

SENATE BILL REPORT

SB 6125

As of January 16, 2020

Title: An act relating to postretirement work in an elected city or county council position.

Brief Description: Concerning postretirement work in an elected city or county council position.

Sponsors: Senator Hunt.

Brief History:

Committee Activity: Ways & Means: 1/15/20.

Brief Summary of Bill

- Allows a Public Employees' Retirement System retiree to return to work in an elected city or county council position for up to 1080 hours per year without suspension of their pension benefit, even if they took an early retirement option.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: Early Retirement. The normal retirement age for members of Plans 2 and 3 of the Public Employees Retirement System (PERS) is age 65. PERS Plan 2 members with at least 20 years of service and PERS Plan 3 members with at least 10 years of service can retire as early as age 55. Benefits paid to persons who retire early from PERS Plans 2 or 3 with less than 30 years of service are calculated using early retirement factors that provide a full actuarial reduction based on the number of years between the retirement age and age 65. The actuarial reduction factors are recalculated periodically by the state actuary. There is a 10.2 percent reduction of benefits at age 64, a 40.6 percent reduction at age 60, and a 63.5 percent reduction at age 60.

Two early retirement factor options are available to TRS Plan 2 and 3 members who retire with 30 or more years and were covered by PERS Plan 2 or 3 prior to May 1, 2013. The first of these options was created in 2000 and reduces benefits by 3 percent for each year between

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retirement age and age 65. For example, there is a 15 percent reduction of benefits for someone retiring at age 60 and a 30 percent reduction for someone retiring at age 55.

The second was implemented in 2008 as a replacement for gain-sharing benefits and is referred to as the 2008 early retirement factors (2008 ERFs). Under the 2008 ERFs there is no reduction of benefits as early as age 62 with no reduction of benefits. There is a 2 percent reduction at age 61, 5 percent at age 60, and 20 percent at age 65.

Post Retirement Employment Options. State law does not prohibit PERS retirees from returning to work, but it does limit when a retiree may work without suspension of their pension benefits. A PERS retiree can work for up to 867 hours per year in a position covered by any of the state's pension systems without suspension of their benefits.

PERS Plan 1 or 2 retirees that took early retirement under the 2008 ERFs is ineligible to work in a position covered by any of the state's pension systems without suspension of their benefits until they reach age 65. At age 65 they can work for up to 867 hours without suspension of their benefits, like other PERS retirees.

Summary of Bill: A PERS retiree, including those that took an early retirement under the 2008 ERFs, may work up to 1080 hours per year serving as an elected city or county council member without suspension of their pension benefits.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This could be crafted even more narrowly so that it only applies to small jurisdictions and other jobs that are not fulltime.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.