiaries.

Periodical
medical
examination.

Discontinu-
ance of
pension on
refusal to
submit.

Restoration
to service,
and allow-
ances to
cease.

Benefits
offset by
earnings of
disability
beneficiary.

Dependent
on amount
earned.

Section 32. (a) *Re-examination of Disability Beneficiaries.* Once each year during the first five (5) years following the retirement of a member on a disability pension or retirement allowance, and at least once in every three (3) year period thereafter the Retirement Board may, and upon the member's application shall, require any disability beneficiary, who has not attained age sixty (60) years, to undergo a medical examination; such examination to be made by or under the direction of the medical adviser at the place of residence of said beneficiary, or other place mutually agreed upon. Should any disability beneficiary, who has not attained age sixty (60) years, refuse to submit to such medical examination in any such period, his disability pension or retirement allowance may be discontinued until his withdrawal of such refusal, and should such refusal continue for one (1) year, all his rights in and to his disability pension, or retirement allowance, may be revoked by the Retirement Board. If upon such medical examination of a disability beneficiary, the medical adviser reports and his report is concurred in by the Retirement Board, that the disability beneficiary is physically able and capable of resuming employment, he shall be restored to active service with his employer and his disability pension or retirement allowance shall cease.

(b) *Benefits Offset by Earnings of Disability Beneficiary.* Should the secretary report and certify to the Retirement Board that such disability beneficiary is engaged in a gainful occupation paying more than the difference between his disability retirement allowance and his final compensation, and should the Retirement Board concur in such report, then the amount of his pension shall be reduced to an amount which, together with his annuity, if he has an annuity, and the amount earned by him shall equal the amount of his final compensation. Should the earn-

ings of such disability beneficiary be later changed, the amount of his pension shall be further modified in like manner.

SEC. 23. Section 33, chapter 274, Laws of 1947 (sec. 11072-33, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 33. *Disability Beneficiary Restored to Service Again Becomes Member.* A disability beneficiary who has been or shall be reinstated to active service, as provided in section 32, shall from the date of such restoration again become a member of the Retirement System; and he shall contribute to the Retirement System in the same manner as prior to his disability retirement. Upon restoration of such disability beneficiary to active service the actuarial equivalent of his annuity at that time, but not exceeding the amount of his accumulated contributions at the time of his retirement for disability, shall be transferred from the Annuity Reserve Fund to the Employees' Savings Fund and credited to his individual account in the Employees' Savings Fund. Any prior service and membership service, on the basis of which his retirement allowances were computed at the time of his retirement, shall be restored to full force and effect, and, except in the case of retirement of non-duty disability as provided in section 24, he shall be given membership service for the period of time he was out of service due to such disability. Restored beneficiary again becomes member.

Contribution to resume.
Actuarial equivalent to be transferred.

Service restored to full force and effect.

Membership service for period of disability.

SEC. 24. Section 34, chapter 274, Laws of 1947 (sec. 11072-34, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 34. *Members' Deductions.* (a) Beginning October 1, 1947, each employee who is a member of the Retirement System shall contribute five per cent (5%) of that part of his compensation earnable, not in excess of thirty-six hundred dollars (\$3600) in a calendar year, except as provided in paragraph Members' deductions.

Amounts.

(b) hereof, to the Employees' Savings Fund, and shall contribute one dollar and fifty cents (\$1.50) per annum to the Retirement System Expense Fund: *Provided, however,* That beginning January 1, 1950, such Retirement System Expense Fund contribution shall be increased to the amount of two dollars and fifty cents (\$2.50) per annum and shall be made by semi-annual payments of one dollar and twenty-five cents (\$1.25) beginning January 1, 1950, and thereafter each employee entering membership shall contribute the sum of one dollar and twenty-five cents (\$1.25) to the Retirement System Expense Fund for the fractional portion of the semi-annual period during which he enters or re-enters membership. The officer responsible for making up the payroll shall deduct from the compensation of each member, on each and every payroll of such member for each and every payroll period subsequent to the date which he became a member of the Retirement System, an amount equal to five per cent (5%) of such member's compensation earnable, provided that the amount of a member's compensation earnable in excess of the first thirty-six hundred dollars (\$3600) within a calendar year shall not be considered. The Retirement Board may accept contributions provided for in this act on any compensation earnable during any payroll period or periods without regard to the maximum salary provisions, provided deductions cease entirely for the remainder of the calendar year if and when the total contributions deducted from a member's salary for the Employees' Savings Fund for such calendar year equal one hundred eighty dollars (\$180). In determining the amount earnable by a member in a payroll period, the Retirement Board and the employer may consider the rate of compensation payable to such member on the first day of the payroll period as continuing through such payroll period, and deductions may be omitted from such compensation for any period less than a full

