

SENATE BILL REPORT

HB 2407

As Reported by Senate Committee On:
Ways & Means, February 27, 2014

Title: An act relating to correcting restrictions on collecting a pension in the public employees' retirement system for retirees returning to work in an ineligible position or a position covered by a different state retirement system.

Brief Description: Correcting restrictions on collecting a pension in the public employees' retirement system for retirees returning to work in an ineligible position or a position covered by a different state retirement system.

Sponsors: Representatives Ormsby, Sullivan and Chandler.

Brief History: Passed House: 2/13/14, 97-0.

Committee Activity: Ways & Means: 2/27/14 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Billig, Braun, Conway, Dammeier, Fraser, Frockt, Hasegawa, Hatfield, Kohl-Welles, Padden, Parlette, Schoesler and Tom.

Staff: Pete Cutler (786-7474)

Background: The various plans of the Washington State retirement systems each contain rules that define the circumstances under which a retired employee may return to employment within a retirement system-covered position and continue to receive retirement benefits.

In 2011 the Legislature passed Engrossed Substitute House Bill 1981 (ESHB 1981), Chapter 47, Laws of 2011, 1st Special Session, which changed the rules of post-retirement employment provisions for persons who retired from the Public Employees' Retirement System (PERS) or the Teachers' Retirement System (TRS). The bill eliminated provisions allowing PERS and TRS Plan 1 retirees to work for up to 1500 hours per year for three years, or certain part-time equivalents, without suspension of retirement benefits.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Prior to the passage of ESHB 1981, retirees from Plans 2 or 3 of PERS, TRS, the School Employees' Retirement System (SERS), or the Public Safety Employees' Retirement System (PSERS) all could work in a retirement-eligible position for up to 867 hours per calendar year without a reduction in pension benefits.

ESHB 1981 removed the 867-hour option for PERS Plans 2 and 3 members who return to work in other systems, e.g. TRS, SERS, etc., meaning those retirees would experience an immediate suspension of benefits if they are employed in a position covered by the other systems. By contrast, PERS retirees who return to work in PERS-covered positions are permitted to work up to 867 hours per year without a suspension of benefits. ESHB 1981 also applied the 867-hour limit to PERS retirees that return to work with employers in positions that are not eligible for retirement system membership.

The Department of Retirement Systems (DRS) reports that it is not administering the changes made to the PERS Plans 2 and 3 benefits as they apply to members who return to work in other systems or who return to work in ineligible positions.

Summary of Bill: PERS retirees who return to work in positions covered by other DRS-administered retirement systems will continue to receive their PERS retirement benefits for the first 867 hours of employment per calendar year. The application of the 867-hour return-to-work rules to PERS retirees is applied only to retirees hired into retirement benefits-eligible positions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.