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SENATE BILL 6646

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State of Washington 57th Legislature

2002 Regular Session

By Senators Prentice, Hochstatter and Stevens

Read first time 01/24/2002. Referred to Committee on Ways & Means.

1 AN ACT Relating to limiting expanded postretirement employment  
2 hiring in the public employees' retirement system and the teachers'  
3 retirement system to jobs with fewer than four nonretired applicants;  
4 amending RCW 41.40.037; reenacting and amending RCW 41.32.570; and  
5 repealing 2001 2nd sp.s. c 10 s 12.

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

7 **Sec. 1.** RCW 41.32.570 and 2001 2nd sp.s. c 10 s 3 and 2001 c 317  
8 s 1 are each reenacted and amended to read as follows:

9 (1)(a) If a retiree enters employment with an employer sooner than  
10 one calendar month after his or her accrual date, the retiree's monthly  
11 retirement allowance will be reduced by five and one-half percent for  
12 every seven hours worked during that month. This reduction will be  
13 applied each month until the retiree remains absent from employment  
14 with an employer for one full calendar month.

15 (b) The benefit reduction provided in (a) of this subsection will  
16 accrue for a maximum of one hundred forty hours per month. Any monthly  
17 benefit reduction over one hundred percent will be applied to the  
18 benefit the retiree is eligible to receive in subsequent months.

1 (2) Any retired teacher or retired administrator who enters service  
2 in any public educational institution in Washington state and who has  
3 satisfied the break in employment requirement of subsection (1) of this  
4 section shall cease to receive pension payments while engaged in such  
5 service, after the retiree has rendered service for (a) more than one  
6 thousand five hundred hours in a school year if employed in a position  
7 for which fewer than four nonretired members submitted employment  
8 applications, or (b) more than eight hundred sixty-seven hours if  
9 employed in a position for which four or more nonretired members  
10 submitted employment applications. When a retired teacher or  
11 administrator renders service beyond eight hundred sixty-seven hours,  
12 the department shall collect from the employer the applicable employer  
13 retirement contributions for the entire duration of the member's  
14 employment during that fiscal year.

15 (3) The department shall collect and provide the state actuary with  
16 information relevant to the use of this section for the joint committee  
17 on pension policy.

18 (4) The legislature reserves the right to amend or repeal this  
19 section in the future and no member or beneficiary has a contractual  
20 right to be employed for more than (~~five hundred twenty-five~~) eight  
21 hundred sixty-seven hours per year without a reduction of his or her  
22 pension.

23 **Sec. 2.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended  
24 to read as follows:

25 (1)(a) If a retiree enters employment with an employer sooner than  
26 one calendar month after his or her accrual date, the retiree's monthly  
27 retirement allowance will be reduced by five and one-half percent for  
28 every eight hours worked during that month. This reduction will be  
29 applied each month until the retiree remains absent from employment  
30 with an employer for one full calendar month.

31 (b) The benefit reduction provided in (a) of this subsection will  
32 accrue for a maximum of one hundred sixty hours per month. Any benefit  
33 reduction over one hundred percent will be applied to the benefit the  
34 retiree is eligible to receive in subsequent months.

35 (2)(a) A retiree from plan 1 who has satisfied the break in  
36 employment requirement of subsection (1) of this section and who enters  
37 employment with an employer may continue to receive pension payments  
38 while engaged in such service for up to (i) one thousand five hundred

1 hours of service in a calendar year without a reduction of pension if  
2 employed in a position for which fewer than four nonretired members  
3 submitted employment applications, or (ii) eight hundred sixty-seven  
4 hours if employed in a position for which four or more nonretired  
5 members submitted employment applications. When a plan 1 member  
6 renders service beyond eight hundred sixty-seven hours, the department  
7 shall collect from the employer the applicable employer retirement  
8 contributions for the entire duration of the member's employment during  
9 that calendar year.

10 (b) A retiree from plan 2 or plan 3 who has satisfied the break in  
11 employment requirement of subsection (1) of this section may work up to  
12 eight hundred sixty-seven hours in a calendar year in an eligible  
13 position, as defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as  
14 a fire fighter or law enforcement officer, as defined in RCW 41.26.030,  
15 without suspension of his or her benefit.

16 (3) If the retiree opts to reestablish membership under RCW  
17 41.40.023(12), he or she terminates his or her retirement status and  
18 becomes a member. Retirement benefits shall not accrue during the  
19 period of membership and the individual shall make contributions and  
20 receive membership credit. Such a member shall have the right to again  
21 retire if eligible in accordance with RCW 41.40.180. However, if the  
22 right to retire is exercised to become effective before the member has  
23 rendered two uninterrupted years of service, the retirement formula and  
24 survivor options the member had at the time of the member's previous  
25 retirement shall be reinstated.

26 (4) The department shall collect and provide the state actuary with  
27 information relevant to the use of this section for the joint committee  
28 on pension policy.

29 (5) The legislature reserves the right to amend or repeal this  
30 section in the future and no member or beneficiary has a contractual  
31 right to be employed for more than five months in a calendar year  
32 without a reduction of his or her pension.

33 NEW SECTION. **Sec. 3.** 2001 2nd sp.s. c 10 s 12 is repealed.

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