

Provisions
in conflict
with federal
act declared
inoperative.

SEC. 2. If any plan of administration of this act transmitted to the federal security agency shall be found not to be in conformity with the federal social security act by reason of any conflict of any section, portion or clause of this act and the federal social security act, such conflicting section, portion or clause of this act is hereby declared to be inoperative to the extent that it is so in conflict.

Passed the House February 16, 1951.

Passed the Senate March 6, 1951.

Approved by the Governor March 20, 1951.

CHAPTER 275.

[H. B. 319.]

CITIES AND TOWNS—EMPLOYEES RETIREMENT.

AN ACT relating to cities and towns, and to pension, relief, disability and retirement systems and pension, relief, disability and retirement funds therein; amending sections 35.39.040, 41.44.030, 41.44.050, 41.44.060, 41.44.080, 41.44.090, 41.44.100, 41.44.110, 41.44.120, 41.44.130, 41.44.140, 41.44.150, 41.44.160, 41.44.170, 41.44.190, and 41.44.250, R.C.W.

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

Amendment.

SECTION 1. Section 35.39.040, R.C.W., as derived from section 2, chapter 92, Laws of 1943, is amended to read as follows:

City or town
operating
employees'
pension
system;
securities
constituting
lawful
investment
for funds.

Any city or town now or hereafter operating an employees' pension system, established and operated pursuant to state statute or charter provision, or any pension system operating now or hereafter under state statute or charter provision exclusively for employees of cities or towns, is hereby authorized to invest pension fund moneys in such securities of the United States, states, Dominion of Canada, public housing authorities, municipal corporations and other public bodies, as are designated by the laws of the state of Washington as lawful

investments for the funds of mutual savings banks, and to invest not to exceed twenty-five per cent of the system's total investments in the securities of any corporations or public utility bodies as are designated by the laws of this state as lawful investments for the funds of mutual savings banks: *Provided*, That not more than five per cent of the system's total investments may be made in the securities of any one of such corporations or public utility bodies.

Limitation.

Subject to the limitations hereinafter contained, investment of pension funds may also be made in amounts not to exceed five per cent of the system's total investments in the shares of certain open-end investment companies: *Provided*, That not more than one per cent of the system's total investments may be made in the shares of any one such open-end investment company. The total amount invested in any one company shall not exceed one per cent of the assets of such company, and shall only be made in the shares of such companies as are registered as open-end companies under the federal investment company act of 1940, as from time to time amended. The company must be at least ten years old and have net assets of at least five million dollars. It must have outstanding no bonds, debentures, notes, or other evidences of indebtedness, or any stock having priority over the shares being purchased, either as to distribution of assets or payment of dividends. It must have paid dividends from investment income in each of the ten years next preceding purchase. The maximum selling commission on its shares, furthermore, may not exceed seven and one-half per cent of the sum of the asset value plus such commission.

Investment
in open-end
investment
companies.

Limitation.

Qualifica-
tions of
company.

Investment of pension funds may also be made in the bonds of any municipal corporation or other public body of the state of Washington, and in any of the bonds or warrants, including local improve-

Investment
in certain
municipal
securities.

Investments
made by
whom.

ment bonds or warrants within the protection of the local improvement guaranty fund law issued by the city or town operating such pension system, or by any city or town which is a member of the system. Investment of pension funds shall be made by the pension board, board of trustees or other board charged with administering the affairs of the pension system.

[R.C.W. 35.39.040 was derived from Rem. Supp. 1943, §§ 5646-14 and 5646-15.]

Amendment.

SEC. 2. Section 41.44.030, R.C.W., as derived from section 3, chapter 71, Laws of 1947, is amended to read as follows:

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

"Retirement
System."

(1) "Retirement System" means the statewide city employees retirement system provided for herein.

"City" or
"Cities."
"Employee."

(2) "City" or "Cities" includes town or towns.

(3) "Employee" means any appointive officer or employee and shall include elective officials to the extent specified herein.

"Member."

(4) "Member" means any person included in the membership of the retirement system as provided herein.

"Board."

(5) "Board" means the "board of trustees" provided for herein.

"Retirement
Fund."

(6) "Retirement Fund" means "statewide city employees retirement fund" provided for herein.

"Service."

(7) "Service" means service rendered to a city for compensation; and for the purpose of this chapter a member shall be considered as being in service only while he is receiving compensation from the city for such service or is on leave granted for service in the armed forces of the United States as contemplated in section 41.44.120.

"Prior
Service."

(8) "Prior Service" means the service of a member for compensation rendered a city prior to the effective date and shall include service in the armed

forces of the United States to the extent specified herein.

(9) "Current Service" means service after the employee has become a member of the system. "Current Service."

(10) "Creditable Service" means such service as is evidenced by the record of normal contributions, plus prior service as evidenced by prior service certificate. "Creditable Service."

(11) "Beneficiary" means any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit herein. "Beneficiary."