Contribution
to be
increased.

Payroll
deductions.

Maximum
contribution.

Determina-
tion of
amount
earnable.

payroll period, if an employee was not a member on the first day of the payroll period.

(b) Any member may, pursuant to regulations formulated from time to time by the Board, provide for himself, by means of an increased rate of contribution to his account in the Employees' Savings Fund, a prospective retirement allowance not to exceed one-half ($\frac{1}{2}$) of his prospective average final compensation.

Prospective retirement allowance.

SEC. 25. Section 37, chapter 274, Laws of 1947 (sec. 11072-37, Rem. Supp. 1947), is hereby amended to read as follows:

Amendment.

Section 37. *Amount of Employer's Contribution for Pension Benefits.* (a) The contributions by the employer for benefits under the Retirement System shall consist of the sum of a percentage of the compensation of members to be known as the "membership service contribution," a percentage of such compensation to be known as the "prior service contribution" and in the case of employers admitted to the Retirement System after April 1, 1949, a percentage of such compensation to be known as the "additional contribution." The rates of such contributions shall be determined by the Retirement Board on the basis of assets and liabilities as shown by actuarial valuation. Until the end of the biennium in which the first actuarial valuation is completed the membership service contribution rate shall be four per cent (4%), and the prior service contribution rate shall be one per cent (1%).

Amount of employer's contribution.

Membership service contribution.

Prior service contribution.

Additional contribution.

Rates.

(b) After the completion of each actuarial valuation subsequent to April 1, 1949, the Retirement Board shall redetermine the membership service contribution rate and such redetermined contribution rate shall become effective in the ensuing biennium. Until the prior service contributions shall have been discontinued such membership contribution rate shall be determined as the uniform and constant

Redetermined membership service contribution rate.

Determination until discontinuance of prior service contributions.

percentage of the prospective compensation of all members in the Retirement System at the date of such valuation which is required, together with all funds (other than funds allocated to prior service pensions) currently standing to the credit of the Employers' Accumulation Fund and the Pension Reserve Fund, to provide for the payment of all future pension benefits (other than prior service benefits). After the prior service contributions have been discontinued such membership contribution rate shall be determined as the uniform and constant percentage of the prospective compensation of all members of the Retirement System at the date of such valuation which is required, together with all funds currently standing to the credit of the Employers' Accumulation Fund and the Pension Reserve Fund, to provide for the payment of all future pension benefits.

Determina-
tion after
discontinu-
ance of prior
service con-
tributions.

Redeter-
mined prior
service rate.

How de-
termined.

(c) Following the completion of the first actuarial valuation after April 1, 1949, the Retirement Board shall redetermine the prior service contribution rate, and such redetermined contribution rate shall become effective in the ensuing biennium. The prior service contribution rate shall be determined as that percentage of annual compensation of all members in the Retirement System at the date of such valuation which is equivalent to four per cent (4%) of the excess of the liability for prior service pensions over the amount currently in the Employers' Accumulation Fund allocated to prior service pensions. Such redetermined prior service contribution rate shall continue until the amount in the Employers' Accumulation Fund allocated to prior service pensions equals the then outstanding liability for prior service pensions.

Additional
contribution.

Rate.

(d) Any employer admitted to the Retirement System after April 1, 1949, shall made an additional contribution at a rate equal to twenty-five per cent (25%) of the sum of the membership service con-

tribution rate and the prior service contribution rate until such time as the sum of such additional contributions equals the amount of membership service contributions and prior service contributions which such employer would have been required to contribute between April 1, 1949, and the date of such employer's admission to the Retirement System on or before April 1, 1949.

