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HOUSE BILL 1748

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Sommers, Alexander, Fromhold, Kenney, Sehlin,  
Dunshee and Kagi

Read first time 02/06/2003. Referred to Committee on Appropriations.

1            AN ACT Relating to hiring retired members of the public employees'  
2 retirement system plan 1 and the teachers' retirement system plan 1;  
3 amending RCW 41.32.570, 41.40.037, and 41.40.037; repealing 2001 c 317  
4 s 1; providing an effective date; and providing an expiration date.

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

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

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

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

18            (2)(a) Between July 1, 2003, and June 30, 2004, any retired teacher  
19 or retired administrator who enters service in any public educational

1 institution in Washington state and who has satisfied the break in  
2 employment requirement of subsection (1) of this section and the  
3 conditions of employment of (b) of this subsection shall cease to  
4 receive pension payments while engaged in such service after the  
5 retiree has rendered service for more than one thousand five hundred  
6 hours in a school year. When a retired teacher or administrator  
7 renders service beyond eight hundred sixty-seven hours, the department  
8 shall collect from the employer the applicable employer retirement  
9 contributions for the entire duration of the member's employment during  
10 that fiscal year. A retired teacher or retired administrator who has  
11 satisfied the break in employment requirement of subsection (1) of this  
12 section but engages in service without satisfying the conditions of  
13 employment of (b) of this subsection shall cease to receive pension  
14 payments while engaged in such service after the retiree has rendered  
15 service for more than eight hundred sixty-seven hours in a school year.

16 (b) To be eligible to receive pension payments for up to one  
17 thousand five hundred hours in a school year under (a) of this  
18 subsection, the school board of the prospective employer of a retired  
19 teacher or retired administrator must approve the hiring of the retiree  
20 in an open public meeting.

21 (3) On or after July 1, 2004, any retired teacher or retired  
22 administrator who enters service in any public educational institution  
23 in Washington state and who has satisfied the break in employment  
24 requirement of subsection (1) of this section shall cease to receive  
25 pension payments while engaged in such service, after the retiree has  
26 rendered service for more than ((one thousand five hundred)) eight  
27 hundred sixty-seven hours in a school year. ((When a retired teacher  
28 or administrator renders service beyond eight hundred sixty seven  
29 hours, the department shall collect from the employer the applicable  
30 employer retirement contributions for the entire duration of the  
31 member's employment during that fiscal year.

32 ~~(3))~~ (4) The department shall collect and provide the state  
33 actuary with information relevant to the use of this section for the  
34 joint committee on pension policy.

35 ~~((4))~~ (5) The legislature reserves the right to amend or repeal  
36 this section in the future and no member or beneficiary has a  
37 contractual right to be employed for more than ((five)) eight hundred

1 ((~~twenty-five~~)) forty hours per year without a reduction of his or her  
2 pension.

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

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

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

15 (2)(a) A retiree from plan 1 who has satisfied the break in  
16 employment requirement of subsection (1) of this section and who enters  
17 employment that satisfies the conditions of (b) of this subsection with  
18 an employer may continue to receive pension payments while engaged in  
19 such service for up to one thousand five hundred hours of service in a  
20 calendar year without a reduction of pension. When a plan 1 member  
21 renders service beyond eight hundred sixty-seven hours, the department  
22 shall collect from the employer the applicable employer retirement  
23 contributions for the entire duration of the member's employment during  
24 that calendar year. A retiree from plan 1 who has satisfied the break  
25 in employment requirement of subsection (1) of this section but enters  
26 employment without satisfying the conditions of (b) of this subsection  
27 may continue to receive pension payments while engaged in such service  
28 for up to eight hundred sixty-seven hours in a calendar year.

29 (b) To employ a retiree from plan 1 for up to one thousand five  
30 hundred hours of service in a calendar year without a reduction in  
31 pension, the employment of the retiree must be approved by the chief  
32 executive officer of a state agency employer, the secretary of the  
33 senate and the chief clerk of the house of representatives for a  
34 legislative agency employer, or according to rules adopted for the  
35 rehiring of retired plan 1 members for a local government employer.

36 ((~~(b)~~)) (c) A retiree from plan 2 or plan 3 who has satisfied the  
37 break in employment requirement of subsection (1) of this section may

1 work up to eight hundred sixty-seven hours in a calendar year in an  
2 eligible position, as defined in RCW 41.32.010, 41.35.010, or  
3 41.40.010, or as a fire fighter or law enforcement officer, as defined  
4 in RCW 41.26.030, without suspension of his or her benefit.

5 (3) If the retiree opts to reestablish membership under RCW  
6 41.40.023(12), he or she terminates his or her retirement status and  
7 becomes a member. Retirement benefits shall not accrue during the  
8 period of membership and the individual shall make contributions and  
9 receive membership credit. Such a member shall have the right to again  
10 retire if eligible in accordance with RCW 41.40.180. However, if the  
11 right to retire is exercised to become effective before the member has  
12 rendered two uninterrupted years of service, the retirement formula and  
13 survivor options the member had at the time of the member's previous  
14 retirement shall be reinstated.

15 (4) 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 (5) 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 months in a calendar year  
21 without a reduction of his or her pension.

22 **Sec. 3.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended  
23 to read as follows:

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

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

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

1 eight hundred sixty-seven hours of service in a calendar year without  
2 a reduction of pension. (~~When a plan 1 member renders service beyond~~  
3 ~~eight hundred sixty seven hours, the department shall collect from the~~  
4 ~~employer the applicable employer retirement contributions for the~~  
5 ~~entire duration of the member's employment during that calendar year.~~)

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

12 (3) If the retiree opts to reestablish membership under RCW  
13 41.40.023(12), he or she terminates his or her retirement status and  
14 becomes a member. Retirement benefits shall not accrue during the  
15 period of membership and the individual shall make contributions and  
16 receive membership credit. Such a member shall have the right to again  
17 retire if eligible in accordance with RCW 41.40.180. However, if the  
18 right to retire is exercised to become effective before the member has  
19 rendered two uninterrupted years of service, the retirement formula and  
20 survivor options the member had at the time of the member's previous  
21 retirement shall be reinstated.

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

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

29 NEW SECTION. **Sec. 4.** Section 2 of this act expires January 1,  
30 2005.

31 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect January  
32 1, 2005.

33 NEW SECTION. **Sec. 6.** 2001 c 317 s 1 is repealed.

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