(12) "Compensation" means the compensation payable in cash, plus the monetary value, as determined by the board of trustees, of any allowance in lieu thereof (but for the purposes of this chapter such "compensation" shall not exceed three hundred dollars per month). "Compensation."

(13) "Compensation Earnable" means the full rate of compensation that would be payable to an employee if he worked the full normal working time (but for the purposes of this chapter, such "compensation earnable" shall not exceed three hundred dollars per month). "Compensation earnable."

(14) "Final Compensation" shall mean the average annual compensation earnable by a member during the ten years immediately preceding his retirement. "Final Compensation."

(15) "Matching Contribution" means the contribution of the city deposited in an amount equal to the normal contributions of the employee. "Matching Contribution."

(16) "Normal Contributions" means contributions at the rate provided for in section 41.44.130, excluding those referred to in subdivision (f). "Normal Contribution."

(17) "Released Matching Contributions" means such "matching contributions" as are no longer held for the benefit of the employee. "Released Matching Contributions."

(18) "Regular Interest" shall mean interest compounded annually at such rate as shall have been "Regular Interest."

adopted by the board of trustees in accordance with the provisions of this chapter.

"Accumulated Normal Contributions."

(19) "Accumulated Normal Contributions" shall mean the sum of all normal contributions, deducted from the compensation of a member, standing to the credit of his individual account, together with regular interest thereon.

"Pension."

(20) "Pension" means payments derived from contributions made by the city as provided herein.

"Annuity."

(21) "Annuity" means payments derived from contributions made by a member as provided herein.

"Retirement Allowance."

(22) "Retirement Allowance" means the pension plus the annuity.

"Fiscal Year."

(23) "Fiscal Year" shall mean any year commencing with January 1st, and ending with December 31st next following.

"Miscellaneous Personnel."

(24) "Miscellaneous Personnel" means officers and employees other than those in the uniformed police or fire service: *Provided*, Those members of the fire department who are ineligible to the benefits of a firemen's pension system established by or pursuant to any other state law, are also included in the miscellaneous personnel.

"Uniformed Personnel."

(25) "Uniformed Personnel" means any employee who is a policeman in service or who is subject to call to active service or duty as such.

"Effective date."

(26) "Effective Date" when used with regard to employees means the date on which any individual or group of employees became members of any retirement system and when used with regard to any city or town shall mean the date on which it became a participant.

"Actuarial Equivalent."

(27) "Actuarial Equivalent" means a benefit of equal value when computed at regular interest upon the basis of such mortality tables as shall be adopted by the board of trustees.

"Persons Having an Insurable Interest in His Life."

(28) "Persons Having an Insurable Interest in His Life" means and includes only such persons who,

because of relationship from ties of blood or marriage, have reason to expect some benefit from the continuation of the life of a member.

(29) "Additional Contributions" shall mean contributions made pursuant to subdivision (f) of section 41.44.130. "Additional Contributions."

(30) "Accumulated Additional Contributions" mean the sum of all "additional contributions" made by a member standing to the credit of the individual account, together with regular interest thereon. "Accumulated Additional Contributions."

[Am. Rem. Supp. 1947, § 9592-132.]

[R.C.W. 41.44.120 is Rem. Supp. 1947, § 9592-141.]

SEC. 3. Section 41.44.060, R.C.W., as derived from section 6, chapter 71, Laws of 1947, is amended to read as follows: Amendment.

Policemen in first-class cities and all city firemen shall be excluded from the provisions of this chapter, except those employees of the fire department who are not eligible to the benefits of any firemen's pension system established by or pursuant to state law, and who shall be included in the miscellaneous personnel. Certain policemen and firemen excluded.

[Am. Rem. Supp. 1947, § 9592-135.]

SEC. 4. Section 41.44.080, R.C.W., as derived from section 1, chapter 171, Laws of 1949, is amended to read as follows: Amendment.

The administration of the system is hereby vested in the board of trustees created in 41.44.070 of this chapter and the board shall: Board of trustees; duties.

(a) Keep in convenient form such data as shall be deemed necessary for actuarial valuation purposes; Maintain data.

(b) From time to time, through its actuary, make an actuarial investigation into the mortality and service experience of the beneficiaries under this chapter and the various accounts created for the purpose of showing the financial status of the retirement fund; Investigate mortality and service experience.

Adopt
mortality,
etc., tables.

(c) Adopt for the retirement system the mortality tables and such other tables as shall be deemed necessary;

Certify cities
contributions
to fund.

(d) Certify annually the amount of appropriation which each city shall pay into the retirement fund in the next fiscal year, at such a time that the local authorities shall have ample opportunity for including such expense in the budget;

Keep
record of
proceedings.

(e) Keep a record of all its proceedings, which shall be open to inspection by the public;

Adopt
rules and
regulations.

