

Ordinance No. 11197

AN ORDINANCE relating to the City Employees' Retirement and Disability Systems as established by Ordinance 78444, and amending Sections 2, 5, 16, and 19 of said ordinance to remove the maximum compensation upon which retirement allowances may be based, and to increase certain permanent and total disability benefits.

12-30-59 *per*

FILE NO. 236740 C.F.M.

Council Bill No.

INTRODUCED: JULY 28 1959	BY: Finney
REFERRED: JULY 28 1959	TO: Finance
REPORTED: JAN 4 1960	SECOND READING: JAN 4 1960
THIRD READING: JAN 4 1960	SIGNED: JAN 4 1960
PRESENTED TO MAYOR: JAN 6 1960	APPROVED: JAN 5 1960
VETO: [unclear] 1960	PUBLISHED:
VETOED BY MAYOR:	VETO PUBLISHED:
PASSED OVER VETO:	VETO SUSTAINED:
EMBOSSED:	BY:
VOL. _____	PAGE _____

Ord. 89073 - Superseded Sec. 1.

500 Ord. 89420

Ord. 95183 FURTHER AMENDS Sec. 16 (a)

Handwritten notes:
10/21/83
10/21/83
10/21/83

Ord. 99565 - FURTHER AMENDING Sec. 2(H), 16(A), (ET AL.)

ORDINANCE 88897

AN ORDINANCE relating to the City Employees' Retirement and Disability Systems as established by Ordinance 78444, and amending Sections 2, 5, 16, and 19 of said ordinance to remove the maximum compensation upon which retirement allowances may be based, and to increase certain permanent and total disability benefits.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. That Section 2 of Ordinance 78444 be amended to read as follows:

"Section 2. Unless a different meaning is plainly required by the context the terms used in this ordinance shall have the following meanings:

(a) "Retirement System" shall include "City Employees' Retirement System" provided for in Section 3 of this ordinance and the system of death benefits established therein.

(b) "Employee" means all officers and employees of the City and of the Seattle Public Library eligible to membership in the Retirement System pursuant to law.

(c) "Member" means any person included in the Retirement System as provided in Section 4 of this ordinance.

(d) "City" means The City of Seattle.

(e) "Board" means "Board of Administration" as provided in Section 9 of this ordinance.

(f) "Retirement Fund" means "Employees' Retirement Fund" created and established in Section 8 of this ordinance.

(g) "City Service" means service rendered to the City for compensation and for the purpose of this ordinance, a member shall be considered as being in the "City Service" only while he is receiving compensation for such service or is on leave of absence on account of sickness or injury subsequent to July 1, 1929, and makes

contributions covering such period as provided in Section 6 (a) hereof.

(h) "Prior Service" means city service of a member prior to July 1, 1929, except as follows: In the case of officers and employees of the Seattle Public Library prior to July 1, 1937; in the case of employees entering the classified civil service under the Charter Amendments of March 12, 1940, and March 13, 1945, prior to March 16, 1940, and March 16, 1945, respectively; and in case of employees entering such service under Chapter 105, Laws of Washington 1943, prior to September 1, 1943.

(i) "Continuous Service" shall mean uninterrupted employment by the City, except that discontinuance of City Service of a member caused by lay-off, leave of absence, suspension, or dismissal, followed by re-entrance into City Service within one year, shall not count as a break in the continuity of service; provided that for the purpose of establishing membership in the Retirement System continuous service shall mean six months' service in any one year.

(j) "Beneficiary" means any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit provided in this ordinance.

(k) "Compensation" means the salary or wage, exclusive of overtime, indicated on payrolls and/or vouchers.

(l) "Compensation Earnable" by a member means the average compensation as determined by the Board of Administration upon the basis of the average period of employment of members in the same group or class of employment and at the same rate of pay. That any other provisions of said ordinance, particularly Section 5 (b), insofar as in conflict herewith are hereby superseded."