SEC. 26. Section 38, chapter 274, Laws of 1947 (sec. 11072-38, Rem. Supp. 1947), is hereby amended to read as follows: Amendment.

Section 38. *Employer's Contributions for Pension Benefits.* (a) The Retirement Board shall ascertain and report to each employer the amount it shall provide for pension benefits for the ensuing biennium or fiscal year whichever is applicable to the said employer's operations. The amount to be so provided shall be computed by applying the rates of contribution as established by section 37 to an estimate of the total compensation earnable of all the said employer's members during the period for which provision is to be made. Employer's contributions for pension benefits.

How computed.

(b) Beginning April 1, 1949, the amount to be collected as the employer's contribution for pension benefits shall be computed by applying the rates established by section 37 to the total compensation earnable of employer's members as shown on the current payrolls of the said employer. The Retirement Board shall bill each said employer at the end of each month for the amount due for that month and the same shall be paid as are its other obligations: *Provided*, That the Retirement Board may, at its discretion, establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter and shall be based upon the employer's payrolls for that quarter. How computed after April 1, 1949.

Board to bill employer monthly.

Quarterly billing.

Amendment.

SEC. 27. Section 43, chapter 274, Laws of 1947 (sec. 11072-43, Rem. Supp. 1947), is hereby amended to read as follows:

Enabling clause.

Political subdivisions may participate.

Board may apply act to any such participant.

Transfer of membership.

Board to keep accounts for such subdivision.

Representation on Board.

Section 43. *Enabling Clause.* The employees and appointive and elective officials of any political subdivision of the state with five (5) or more employees may become members of the Retirement System by the approval of the local legislative authority. Each such political subdivision becoming an employer under the meaning of this act shall make contributions to the funds of the Retirement System as provided in sections 9, 37 and 38 of this act and its employees shall contribute to the Employees' Savings Fund at the rate established under the provisions of section 34 hereof. For the purpose of administering and interpreting this act the Board may substitute the names of political subdivisions of the state for the "State" and employees of the subdivisions for "State Employees" wherever such terms appear in this act. The Board may also alter any dates mentioned in this act for the purpose of making the provisions of this act applicable to the entry of any political subdivisions into the system. Any member transferring employment to another employer which is covered by the Retirement System may continue as a member without loss of previously earned pension and annuity benefits. The Board shall keep such accounts as are necessary to show the contributions of each political subdivision to the Employers' Accumulation Fund and shall have the power to debit and credit the various accounts in accordance with the transfer of the members from one employer to another. At such time as the membership from political subdivisions is sufficiently large to warrant representation on the Board, the Retirement Board may appoint one county member and/or one city member to the Board in place of two of the State Employees' members provided for in this act.

SEC. 28. This act is necessary for the immediate Emergency.
 preservation of the public peace, health and safety,
 support of the state government and its existing
 public institutions and shall take effect as of April
 1, 1949.

Passed the Senate February 18, 1949.

Passed the House March 5, 1949.

Approved by the Governor March 22, 1949.

CHAPTER 241.

[S. H. B. 520.]

SUPPLEMENTAL APPROPRIATIONS.

AN ACT making appropriations and reappropriations for the purchase, condemnation and improvement of land, construction of buildings and improvements at designated state institutions; for the payment of salaries of certain officers and employees of the state and for the operation, maintenance and other expenses of certain state institutions, departments and offices; for the relief of certain individuals, corporations, counties and municipalities; for refunds and for deficiencies and for emergencies, and for appropriation of revolving funds, and for purposes specified in certain acts of Congress, and for miscellaneous purposes designated for the fiscal biennium beginning April 1, 1949, and ending March 31, 1951, except as otherwise provided; defining terms, limiting allowances and payments, and declaring that this act shall take effect immediately.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. The words "capital outlay," whenever used in this act, shall mean and include the purchase, condemnation and improvement of land and erection of buildings, including necessary salaries and wages incident thereto. Definitions.
"Capital outlay."

The words "salaries and wages," whenever used in this act, shall mean and include salaries of executive officers and employees of state offices, departments and institutions, and all compensation for "Salaries and wages."