
Appropriations Committee

HB 1829

Brief Description: Regulating postretirement employment in the public employees' retirement system and the teachers' retirement system.

Sponsors: Representatives Bailey, Sehlin, Talcott, Kristiansen, Clements, Tom, Pearson, McMahan, Benson, Woods and Pflug.

Brief Summary of Bill

- Defines separation from service in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) as excluding circumstances where an employee and their employer have a verbal or written agreement to return to work following termination. Claiming retirement without separating from service is a false claim for retirement benefits.
- Lengthens the break in employment after separation from service required for 1,500 hours of post-retirement employment without suspension of pension benefits to two calendar months for TRS Plan 1, and three calendar months for PERS Plan 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:

The definition of "separation from service" in PERS and TRS excludes circumstances where an employer and employee have a written or verbal agreement to resume employment following termination. Claiming separation from service when such an agreement exists violates the false statement provisions.

The break in employment after separation from service required for 1,500 hours of post-retirement employment without suspension of pension benefits is lengthened to two calendar months for TRS 1, and three calendar months 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.