Section 2. That Section 5 of Ordinance 78444 as last amended by Ordinance 85088, be further amended to read as follows:

"Section 5. (a) The normal rates of contributions of members shall be those adopted by the Board of Administration subject to the approval of the City Council, and for the first five-year period such rates shall be based on sex and on age of entry into the Retirement System, which age shall be the age at the birthday nearest the time of entry into the system. The rates so adopted shall remain in full force and effect until revised or changed by the Board of Administration in the manner provided in Section 7 of this Ordinance. For new members entering the Retirement System, the normal rates of contributions shall be fixed as follows: For ages under thirty-two years, they shall be calculated so as to produce, as near as may be, at age sixty-two a sum sufficient to purchase one-half of a retirement allowance of 50% of final compensation. For ages thirty-two and over they shall be calculated so as to produce, as near as may be, at age sixty-two a sum sufficient to purchase one-half of a retirement allowance of 1-2/3% of final compensation, multiplied by the number of years of service of a member. Each present member shall contribute on the basis of his age at entry or re-entry into the Retirement System at the rate fixed for a new member of corresponding age: Provided that the normal rate established for age sixty-one shall be the rate for any member who has attained a greater age before entrance into the Retirement System, and effective January 1, 1951, and notwithstanding the formula indicated above, the lowest rate of contribution is fixed at five per cent (5%).

Rates of contributions of members in effect in the fiscal year 1955 are continued in effect as basic rates and shall be referred to

hereafter as basic rates of contribution, which shall be adjusted in such a manner as to offset the cost of Federal Old Age and Survivors Insurance to both the City and the employees by one per cent of the first \$4200.00 of annual salary or wages. The Board of Administration shall prepare and furnish the head of each department or office with a schedule of the adjusted rates, and such adjusted rates shall become the normal rates of contribution. Such adjusted rates of contribution shall be effective on and after January 1, 1956, provided that protection afforded members whose rights thereto have accrued as of said date shall not be impaired.

(b) Subject to the provisions of this ordinance, the Board of Administration shall adopt rules and regulations governing the making of deductions from the compensation of employees and shall certify to the head of each office or department the normal rate of contribution for each member provided for in subdivision (a) of this section. The head of each department shall apply such rate of contribution to the compensation of each member, exclusive of overtime, and shall certify to the City Comptroller on each and every payroll the 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 deducted by the City Comptroller and shall be paid into the Retirement Fund, hereinafter provided for, and shall be credited by the Board together with regular interest to an individual account of the member for whom the contribution was made."

Section 3. That Section 16 of Ordinance 78444 as last amended by Ordinance 83534, be further amended to read as follows:

"Section 16. (a) Upon retirement for disability, as hereinabove provided, provided the disability is not due to intemperance,

willful misconduct or violation of law, of which the Board shall be the judge, a member shall receive a retirement allowance calculated as follows:

Three and 65/100 Dollars (\$3.65) for each year of creditable service limited to a maximum of One Hundred Ten Dollars (\$110.00) per month on this basis; otherwise, one and one-fourth (1-1/4%) per centum of final compensation multiplied by years of creditable service, if such retirement allowance exceeds thirty (30%) per centum of his final compensation and is not less than One Hundred Dollars (\$100.00) per month; otherwise one and one-fourth (1-1/4%) per centum of final compensation multiplied by years of service which would be creditable to him were his services to continue until attainment of age sixty-two (62) but such retirement allowance shall not exceed thirty (30%) per centum of such final compensation except where such thirty (30%) per centum is less than One Hundred Dollars (\$100.00) per month; then the member shall receive the minimum disability retirement allowance of One Hundred Dollars (\$100.00) per month; provided, that no disability retirement allowance, exclusive of any annuity provided by additional contributions, shall exceed fifty-five per cent (55%) of final compensation except when such final compensation is less than Two Hundred Dollars (\$200.00) per month in which case the retirement allowance may not exceed One Hundred Ten Dollars (\$110.00) per month.

The retirement allowance as above calculated shall consist of:

(1) An annuity which shall be the actuarial equivalent of the member's accumulated normal contributions.

(2) A pension which shall be the actuarial equivalent of the City's matching contributions.

(3) A pension for prior service, if any, calculated at the rate of one and one-fourth per centum (1½%) of final compensation for each year of prior service, which shall be provided by contributions of the City.

(4) An additional pension, provided by contributions of the City, should the calculation of the allowance show that (1), (2) and (3) above are not enough to produce the retirement allowance indicated.

(5) When use of proper annuity and pension rates results in a retirement allowance amounting to more than would be realized by adherence to the formula indicated in sub-section (a) of this section the Board shall allow the higher amount.

(b) The disability retirement allowances of all members retired for disability prior to January 1, 1960, shall on January 1, 1960, be raised Twenty Dollars (\$20.00) per month, such increases to be paid from contributions of the City.

(c) If disability is due to intemperance, willful misconduct or violation of law, on the part of the member, the Board of Administration, in its discretion, may pay to said member, in one lump sum his accumulated contributions, in lieu of a retirement allowance, and such payment shall constitute full satisfaction of all obligations of the City to such member, and upon receipt of such payment he shall cease to be a member of the System.

