

SENATE BILL REPORT

SB 5454

As of February 17, 2003

Title: An act relating to procedures for rehiring retirees of the public employees' retirement system plan 1.

Brief Description: Rehiring retirees of the public employees' retirement system plan 1.

Sponsors: Senators Fraser, Carlson and Spanel.

Brief History:

Committee Activity: Ways & Means: 2/18/03.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: Retired members of Plan 1 of the Public Employees' Retirement System (PERS 1) who re-enter employment with a PERS 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 may work for an eligible employer after one month of separation without receiving pension benefit reductions is decreased from 1,500 to 867. PERS 1 retirees who remain separated from employment for 90 days or more before returning may work up to 1,500 hours without having their pension payments reduced.

Employers are required to develop human resource policies regarding the rehiring of retired employees and to keep records of the recruitment and interview processes for those actions in which retired employees are rehired. The highest public officer of an employer must approve all such rehiring.

The State Auditor must audit state and local government human resource practices related to the rehiring of retirees. The authority and duty to audit local government rehiring practices expires on December 31, 2007.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 2003.

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