(f) From time to time adopt such rules and regulations not inconsistent with this chapter, for the administration of the provisions of this chapter, for the administration of the fund created by this chapter and the several accounts thereof, and for the transaction of the business of the board;

Manage
funds.

(g) Provide for investment, reinvestment, deposit and withdrawal of funds;

Publish
annual
financial
statement.

(h) Prepare and publish annually a financial statement showing the condition of the fund and the various accounts thereof, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning the statewide city employees retirement system, and furnish a copy thereof to each city which has joined the retirement system, and to such members as may request copies thereof;

Serve
gratuitously.

(i) Serve without compensation but shall be reimbursed for expense incident to service as individual members thereof;

Determine
certain city
expenses.

(j) Determine equitable amount of administrative expense and death-in-line-of-duty benefit expense to be borne by each city;

Furnish
actuarial
services to
cities.

(k) Make available to any city considering participation in the system, the services of the actuary employed by the board for the purpose of ascertaining the probable cost of such participation. The cost of any such calculation or valuation shall be paid by

the city requesting same to the retirement system;

(l) Perform such other functions as are required for the execution of the provisions of this chapter;

Perform
other
functions.

(m) No member of the board shall be liable for the negligence, default or failure of any employee or of any other member of the board to perform the duties of his office and no member of the board shall be considered or held to be an insurer of the funds or assets of the retirement system but shall be liable only for his own personal default or individual failure to perform his duties as such member and to exercise reasonable diligence to provide for the safeguarding of the funds and assets of the system.

Liability
of board
members.

(n) Fix the amount of interest to be credited at a rate which shall be based upon the net annual earnings of the fund for the preceding twelve-month period and from time to time make any necessary changes in such rate.

Fix interest
rate.

[Am. Rem. Supp. 1949, § 9592-137.]

[R.C.W. 41.44.070 is Rem. Supp. 1947, § 9592-136.]

SEC. 5. Section 41.44.090, R.C.W., as derived from section 2, chapter 171, Laws of 1949, is amended to read as follows:

Amendment.

(a) There shall be paid into the retirement fund by contributions of each city the amounts necessary to pay the following:

City con-
tributions.

(1) Contributions equal to those deposited by employees;

(2) Prior service credits at such rate as may be selected;

(3) That part of a retirement allowance necessary to raise it to a specified minimum;

(4) An equitable share of the administrative costs, all of which costs are to be paid by the cities;

(5) An equitable share of the cost of the death-in-the-line-of-duty benefit, all of which costs are to be paid by the cities.

(b) Payment of the obligations set forth in subsection (a) of this section may be made in advance

Time for
payments.

Expense pay-
ments to be
paid as funds
available.

Cities
which have
withdrawn.

Reserves.

Participating
cities; board
furnish
estimate of
obligations.

Same; board
to keep
account with.

Same; board
to furnish
monthly
statement to.

System
not liable
for benefits,
when.

or may be paid currently as contributions are received from employees and pensions are paid to retired members: *Provided*, That the share of administrative expense and expense of the death-in-line-of-duty benefits shall be paid as soon as funds are available to make such payment and the board shall have the right to require any city that has withdrawn from the system, to annually, at the beginning of each calendar year, deposit and pay in cash an amount estimated by the board to be sufficient to meet the obligation of such city for the ensuing year to those of its members receiving a retirement allowance. From time to time each city may apply reserves in payment of the obligations set forth above as contemplated in 41.44.200;

(c) The board shall furnish each city with an estimate of the amount necessary to pay the obligations of the city in the ensuing fiscal year and the city shall provide therefor in its budget. The board shall cause to be kept an account with each city, crediting the account with such advances and payments as are made by the city and debiting the account with such charges as properly accrue against the city. The board shall furnish each city with a monthly statement of the amount of matching contributions, prior service charges and charges for minimum retirement allowances properly accruing by reason of payment of retirement allowances and deposit of contributions of members;

(d) Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any retirement allowances or other benefits on account of the employees or retired members of any city under this chapter, for which reserves or guarantees have not been properly set up by such city or its employees to pay such retirement allowances or other benefits: *Provided*, That nothing herein contained shall be so construed to prevent

the establishment of a reserve account for annuities and pensions in which shall be placed at the time of retirement of any member the balances of the retiring member's contribution and the city's matching funds for such member and from which account all annuities and current service pensions shall be paid;

(e) Any city may, by majority vote of its electors, withdraw from participation in the retirement system two years after giving written notice to the board of such action by the electorate. It is hereby specifically provided, however, that the city's obligation to those members receiving or eligible to a retirement allowance prior to such termination of participation shall continue in full force and effect as provided in this chapter. Members not receiving or being eligible to a retirement allowance at time of such termination shall be paid their accumulated contributions on demand. Should it develop that any such city is entitled to a refund such refund shall be made within one year following demand of city entitled thereto.

Withdrawal
by city from
system;
procedure.

Rights of
members.

Refund.

[Am. Rem. Supp. 1949, § 9592-138.]

