
Appropriations Committee

HB 1748

Brief Description: Hiring retired members of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

Sponsors: Representatives Sommers, Alexander, Fromhold, Kenney, Sehlin, Dunshee and Kagi.

Brief Summary of Bill

- To employ a retiree from the Teachers' Retirement System Plan 1 (TRS 1) or the Public Employees' Retirement System Plan 1 (PERS 1) for more than 867 hours in a year without suspension of pension benefits, the hiring of the retiree must be approved by the highest authority officers of the employer or by a local government adopted rule.
- Limits the post-retirement employment without suspension of retirement benefits to 867 hours per school year beginning July 1, 2004 for TRS 1, and per calendar year beginning January 1, 2005 for PERS 1.

Hearing Date: 2/25/03

Staff: David Pringle (786-7310).

Background:

Retired members of Plan 1 of the Public Employees' Retirement System (PERS) or the Teachers' Retirement System (TRS) who re-enter employment with an eligible employer within one month of retiring are subject to a benefit reduction. The reduction is equal to 5.5 percent of the monthly benefit amount for every eight hours worked that month and is applied until such time as the retiree remains absent from eligible employment for at least one full calendar month.

A member must separate from service in order to qualify for a retirement allowance. Separation from service is defined in PERS and TRS to mean that the member has no written agreement to resume work with their employer after entering retirement. After entering retirement status, a member may begin their retirement allowance on the first day of the month following the month that he or she applies for retirement benefits. The date that

retirement benefits begins is referred to as a member's "accrual date."

Both PERS and TRS provide sanctions for the filing of false statements to the Department of Retirement Systems (DRS). A person who files a false record or false statement to the DRS in any attempt to defraud the retirement systems is guilty of a gross misdemeanor in PERS and a felony in TRS.

Retirees from PERS 1 or TRS 1 who have been separated from service for one calendar month after their accrual date may work up to 1,500 hours per year without a reduction in pension benefits. Once the 1,500 hour limit is exceeded, pension benefits are suspended until the beginning of the following year.

The limits on post-retirement employment were expanded to the 1,500 hour limit for PERS 1 and TRS 1 by the 2001 Legislature through the passage of ESSB 5937. ESSB 5937 expressly disclaimed any contractual right to 1,500 hours of post-retirement without suspension of pension benefits, and it also contained expiration dates for the laws allowing the 1,500 hours in June of 2004 for TRS and December 2004 for PERS. The expiration dates were vetoed from the bill by the Governor.

Summary of Bill:

To employ a retiree from the TRS 1 or the PERS 1 for more than 867 hours in a year without suspension of pension benefits, the hiring of the retiree must be approved by the highest authority of the employer.

For TRS 1, the hiring must be approved by the school board. For PERS 1, the hiring must be approved by the chief executive officer for a state agency, the Chief Clerk of the House of Representatives and the Secretary of the Senate for a Legislative agency, or according to adopted rules for a local government.

The provisions permitting post-retirement employment of PERS 1 and TRS 1 members for 1,500 hours without suspension of benefits expire in 2004. Post-retirement employment without suspension of retirement benefits is limited in all circumstances to 867 hours per school year beginning July 1, 2004, for TRS 1, and per calendar year beginning January 1, 2005, for PERS 1.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.