

# SENATE BILL REPORT

## SB 5153

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As Reported By Senate Committee On:  
Ways & Means, February 20, 2001

**Title:** An act relating to converting the number of months into hours that teachers' retirement system, public employees' retirement system, and school employees' retirement system retirees may work without a reduction in their retirement allowance.

**Brief Description:** Converting the number of months into hours that teachers' retirement system, public employees' retirement system, and school employees' retirement system retirees may work without a reduction in their retirement allowance.

**Sponsors:** Senators Jacobsen, Winsley, Carlson, Honeyford, Long, Fraser, Kohl-Welles, Rasmussen, Haugen and Parlette; by request of Joint Committee on Pension Policy.

**Brief History:**

**Committee Activity:** Ways & Means: 1/30/01, 2/20/01 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Winsley and Zarelli.

**Staff:** Pete Cutler (786-7454)

**Background:** Persons who retire from the Public Employees Retirement System (PERS Plans 1 and 2), the School Employees Retirement System (SERS Plans 2 and 3), or the Teachers Retirement System Plan 2 or Plan 3 (TRS Plans 2 and 3) are all subject to the same limit on how much they can work after retirement without having a reduction in their retirement allowance. A retiree who has taken a break from employment for at least one calendar month may return to work in a position covered by the same retirement system for up to five months in a calendar year. The Department of Retirement Systems has long interpreted the limitation in a manner that counts any calendar month in which a retiree works for even one day as one full month against the five-month limit.

By comparison, the post-retirement employment limitation for TRS Plan 1 is defined in statute as between 525 and 840 hours of employment in a school year. This approach provides greater flexibility for a retiree to work part-time throughout the year without a reduction in benefit, as compared to the five calendar month limit that applies to PERS, SERS, and TRS Plans 2 and 3. There are roughly 2080 work hours in a year (40 hours times 52 weeks); 5/12ths of 2080 equals approximately 867 hours.

**Summary of Bill:** Persons who retire from PERS Plans 1 and 2, SERS Plans 2 and 3, and TRS Plans 2 and 3 may work up to 867 hours in a calendar year, in a position that is

included in PERS, SERS, TRS, or the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF), before their retirement allowance is suspended.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 2001.

**Effective Date:** The bill takes effect on January 1, 2002.

**Testimony For:** This bill would provide greater flexibility for PERS retirees to work in part-time positions without having a reduction in their benefits. The change will bring about a greater consistency with the TRS 1 limits on post-retirement employment.

**Testimony Against:** None.

**Testified:** Doug Nelson, PSE; John Kvamme, WASA and AWSP; Leslie Main, WSSRA; Mary Anne Fast, RPEC; Karen Davis, WEA; Mike Ryherd, Teamsters.