[R.C.W. 41.44.200 is Rem. Supp. 1947, § 9592-149.]

SEC. 6. Section 41.44.100, R.C.W., as derived from section 3, chapter 171, Laws of 1949, is amended to read as follows:

Amendment.

(a) A fund is hereby created and established to be known as the "statewide city employees retirement fund," and shall consist of all moneys paid into it in accordance with the provisions of this chapter, whether such moneys shall take the form of cash, securities, or other assets: *Provided*, That such assets shall be public funds to the extent necessary to authorize any bank to deposit such collateral security necessary and required under the laws of the state to secure the deposit of public funds belonging to a city;

Statewide
city
employees
retirement
fund created.

Assets public
funds for
deposit
purposes.

Board
custodian of
fund.

(b) The board of trustees shall be the custodian of the retirement fund and shall arrange for the safekeeping thereof. Subject to such provisions as may be prescribed by law for the deposit of city funds in banks, cash belonging to the retirement fund may be deposited in any licensed national bank or banks in the state, or in any bank, banks or corporations authorized or licensed to do a banking business and organized under the laws of the state of Washington; and may be withdrawn on order of the board for the purpose of making such payments as are authorized and required by this chapter;

Deposit.

Withdrawal.

Investment
of pension
fund monies
in certain
securities.

(c) The board may invest pension fund moneys in such securities of the United States, states, Dominion of Canada, public housing authorities, municipal corporations and other public bodies, as are designated by the laws of the state as lawful investments for the funds of mutual savings banks, and to invest not to exceed twenty-five per cent of the system's total investments in the securities of any corporations or public utility bodies as are designated by the laws of the state as lawful investments for the funds of mutual savings banks: *Provided*, That not more than five per cent of the system's total investments may be made in the securities of any one of such corporations or public utility bodies.

Limitation.

Investment
in certain
open-end
investment
companies.

(d) Subject to the limitations hereinafter provided, investment of pension funds may also be made in amounts not to exceed five per cent of the system's total investments in the shares of certain open-end investment companies: *Provided*, That not more than one per cent of the system's total investments may be made in the shares of any one such open-end investment company. The total amount invested in any one company shall not exceed one per cent of the assets of such company, and shall only be made in the shares of such companies as are registered as "open-end companies" under the

Limitation.

federal investment company act of 1940, as amended. Such company must be at least ten years old and have net assets of at least five million dollars. It must have no outstanding bonds, debentures, notes, or other evidences of indebtedness, or any stock having priority over the shares being purchased, either as to distribution of assets or payment of dividends. It must have paid dividends from investment income in each of the ten years next preceding purchase. It must not have made, during the two years next preceding such purchase, any distribution from realized capital gains except during the last month of its federally taxable year. The maximum selling commission on its shares may not exceed seven and one-half per cent of the sum of the asset value plus such commission.

Qualifica-
tions of
company.

(e) Investment of pension funds may also be made in the bonds of any municipal corporation or other public body of the state; and in any of the bonds or warrants, including local improvement bonds or warrants within the protection of the local improvement guaranty fund law, issued by any city or town which is a member of the system.

Investment
in certain
municipal
bonds and
warrants.

[Am. Rem. Supp. 1949, § 9592-139.]

SEC. 7. Section 41.44.110, R.C.W., as derived from section 4, chapter 171, Laws of 1949, is amended to read as follows:

Amendment.

(a) Subject to paragraph (b) of this section, membership of this retirement system shall be composed of the following groups of employees in any participating city or cities:

Membership
composed of
following
groups;

(1) Miscellaneous personnel as defined in this chapter;

Miscella-
neous
personnel,

(2) Uniformed personnel, as defined in this chapter, not eligible to benefits under any existing state pension law;

Uniformed
personnel,

(3) Elective officials, who shall have the right to membership in this retirement system upon filing

Elective
officials,

written notice of such election with the board of trustees;

Employees of the system.

(4) Employees of the retirement system itself shall be entitled to membership and any costs in connection with such membership shall be a part of the cost of administration.

One or any combination of groups may be included.

(b) Any city may, when electing to participate in this retirement system in the manner set forth in 41.44.050, include any one group or combination of the groups above mentioned but must include or exclude all employees in any group. Groups (3) and (4) shall be considered as being composed of miscellaneous personnel as far as benefits and obligations are concerned except when the contrary is clearly indicated.

Groups (3) and (4) considered miscellaneous personnel.

Groups (1) and (2); membership compulsory.

(c) Subject to paragraph (b) of this section, membership in the retirement system shall be compulsory for all employees in groups (1) and (2), after qualification as provided in subdivision (d) of this section.

Date of becoming members.

