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HOUSE BILL 1020

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State of Washington

52nd Legislature

1991 Regular Session

By Representatives Brough and Peery.

Read first time January 15, 1991. Referred to Committee on Appropriations.

1 AN ACT Relating to teachers' retirement; and amending RCW  
2 41.32.010.

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

4 **Sec. 1.** RCW 41.32.010 and 1990 c 274 s 2 are each amended to read  
5 as follows:

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

8 (1)(a) "Accumulated contributions" for persons who establish  
9 membership in the retirement system on or before September 30, 1977,  
10 means the sum of all regular annuity contributions with regular  
11 interest thereon.

12 (b) "Accumulated contributions" for persons who establish  
13 membership in the retirement system on or after October 1, 1977, means

1 the sum of all contributions standing to the credit of a member in the  
2 member's individual account together with the regular interest thereon.

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

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

8 (4) "Annuity fund" means the fund in which all of the accumulated  
9 contributions of members are held.

10 (5) "Annuity reserve fund" means the fund to which all accumulated  
11 contributions are transferred upon retirement.

12 (6) (a) "Beneficiary" for persons who establish membership in the  
13 retirement system on or before September 30, 1977, means any person in  
14 receipt of a retirement allowance or other benefit provided by this  
15 chapter.

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

21 (7) "Contract" means any agreement for service and compensation  
22 between a member and an employer.

23 (8) "Creditable service" means membership service plus prior  
24 service for which credit is allowable. This subsection shall apply  
25 only to persons who establish membership in the retirement system on or  
26 before September 30, 1977.

27 (9) "Dependent" means receiving one-half or more of support from a  
28 member.

1 (10) "Disability allowance" means monthly payments during  
2 disability. This subsection shall apply only to persons who establish  
3 membership in the retirement system on or before September 30, 1977.

4 (11) (a) (i) "Earnable compensation" for persons who establish  
5 membership in the retirement system on or before September 30, 1977,  
6 means all salaries and wages paid by an employer to an employee member  
7 of the retirement system for personal services rendered during a fiscal  
8 year. In all cases where compensation includes maintenance the  
9 employer shall fix the value of that part of the compensation not paid  
10 in money: PROVIDED, That retroactive payments to an individual by an  
11 employer on reinstatement of the employee in a position, or payments by  
12 an employer to an individual in lieu of reinstatement in a position  
13 which are awarded or granted as the equivalent of the salary or wages  
14 which the individual would have earned during a payroll period shall be  
15 considered earnable compensation and the individual shall receive the  
16 equivalent service credit: PROVIDED FURTHER, That if a leave of  
17 absence, without pay, is taken by a member for the purpose of serving  
18 as a member of the state legislature, and such member has served in the  
19 legislature five or more years, the salary which would have been  
20 received for the position from which the leave of absence was taken  
21 shall be considered as compensation earnable if the employee's  
22 contribution thereon is paid by the employee. In addition, where a  
23 member has been a member of the state legislature for five or more  
24 years, earnable compensation for the member's two highest compensated  
25 consecutive years of service shall include a sum not to exceed thirty-  
26 six hundred dollars for each of such two consecutive years, regardless  
27 of whether or not legislative service was rendered during those two  
28 years.

29 (ii) For members employed less than full time under written  
30 contract with a school district, or community college district, in an

1 instructional position, for which the member receives service credit of  
2 less than one year in all of the years used to determine the earnable  
3 compensation used for computing benefits due under RCW 41.32.497,  
4 41.32.498, and 41.32.520, the member may elect to have earnable  
5 compensation defined as provided in RCW 41.32.011. For the purposes of  
6 this subsection, the term "instructional position" means a position in  
7 which more than seventy-five percent of the member's time is spent as  
8 a classroom instructor (including office hours), a librarian, or a  
9 counselor. Earnable compensation shall be so defined only for the  
10 purpose of the calculation of retirement benefits and only as necessary  
11 to insure that members who receive fractional service credit under RCW  
12 41.32.270 receive benefits proportional to those received by members  
13 who have received full-time service credit.

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

1 the member shall have the option of having such member's earnable  
2 compensation be the greater of:

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

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

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

13 (13) "Fiscal year" means a year which begins July 1st and ends June  
14 30th of the following year.

15 (14) "Former state fund" means the state retirement fund in  
16 operation for teachers under chapter 187, Laws of 1923, as amended.

17 (15) "Local fund" means any of the local retirement funds for  
18 teachers operated in any school district in accordance with the  
19 provisions of chapter 163, Laws of 1917 as amended.

20 (16) "Member" means any teacher included in the membership of the  
21 retirement system. Also, any other employee of the public schools who,  
22 on July 1, 1947, had not elected to be exempt from membership and who,  
23 prior to that date, had by an authorized payroll deduction, contributed  
24 to the annuity fund.

