

---

HOUSE BILL 1083

---

State of Washington

62nd Legislature

2011 Regular Session

By Representative Bailey

Prefiled 01/07/11.

1 AN ACT Relating to postretirement employment of members of the  
2 Washington state retirement systems; and amending RCW 41.40.037,  
3 41.32.570, 41.35.060, 41.35.230, and 41.37.050.

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

5 **Sec. 1.** RCW 41.40.037 and 2007 c 50 s 5 are each amended to read  
6 as follows:

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

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

17 (2)((~~(a) Except as provided in (b) of this subsection,~~) A retiree  
18 from plan 1, plan 2, or plan 3 who enters employment with an employer  
19 at least one calendar month after his or her accrual date may continue

1 to receive pension payments while engaged in such service for up to  
2 eight hundred sixty-seven hours of service in a calendar year without  
3 a reduction of pension. For purposes of this section, employment  
4 includes positions covered by annuity and retirement income plans  
5 offered by institutions of higher education pursuant to RCW 28B.10.400.

6 ~~((b) A retiree from plan 1 who enters employment with an employer~~  
7 ~~at least three calendar months after his or her accrual date and:~~

8 ~~(i) Is hired pursuant to a written policy into a position for which~~  
9 ~~the employer has documented a justifiable need to hire a retiree into~~  
10 ~~the position;~~

11 ~~(ii) Is hired through the established process for the position with~~  
12 ~~the approval of: A school board for a school district; the chief~~  
13 ~~executive officer of a state agency employer; the secretary of the~~  
14 ~~senate for the senate; the chief clerk of the house of representatives~~  
15 ~~for the house of representatives; the secretary of the senate and the~~  
16 ~~chief clerk of the house of representatives jointly for the joint~~  
17 ~~legislative audit and review committee, the select committee on pension~~  
18 ~~policy, the legislative evaluation and accountability program, the~~  
19 ~~legislative systems committee, and the statute law committee; or~~  
20 ~~according to rules adopted for the rehiring of retired plan 1 members~~  
21 ~~for a local government employer;~~

22 ~~(iii) The employer retains records of the procedures followed and~~  
23 ~~decisions made in hiring the retiree, and provides those records in the~~  
24 ~~event of an audit; and~~

25 ~~(iv) The employee has not already rendered a cumulative total of~~  
26 ~~more than one thousand nine hundred hours of service while in receipt~~  
27 ~~of pension payments beyond an annual threshold of eight hundred sixty-~~  
28 ~~seven hours;~~

29 ~~shall cease to receive pension payments while engaged in that service~~  
30 ~~after the retiree has rendered service for more than one thousand five~~  
31 ~~hundred hours in a calendar year. The one thousand nine hundred hour~~  
32 ~~cumulative total under this subsection applies prospectively to those~~  
33 ~~retiring after July 27, 2003, and retroactively to those who retired~~  
34 ~~prior to July 27, 2003, and shall be calculated from the date of~~  
35 ~~retirement.~~

36 ~~(c) When a plan 1 member renders service beyond eight hundred~~  
37 ~~sixty seven hours, the department shall collect from the employer the~~

1 ~~applicable employer retirement contributions for the entire duration of~~  
2 ~~the member's employment during that calendar year.~~

3 ~~(d) A retiree from plan 2 or plan 3 who has satisfied the break in~~  
4 ~~employment requirement of subsection (1) of this section may work up to~~  
5 ~~eight hundred sixty seven hours in a calendar year in an eligible~~  
6 ~~position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or~~  
7 ~~41.40.010, or as a firefighter or law enforcement officer, as defined~~  
8 ~~in RCW 41.26.030, without suspension of his or her benefit.))~~

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

19 (4) The department shall collect and provide the state actuary with  
20 information relevant to the use of this section for the select  
21 committee on pension policy.

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

26 **Sec. 2.** RCW 41.32.570 and 2007 c 50 s 3 are each amended to read  
27 as follows:

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

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

1           (2) (~~Except under subsection (3) of this section, any~~) A retired  
2 teacher or retired administrator who enters service in any public  
3 educational institution in Washington state at least one calendar month  
4 after his or her accrual date shall cease to receive pension payments  
5 while engaged in such service, after the retiree has rendered service  
6 for more than eight hundred sixty-seven hours in a school year.