(d) Subject to paragraph (b) of this section, all employees in city service on the effective date or on June 9, 1949, shall be members of the system, provided that such employees who are not regular full time employees and are earning less than fifty dollars per month, or are part-time employees serving in an official or special capacity may with the acquiescence of the legislative body of the city or town in which they are employed, elect on or before January 1, 1950, to discontinue membership by giving written notice of such election to the board. All regular full time employees entering city employment in the uniform personnel, not eligible to benefits under any existing state pension law, shall become members as of the date of their respective employment. All other regular employees earning more than fifty dollars per month shall become members upon the completion of six consecutive months service or six months service in any calendar year;

any such employee otherwise eligible, employed in a permanent position, may elect in writing to become a member of the system at any time prior to completing such six months service. Such individual employees other than regular employees, who are earning less than fifty dollars per month or who are serving in an official or special capacity may elect to become members with the acquiescence of the legislative body of the city or town in which they are employed upon the completion of six months of consecutive service or six months service in any calendar year, except those in the uniformed personnel, who shall become members as of the date of their respective employment.

(e) It shall be the duty of the proper persons in each city to immediately report to the board routine changes in the status of personnel and to immediately furnish such other information regarding the employment of members as the board may from time to time require.

Report
of change of
status of
personnel.

(f) Should any member withdraw more than one-quarter of his accumulated contributions, or should he die or be retired, he shall thereupon cease to be a member.

Membership
ceases; when.

(g) Transfer of any employee from one city to another shall not cause the employee to lose membership in the system providing the city to which he transfers participates in the retirement system created herein.

Transfer of
employee to
another city.

[Am. Rem. Supp. 1949, § 9592-140.]

[R.C.W. 41.44.050 is Rem. Supp. 1947, § 9592-134.]

SEC. 8. Section 41.44.120, R.C.W., as derived from section 12, chapter 71, Laws of 1947, is amended to read as follows:

Amendment.

(a) Subject to subsection (d) of this section the following members shall be entitled to prior service credit:

Members
entitled to
prior service
credit.

(1) Each member in service on the effective date.

(2) Each member entering after the effective date if such entry is within one year after rendering service prior to the effective date.

Certificate of
prior service
credit.

As soon as practicable, the board shall issue to each member entitled to prior service credit a certificate certifying the aggregate length of service rendered prior to the effective date. Such certificate shall be final and conclusive as to his prior service unless hereafter modified by the board, upon application of the member.

City
may select
rate for
calculating
prior service
pensions.

(b) Each city joining the system shall have the privilege of selecting the rate at which prior service pensions shall be calculated for its employees and may select any one of the three rates set forth below:

"Full
prior service
credit."

(1) 1.33% of final compensation multiplied by the number of years of prior service credited to the member. This rate may be referred to as "full prior service credit."

"Three
fourths
prior service
credit."

(2) 1.00% of final compensation multiplied by the number of years of prior service credited to the member. This rate may be referred to as "three-fourths prior service credit."

"One-half
prior service
credit."

(3) .667% of final compensation multiplied by the number of years of prior service credited to the member. This rate may be referred to as "one-half prior service credit."

Rates
applicable at
age 62 and 60.

Death
of member
before
attaining 62
or 60, effect.

(c) The above rates shall apply at the age of sixty-two or over for members included in the miscellaneous personnel and at age sixty or over for members in the uniformed personnel: *Provided*, That if a member shall retire before attaining either of the ages above referred to the total prior service pension shall be reduced by percentages computed actuarially, for miscellaneous personnel at all ages under sixty-two; and for uniformed personnel at all ages under sixty.

(d) If sickness, injury or service in the armed forces of the United States during the national emer-

gency identified with the First World War or the Second World War and/or service in the armed forces of the United States of America for extended active duty by any employee who shall have been regularly granted a leave of absence from the city service by reason thereof, prevents any regular employee from being in service on the effective date, the board shall grant prior service credit to such person when he is again employed. The legislative authority in each participating city shall specify the amount of prior service to be granted or current service credit to be made available to such employees: *Provided*, That in no case shall such service credit exceed five years. Certificate of honorable discharge from or documentary evidence of such service shall be submitted to the board before any such credit may be granted or made available. Prior or current service rates, or both, for such employees shall not exceed the rates established for fellow employees.

Employee on duty with armed forces on effective date.

[Am. Rem. Supp. 1947, § 9592-141.]

SEC. 9. Section 41.44.130, R.C.W., as derived from section 13, chapter 71, Laws of 1947, is amended to read as follows:

Amendment.

(a) The normal rates of contribution of members shall be based on sex and age at time of entry into the system, which age shall be the age at the birthday nearest the date of such entry.

Normal rates of contribution based on sex and age at date of entry.

(b) The normal rates of contribution for miscellaneous personnel shall be so fixed as to provide an annuity which, together with the pension provided by the city, shall produce as nearly as may be, a retirement allowance at the age of sixty-two years, of one and one-third per cent of the final compensation multiplied by the number of years of service of the retiring employee. The normal rate established for age sixty shall be the rate for any member who has attained a greater age before entrance into the retirement system and the normal contribution established for age twenty-four shall be the rate for

Same; for miscellaneous personnel, how computed.

any member who enters the system at an earlier age.