25 (17) "Membership service" means service rendered subsequent to the  
26 first day of eligibility of a person to membership in the retirement  
27 system: PROVIDED, That where a member is employed by two or more  
28 employers the individual shall only receive one month's service credit  
29 during any calendar month in which multiple service is rendered. The

1 provisions of this subsection shall apply only to persons who establish  
2 membership in the retirement system on or before September 30, 1977.

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

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

9 (20) "Prior service" means service rendered prior to the first date  
10 of eligibility to membership in the retirement system for which credit  
11 is allowable. The provisions of this subsection shall apply only to  
12 persons who establish membership in the retirement system on or before  
13 September 30, 1977.

14 (21) "Prior service contributions" means contributions made by a  
15 member to secure credit for prior service. The provisions of this  
16 subsection shall apply only to persons who establish membership in the  
17 retirement system on or before September 30, 1977.

18 (22) "Public school" means any institution or activity operated by  
19 the state of Washington or any instrumentality or political subdivision  
20 thereof employing teachers, except the University of Washington and  
21 Washington State University.

22 (23) "Regular contributions" means the amounts required to be  
23 deducted from the compensation of a member and credited to the member's  
24 individual account in the annuity fund. This subsection shall apply  
25 only to persons establishing membership in the retirement system on or  
26 before September 30, 1977.

27 (24) "Regular interest" means such rate as the director may  
28 determine.

29 (25) (a) "Retirement allowance" for persons who establish  
30 membership in the retirement system on or before September 30, 1977,

1 means the sum of annuity and pension or any optional benefits payable  
2 in lieu thereof.

3 (b) "Retirement allowance" for persons who establish membership in  
4 the retirement system on or after October 1, 1977, means monthly  
5 payments to a retiree or beneficiary as provided in this chapter.

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

8 (27) (a) "Service" means the time during which a member has been  
9 employed by an employer for compensation: PROVIDED, That where a  
10 member is employed by two or more employers the individual shall only  
11 receive one month's service credit during any calendar month in which  
12 multiple service is rendered.

13 (b) "Service" for persons who establish membership in the  
14 retirement system on or after October 1, 1977, means periods of  
15 employment by a member for one or more employers for which earnable  
16 compensation is earned subject to the following conditions:

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

24 (ii) If a member in an eligible position does not meet the  
25 requirements of (b)(i) of this subsection, he or she will receive  
26 service credit only for those calendar months during which he or she  
27 has received compensation for ninety or more hours.

28 Any person who is a member of the teachers' retirement system and  
29 who is elected or appointed to a state elective position may continue  
30 to be a member of the retirement system and continue to receive service

1 credit for the time spent in a state elective position by making the  
2 required member contributions.

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

7 Notwithstanding RCW 41.32.240, teachers covered by RCW 41.32.755  
8 through 41.32.825, who render service need not serve for ninety days to  
9 obtain membership so long as the required contribution is submitted for  
10 such ninety-day period. Where a member did not receive service credit  
11 under RCW 41.32.775 through 41.32.825 due to the ninety-day period in  
12 RCW 41.32.240 the member may receive service credit for that period so  
13 long as the required contribution is submitted for the period. Anyone  
14 entering membership on or after October 1, 1977, and prior to July 1,  
15 1979, shall have until June 30, 1980, to make the required contribution  
16 in one lump sum.

17 The department shall adopt rules implementing this subsection  
18 (27)(b).

19 (28) "Survivors' benefit fund" means the fund from which survivor  
20 benefits are paid to dependents of deceased members. This subsection  
21 shall apply only to persons establishing membership in the retirement  
22 system on or before September 30, 1977.

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

1 (30) "Average final compensation" for persons who establish  
2 membership in the retirement system on or after October 1, 1977, means  
3 the member's average earnable compensation of the highest consecutive  
4 sixty months of service prior to such member's retirement, termination,  
5 or death. Periods constituting authorized leaves of absence may not be  
6 used in the calculation of average final compensation.

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

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

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

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

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

18 (36) "Retirement board" means the director of retirement systems.

19 (37) "Substitute teacher" means:

20 (a) A teacher who is hired by a school district to work as a  
21 temporary teacher, except for:

22 (i) Teachers who are contract employees of a school district and  
23 are guaranteed a minimum number of hours; or

24 (ii) Community college district teachers that contribute to  
25 teachers retirement system plan I and are also considered as full time  
26 faculty by that community college district; or

27 (b) Persons who work in ineligible positions in more than one  
28 school district.

29 (38) "Eligible position" in plan II means a position which normally  
30 requires two or more uninterrupted months of creditable service during

1 September through August of the following year.