

# SENATE BILL REPORT

## SHB 1829

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As Reported By Senate Committee On:  
Ways & Means, March 27, 2003

**Title:** An act relating to postretirement employment in the public employees' retirement system and the teachers' retirement system.

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

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Bailey, Sehlin, Talcott, Kristiansen, Clements, Tom, Pearson, McMahan, Benson, Woods and Pflug).

**Brief History:**

**Committee Activity:** Ways & Means: 3/27/03 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Fraser, Hale, Honeyford, Johnson, Parlette, Roach and Sheahan.

**Staff:** Erik Sund (786-7454)

**Background:** Retired members of Plan 1 of the Public Employees' Retirement System (PERS 1) or the Teachers' Retirement System (TRS 1) 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. After a month of separation, retirees may work up to 1,500 hours per year without a reduction in pension benefits.

**Summary of Bill:** The number of hours that a retired member of PERS 1 or TRS 1 may work for an eligible employer after one month of separation without pension benefit reductions is decreased from 1,500 to 867. TRS 1 retirees who are separated from eligible employment for at least one and one half months from their date of accrual before returning may work up to 1,500 hours without having their pension payments suspended. PERS 1 retirees who are separated from eligible employment for at least three months from their date of accrual before returning may also work up to 1,500 hours without suspension of retirement benefits. A cumulative limit of 3,165 hours for teachers and principals and 1,900 hours for all other employees is established on the number of hours over 867 per year that a retiree may work while collecting pension benefits.

Employers are required to rehire retired employees through established means. Final approval of the rehiring of a retiree who is expected to work more than 867 hours per year

must be made by the highest public officer of the employer. Employers must also keep records of the recruitment and interview processes for those actions in which retired employees are rehired.

TRS employers must have documented justifiable need to rehire a retiree.

Separation rules are changed so that separation does not occur if an employee and an employer have an oral or written agreement that the employee will be rehired after retirement.

PERS employers are required to develop human resource policies regarding the rehiring of employees under the three-month separation provision.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.