Same; for
uniformed
personnel,

how
computed.

(c) The normal rates of contribution for uniformed personnel shall be so fixed as to provide an annuity which, together with the pension provided by the city, shall produce as nearly as may be a retirement allowance at the age of sixty years, of one and one-third per cent of the final compensation multiplied by the number of years of service of the retiring employee. The normal rate established for age fifty-eight shall be the rate for any member who has attained a greater age before entrance into the retirement system and the normal contribution established for age twenty-two shall be the rate for any member who enters the system at an earlier age.

Board
certifies
rate of
deductions.

Rates applied
to compensa-
tion not
over \$300.

Deduction
credited.

Members
deemed to
consent to
contribution.

(d) Subject to the provisions of this chapter, the board shall adopt rules and regulations governing the making of deductions from the compensation of employees and shall certify to the proper officials in each city the normal rate of contribution for each member provided for in paragraphs (b) and (c) of this section. The proper officials in each city shall apply such rate of contribution to so much of the compensation of a member as does not exceed three hundred dollars per month, and shall certify to the board on each and every payroll the total amount to be contributed and shall furnish immediately to the board a copy of each and every payroll; and each of said amounts shall be forwarded immediately to the board and the board shall credit the deduction shown on such payroll to individual accounts of the members represented on such payrolls.

(e) Every member shall be deemed to consent and agree to the contribution made and provided for herein, and shall receipt in full for his salary or compensation. Payment less said contributions shall be a full and complete discharge of all claims and

demands whatsoever for the service rendered by such person during the period covered by such payment, except his claim to the benefits to which he may be entitled under the provisions of this chapter.

(f) Any member may elect to contribute in excess of the contributions provided for in this section in accordance with rules to be established by the board for the purpose of providing additional benefits, but the exercise of this privilege shall not place on the member city or cities any additional financial obligation. The board shall have authority to fix the rate of interest to be paid or allowed upon the additional contributions and from time to time make any necessary changes in said rate. Refunds of additional contributions shall be governed by the same rules as those covering normal contributions unless the board shall establish separate rules therefor.

Additional
contribu-
tions.

Interest.

Refunds.

[Am. Rem. Supp. 1947, § 9592-142.]

SEC. 10. Section 41.44.140, R.C.W., as derived from section 14, chapter 71, Laws of 1947, is amended to read as follows:

Amendment.

Retirement of a member for service shall be made by the board as follows:

Service
retirement.

(a) Each member included in the miscellaneous personnel in service on the effective date, who, on or before such effective date, has attained the age of sixty-five years or over shall be compulsorily retired forthwith: *Provided*, That there shall be no compulsory retirements for a period of two years immediately following the effective date, but any member having attained the age of sixty-five may voluntarily retire at any time after attaining such age. Members included in the miscellaneous personnel attaining age sixty-five after effective date shall be retired on the first day of the calendar month next succeeding the month in which the member shall have attained sixty-five, but none of such members shall be subject to compulsory retirement until

Compulsory
retirement
of miscella-
neous
personnel.

two years after the effective date. The legislative authority of the city shall have the privilege at all times of extending time for retirement to attainment by such member of age sixty-seven.

Voluntary
retirement
of miscella-
neous
personnel.

(b) Any member included in the miscellaneous personnel may retire by filing with the board a written application duly attested, setting forth on what date he desires to be retired, such application to be made at least thirty days prior to date of retirement: *Provided*, That said member, at the time specified for his retirement, shall have twenty years of creditable service, and shall have attained the age of sixty years, or shall have thirty years of creditable service regardless of attained age: *Provided further*, That during the two years immediately following the effective date voluntary service retirement of such members under sixty-two years of age shall not be granted.

Compulsory
retirement
of uniformed
personnel.

(c) Each member included in the uniformed personnel in service on the effective date who on or before such effective date has attained the age of sixty years or over shall be compulsorily retired forthwith: *Provided*, That there shall be no compulsory service retirements for a period of two years immediately following the effective date, but any such member having attained the age of sixty years may voluntarily retire at any time after attaining such age. Members included in the uniformed personnel attaining age sixty after the effective date shall be retired on the first day of the calendar month next succeeding the month in which the member shall have attained the age of sixty, but none of such members shall be subject to compulsory retirement until two years after the effective date. The legislative authority shall have the privilege at all times of extending time for retirement to attainment by such member of age sixty-four.

Voluntary
retirement
of uniformed
personnel.

(d) Any member included in the uniformed personnel may retire by filing with the board a written

application duly attested, setting forth on what date he desires to be retired, such application to be made at least thirty days prior to date of retirement: *Provided*, That said members, at the time specified for retirement, shall have twenty-five years of creditable service and shall have attained the age of fifty-five years, or shall have thirty years of creditable service regardless of attained age: *Provided further*, That during the two years immediately following the effective date voluntary service retirement of such members under age sixty shall not be granted.

