

SENATE BILL REPORT

SB 5211

As Reported by Senate Committee On:
Ways & Means, February 9, 2015

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: Senators Bailey, Conway, Hobbs and Schoesler; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/02/15, 2/09/15 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hatfield, Hewitt, Kohl-Welles, O'Ban, Parlette, Rolfes, Schoesler and Warnick.

Minority Report: Do not pass.

Signed by Senator Honeyford, Vice Chair, Capital Budget Chair.

Minority Report: That it be referred without recommendation.

Signed by Senator Padden.

Staff: Pete Cutler (786-7474)

Background: The various plans of the Washington State Retirement System each have rules that limit when a retiree 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 (ESHB) 1981 which made changes to the rules under which Public Employees' Retirement System (PERS) and

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Teachers' Retirement System (TRS) retirees may return to employment. Provisions allowing PERS and TRS Plan 1 members to work for up to 1500 hours per year for three years, or certain part-time equivalents, without suspension of retirement benefits were eliminated.

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

An eligible position for purposes of the state retirement systems is generally one in which retirement benefits can be earned by an employee, unless there is some individual restriction on benefits eligibility, such as already being retired, or the employee is stopped from membership due to prior service earned in another state-administered retirement plan.

Engrossed Substitute House Bill 1981 removed the 867-hour option for PERS Plans 2 or 3 retirees who return to work in other systems – e.g. TRS, SERS, etc. However, the PERS retirees who return to work in PERS-covered positions may continue to work up to 867 hours per year without a suspension of benefits. Engrossed Substitute House Bill 1981 also applied the 867-hour limit to PERS retirees working in ineligible positions which is not the case for retirees of other systems – e.g. TRS, SERS, etc.

Summary of Bill: PERS retirees who return to work in positions covered by other Department of Retirement Systems-administered retirement systems continue to receive 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: PRO: This bill would reestablish the consistent treatment of postretirement employment restrictions among state retirement plans. If the bill is not enacted, there is a risk of litigation and administrative burdens for employers that do not have systems for reporting to Department of Retirement Systems (DRS) employees who are in positions that are not eligible for a DRS-administered retirement plan.

Persons Testifying: PRO: Jacob While, DRS.