7           (3) (~~Any retired teacher or retired administrator who enters  
8 service in any public educational institution in Washington state one  
9 and one-half calendar months or more after his or her accrual date and:~~

10           ~~(a) Is hired pursuant to a written policy into a position for which  
11 the school board has documented a justifiable need to hire a retiree  
12 into the position;~~

13           ~~(b) Is hired through the established process for the position with  
14 the approval of the school board or other highest decision-making  
15 authority of the prospective employer;~~

16           ~~(c) Whose employer retains records of the procedures followed and  
17 the decisions made in hiring the retired teacher or retired  
18 administrator and provides those records in the event of an audit; and~~

19           ~~(d) The employee has not already rendered a cumulative total of  
20 more than one thousand nine hundred hours of service while in receipt  
21 of pension payments beyond an annual threshold of eight hundred sixty-  
22 seven hours;~~

23 ~~shall cease to receive pension payments while engaged in that service  
24 after the retiree has rendered service for more than one thousand five  
25 hundred hours in a school year. The one thousand nine hundred hour  
26 cumulative total limitation under this section applies prospectively  
27 after July 22, 2007.~~

28           ~~(4) When a retired teacher or administrator renders service beyond  
29 eight hundred sixty-seven hours, the department shall collect from the  
30 employer the applicable employer retirement contributions for the  
31 entire duration of the member's employment during that fiscal year.~~

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

35           ~~((6))~~ (4) 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 hundred twenty-five  
38 hours per year without a reduction of his or her pension.

1       **Sec. 3.** RCW 41.35.060 and 2004 c 242 s 64 are each amended to read  
2 as follows:

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

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

13       (2) A retiree who has satisfied the break in employment requirement  
14 of subsection (1) of this section may work up to eight hundred sixty-  
15 seven hours per calendar year in an eligible position, as defined in  
16 RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or as a firefighter  
17 or law enforcement officer, as defined in RCW 41.26.030, or in a  
18 position covered by an annuity and retirement income plans offered by  
19 institutions of higher education pursuant to RCW 28B.10.400, without  
20 suspension of his or her benefit.

21       (3) If the retiree opts to reestablish membership under RCW  
22 41.35.030, he or she terminates his or her retirement status and  
23 becomes a member. Retirement benefits shall not accrue during the  
24 period of membership and the individual shall make contributions and  
25 receive membership credit. Such a member shall have the right to again  
26 retire if eligible in accordance with RCW 41.35.420 or 41.35.680.  
27 However, if the right to retire is exercised to become effective before  
28 the member has rendered two uninterrupted years of service, the  
29 retirement formula and survivor options the member had at the time of  
30 the member's previous retirement shall be reinstated.

31       **Sec. 4.** RCW 41.35.230 and 2004 c 242 s 56 are each amended to read  
32 as follows:

33       (1) Except as provided in RCW 41.35.060, no retiree under the  
34 provisions of plan 2 shall be eligible to receive such retiree's  
35 monthly retirement allowance if he or she is employed in an eligible  
36 position as defined in RCW 41.35.010, 41.40.010, 41.37.010, or  
37 41.32.010, or as a law enforcement officer or firefighter as defined in

1 RCW 41.26.030, or in a position covered by an annuity and retirement  
2 income plans offered by institutions of higher education pursuant to  
3 RCW 28B.10.400, except that a retiree who ends his or her membership in  
4 the retirement system pursuant to RCW 41.40.023(3)(b) is not subject to  
5 this section if the retiree's only employment is as an elective  
6 official.

7 (2) If a retiree's benefits have been suspended under this section,  
8 his or her benefits shall be reinstated when the retiree terminates the  
9 employment that caused his or her benefits to be suspended. Upon  
10 reinstatement, the retiree's benefits shall be actuarially recomputed  
11 pursuant to the rules adopted by the department.

12 (3) The department shall adopt rules implementing this section.

13 **Sec. 5.** RCW 41.37.050 and 2005 c 327 s 6 are each amended to read  
14 as follows:

15 (1)(a) If a retiree enters employment in an eligible position with  
16 an employer as defined in this chapter sooner than one calendar month  
17 after his or her accrual date, the retiree's monthly retirement  
18 allowance will be reduced by five and one-half percent for every eight  
19 hours worked during that month. This reduction will be applied each  
20 month until the retiree remains absent from employment with an employer  
21 for one full calendar month.

22 (b) If a retiree enters employment in an eligible position with an  
23 employer as defined in chapter 41.32, 41.35, or 41.40 RCW, or a  
24 position covered by an annuity and retirement income plans offered by  
25 institutions of higher education pursuant to RCW 28B.10.400, sooner  
26 than one calendar month after his or her accrual date, the retiree's  
27 monthly retirement allowance will be reduced by five and one-half  
28 percent for every eight hours worked during that month. This reduction  
29 will be applied each month until the retiree remains absent from  
30 employment with an employer for one full calendar month.

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

35 (2) A retiree who has satisfied the break in employment requirement  
36 of subsection (1) of this section may work up to eight hundred sixty-

1 seven hours per calendar year in an eligible position as defined in RCW  
2 41.32.010, 41.35.010, or 41.40.010, without suspension of his or her  
3 benefit.

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

14 (4) The department shall collect and provide the state actuary with  
15 information relevant to the use of this section for the select  
16 committee on pension policy.

--- END ---