(e) After the retirement of any employee, any member city, by unanimous vote of its legislative body and with the consent of the board, may reemploy or retain such employee in its service to fill a supervisory or key position.

Reemployment of retired personnel.

[Am. Rem. Supp. 1947, § 9592-143.]

SEC. 11. Section 41.44.150, R.C.W., as derived from section 5, chapter 171, Laws of 1949, is amended to read as follows:

Amendment.

(a) A member, upon retirement for service, shall receive a retirement allowance subject to the provisions of paragraph (b) of this section, which shall consist of:

Retirement allowance.

(1) An annuity which shall be the actuarial equivalent of his accumulated normal contributions at the time of his retirement; and

Annuity.

(2) A pension provided by the contributions of the city, equal to the annuity purchased by the accumulated normal contributions of the member;

Pension.

(3) For any member having credit for prior service an additional pension, provided by the contributions of the city, as set forth in 41.44.120 at the rate selected by the city employing the member;

Prior service pension.

(4) Any member who has ten or more years of creditable service and who is retired by reason of attaining the age of sixty-five or over if included in the miscellaneous personnel or the age of sixty or over if included in the uniformed personnel, and

Minimum amount of pension.

Minimum
paid in
addition to
additional
contribution
annuity.

whose retirement allowance is calculated to be less than forty dollars per month, shall receive such additional pension, provided by the contributions of the city, as will make his total retirement allowance equal to forty dollars per month. An annuity purchased by accumulated additional contributions in such case shall be paid in addition to the minimum guaranteed as hereinafter provided.

Maximum
amount of
compensa-
tion.

(b) If the retirement allowance of the member as provided in this section, is in excess of one-half of his final compensation, the pension of the member, purchased by the contributions of the city, shall be reduced to such an amount as shall make the member's retirement allowance equal to one-half of his final compensation.

Additional
annuity
based on
accumulated
additional
contribu-
tions.

(c) A member, upon retirement from service, shall receive in addition to the retirement allowance provided in this section, an additional annuity which shall be the actuarial equivalent of any accumulated additional contributions which he has to his credit at the time of his retirement.

[Am. Rem. Supp. 1949, § 9592-144.]

[R.C.W. 41.44.120 appears as sec. 8, *supra*.]

Amendment.

SEC. 12. Section 41.44.160, R.C.W., as derived from section 6, chapter 171, Laws of 1949, is amended to read as follows:

Disability
retirement.

Any member who has at least five years of creditable service within the fifteen years immediately preceding retirement and has not attained the age of sixty-five years, or who attains or has attained the age of sixty-five years prior to two years after the effective date, may be retired by the board for permanent and total disability, either ordinary or accidental, upon examination as follows:

Medical
examination.

Any member while in service, or while physically or mentally incapacitated for the performance of duty, if such incapacity has been continuous from discontinuance of city service, shall be examined by such medical authority as the board shall employ,

upon the application of the head of the office or department in which the member is employed with approval of the legislative body, or upon application of said member, or a person acting in his behalf, stating that said member is permanently and totally incapacitated, either physically or mentally, for the performance of duty and ought to be retired. If examination shows, to the satisfaction of the board, that the member should be retired, he shall be retired forthwith: *Provided*, That no such application shall be considered or granted upon the application of a member unless said member or someone in his behalf, in case of the incapacity of a member, shall have filed the application within a period of one year from and after the discontinuance of service of said member: *Provided*, The board shall retire the said member for disability forthwith: *Provided*, That the disability retirement allowance shall be effective on the first of the month following that in which the member last received salary or wages in city service.

Retired
forthwith.

Application;
time for
filing.

Allowance;
effective
when.

The board shall secure such medical services and advice as it may deem necessary to carry out the purpose of this section and 41.44.180.

Board
to secure
medical
services.

The provisions of this section shall not be applicable to employees pensioned for total and permanent disability, as defined in and pursuant to state or federal law, other than those pensioned on account of military service, except as to the amount of retirement allowance provided for herein may exceed the pension provided by state or federal law; nor shall the provisions of this section in so far as it provides for permanent and total disability from accident in course of employment apply to any member who is within and entitled to the benefits of the state workmen's compensation act and medical aid act.

Disability
allowance
not payable
under certain
conditions.

[Am. Rem. Supp. 1949, § 9592-145.]

[R.C.W. 41.44.180 is Rem. Supp. 1947, § 9592-147.]

SEC. 13. Section 41.44.170, R.C.W., as derived from section 17, chapter 71, Laws of 1947, is amended to read as follows:

Allowance on disability retirement. On retirement for permanent and total disability a member shall receive a retirement allowance which shall consist of:

Annuity. (1) An annuity which shall be the actuarial equivalent of his accumulated normal contributions; and

Pension. (2) A pension provided by the contributions of the city which, together with his annuity provided by his accumulated normal contributions, shall make the retirement allowance equal to one and one-fourth per cent of his final compensation multiplied by the number of years of service credited to him, if such retirement allowance exceeds forty dollars per month; otherwise he shall receive a retirement allowance of forty dollars per month.