(d) 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: provided, that such refund of contributions may be made in monthly payments if requested by the beneficiary and approved by the Board."

Section 4. That Section 19 of Ordinance 78444 be amended to read as follows:

"Section 19. (a) Upon the death of any person who has not been retired, pursuant to the provisions of this ordinance, there shall be paid to his estate, or to such persons having an insurable interest in his life as hereinabove defined, 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.

(b) Upon the death of any member who has not retired but who, as of the date of death, was eligible for service retirement, and who has elected the spouse as beneficiary, a retirement allowance equal to that which would have been derived under Option "E", had he selected such option and retired on the day of his death, shall be paid the spouse upon election by such spouse of this benefit in lieu of benefits under Section 19 (a). The spouse may, however, elect to receive in lieu of either the above retirement allowance or the benefits under Section 19 (a) a lesser retirement allowance to cease at her death and in addition a cash payment not to exceed one-half of the deceased member's accumulated normal contributions. However, such withdrawal shall not serve to reduce such lesser retirement allowance except by the amount of annuity which such

withdrawal would have purchased."

Section 5. The amendments herein provided shall be operative as of January 1, 1960, and any action taken by the Board of Administration pursuant to the provisions and prior to the effective date of this ordinance to effectuate such operative date, are hereby ratified and confirmed.

(To be used for all Ordinances except Emergency.)

Section 6. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 4 day of January, 1960,
and signed by me in open session in authentication of its passage this 4 day of
January, 1960.

David Cronin
President of the City Council.

Approved by me this 5 day of January, 1960.

Robert S. Clifton
Mayor.

Filed by me this 5 day of January, 1960.

W. J. Landerson
Attest:
City Comptroller and City Clerk.

(SEAL)

Published _____

By W. A. Berine
Deputy Clerk.

ASSISTANT CORPORATION COUNSEL

ALFRED L. NEWBOULD
JOHN A. LOGAN
G. GRANT WILCOX
ANTHONY ARNTSON
CHARLES L. CONLEY
GEORGE T. MCGILLIVRAY
RAYMOND H. SIDERIUS
WILLIAM W. BROWN
FRANK W. DRAPER
JOHN P. HARRIS

THE CITY OF SEATTLE
LAW DEPARTMENT

515 COUNTY-CITY BUILDING

A. C. VAN SOELEN, CORPORATION COUNSEL

December 28, 1959

CITY PROSECUTOR
BRUCE MACDOUGALL

JUNIOR ASSISTANTS
THOMAS J. OWENS
ARTHUR T. LANE
C. D. FRANSEN
PETER K. STEERE

SECRETARY
FAY FORDE

CLAIM AGENT
JOHN F. COOPER

Re: C.F. 238740

Finance Committee
City Council

Honorable Members:

Pursuant to your request we have prepared separate amendments effective January 1, 1960 and providing for certain increased benefits in connection with (1) the City Retirement, and (2) the Death and Disability Systems under Ordinance 78444.

In connection with the Death Benefit System increases to \$1,000 and \$2,000, respectively, we have provided that the entire death benefit shall be financed first from employe assessments not to exceed \$6.00, and city matching payments as before, and the additional cost may be paid from undivided interest earnings of the city and employes in the Retirement Fund not otherwise obligated.

Although such amendment, which is substantially as recommended by the Retirement Board, literally satisfies the charter requirement (Article XXII, Sec. 13) that the Death Benefit System "shall be financed jointly by the City and the members", the use of any Retirement System moneys to finance payments under the Death Benefit System is of questionable legality.

Your request also contemplates a new system of "temporary partial disability" benefits which requires additional information and study. We will therefore retain Comptroller's File 238740, which accompanied your request, and will forward such additional legislation to you as soon as possible.

Yours very truly

A. C. VAN SOELEN
Corporation Counsel

By *A. L. Newbould*

A. L. NEWBOULD
Assistant

ALN:FF

Enc

December 3, 1959

Honorable A. C. Van Soelen
Corporation Counsel
City of Seattle

Dear Sir:

Attached is File No. 238740, recommendations of the Board of Administration, City Employees' Retirement System for changes in Retirement System, Death Benefit Plan and Health Care Plan.

Please prepare the proper legislation to effectuate the changes as recommended by the City Employees' Retirement System.

Very truly yours,

FINANCE COMMITTEE

J. D. Braman, Chairman

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