Minimum disability allowance. (3) If it appears to the satisfaction of the board that disability was incurred in line of duty and the retirement allowance to be provided under subsection (1) and (2) of this section is less than sixty dollars per month, then there shall be provided by contributions of the city such additional pension as shall make the retirement allowance equal to sixty dollars per month.

Line of duty disability; minimum allowance. (4) No disability retirement allowance shall exceed fifty per cent of final compensation, anything herein to the contrary notwithstanding.

Maximum disability allowance. (5) Upon the death of a member while in receipt of a disability retirement allowance, his accumulated contributions, as they were at the date of his retirement, less any annuity payments made to him, shall be paid to his estate, or to such persons having an insurable interest in his life as he shall have nominated by written designation duly executed and filed with the board.

On death of recipient; payment of accumulated contribution less annuity payments.

(6) If disability is due to intemperance, willful misconduct, or violation of law, on the part of the member, the board, in its discretion, may pay to said member, in one lump sum his accumulated contribution, in lieu of a retirement allowance, and such payment shall constitute full satisfaction of all obligations of the city to such member.

Payment where disability due to misconduct.

(7) In addition to the annuity and pension provided for in subdivisions (1) and (2) of this section, a member shall receive an annuity which shall be the actuarial equivalent of his accumulated additional contributions.

Annuity based on additional contributions.

[Am. Rem. Supp. 1947, § 9592-146.]

SEC. 14. Section 41.44.190, R.C.W., as derived from section 19, chapter 71, Laws of 1947, is amended to read as follows:

Amendment.

(a) Should service of a member be discontinued except by death or retirement, he shall be paid six months after the day of discontinuance such part of his accumulated contributions as he shall demand. Six months after the date of such discontinuance, unless on leave of absence regularly granted, his rights to all benefits as a member shall cease, without notice, and his accumulated contributions shall be returned to him in any event or held for his account if for any reason the return of the same is prevented: *Provided*, That the board may in its discretion, grant the privilege of withdrawal at any time following such discontinuance. The board may establish rules and regulations to govern withdrawal and redeposit of contributions.

Discontinuance of service other than by death or retirement; effect.

(b) Should a former member, within five years after discontinuance of service, return to service in the same city in which he was employed he may restore to the fund in such manner as may be agreed upon by such person and the board, his withdrawn normal accumulated contributions as they were at the time of his separation from service and upon

Member re-employed may restore contributions.

completion of such redeposit all his rights and privileges existing at the time of discontinuance of service shall be restored and his obligations as a member shall begin again. The rate of contribution of such returning member shall be the same as it was at the time he separated from service.

Accumulated contributions; payment on death before retirement.

(c) Upon the death of any person who has not been retired, pursuant to the provisions hereof, there shall be paid to his estate, or to such persons having an insurable interest in his life as he shall have nominated by written designation duly executed and filed with the board, his accumulated contributions less any payments therefrom already made to him. Such payment may be made in one lump sum or may be paid in installments over a period of not to exceed five years, as may be designated by the member or his beneficiary, with such rate of interest as may be determined by the board.

Former member re-employed by another city.

(d) If a former member shall, within one year from date of discontinuance of service, be employed by another city participating in this retirement system he shall have the privilege of redepositing and the matching contributions deposited by the city or cities in which he was formerly employed shall again be held for the benefit of such member. If such redepositing member possessed a prior service certificate the city employing him at time of retirement shall accept the liability evidenced by such certificate. Reinstatement of a prior service certificate shall be effective only upon a showing that normal contributions are on deposit in the retirement fund, to the credit of the member, covering all current service.

[Am. Rem. Supp. 1947, § 9592-148.]

Amendment.

SEC. 15. Section 41.44.250, R.C.W., as derived from section 25, chapter 71, Laws of 1947, is amended to read as follows:

The payment of any retirement allowance to a member who has been retired from service shall be suspended during the time that the beneficiary is in receipt of compensation for service to any city or town that is a member of the statewide city employees' retirement system, except as to the amount by which such retirement allowance may exceed such compensation for the same period. It is the intent of this section to prevent any retired person from being able to receive both his retirement allowance and compensation for service to any city or town that is a member of the statewide city employees' retirement system: *Provided*, That nothing in this section shall prevent county or state welfare departments from furnishing to any retired employee under the terms of this chapter the hospital, medical, dental and other benefits granted to pensioners under the provisions of title 74.

Retirement allowance suspended while beneficiary receives compensation for service from a member city.

[Am. Rem. Supp. 1947, § 9592-154.]

Passed the House March 8, 1951.

Passed the Senate March 8, 1951.

Approved by the Governor March 20, 1951.