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**SUBSTITUTE SENATE BILL 5738**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Wellman, Short, Cortes, Warnick, Cleveland, Lias, Stanford, Valdez, and C. Wilson)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to permitting individuals retired from the public  
2 employees' retirement system, the teachers' retirement system, the  
3 school employees' retirement system, and the public safety employees'  
4 retirement system additional opportunities to work for up to 1,040  
5 hours per year while in receipt of pension benefits; amending RCW  
6 41.32.570, 41.32.802, 41.32.862, 41.35.060, 41.37.050, and 41.40.037;  
7 and declaring an emergency.

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

9 **Sec. 1.** RCW 41.32.570 and 2022 c 110 s 1 are each amended to  
10 read as follows:

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

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

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

7 (3) (a) Between March 23, 2022, and (~~July 1, 2025~~) January 1,  
8 2030, a retiree who reenters employment more than one calendar month  
9 after his or her accrual date, and who enters service in a school  
10 district in a nonadministrative position shall continue to receive  
11 pension payments while engaged in such service, until the retiree has  
12 rendered service for more than 1,040 hours in a school year.

13 (b) Between March 23, 2022, and (~~July 1, 2025~~) January 1, 2030,  
14 a retiree that retired before January 1, 2022, and who enters service  
15 in a second-class school district, as defined in RCW 28A.300.065, as  
16 either a district superintendent or an in-school administrator shall  
17 continue to receive pension payments while engaged in such service,  
18 until the retiree has rendered service for more than 1,040 hours in a  
19 school year.

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

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

27 **Sec. 2.** RCW 41.32.802 and 2023 c 410 s 3 are each amended to  
28 read as follows:

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

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

1 (2)(a) A retiree who has satisfied the break in employment  
2 requirement of subsection (1) of this section, may work up to eight  
3 hundred sixty-seven hours per calendar year in an eligible position,  
4 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or  
5 as a firefighter or law enforcement officer, as defined in RCW  
6 41.26.030, or in a position covered by annuity and retirement income  
7 plans offered by institutions of higher education pursuant to RCW  
8 28B.10.400, without suspension of his or her benefit.

9 (b)(i) Between March 23, 2022, and (~~July 1, 2025~~) January 1,  
10 2030, a retiree who reenters employment more than one month after his  
11 or her accrual date, and who enters service in a school district in a  
12 nonadministrative position shall continue to receive pension payments  
13 while engaged in such service, until the retiree has rendered service  
14 for more than 1,040 hours in a calendar year.

15 (ii) Between March 23, 2022, and (~~July 1, 2025~~) January 1,  
16 2030, a retiree that retired before January 1, 2022, and who enters  
17 service in a second-class school district, as defined in RCW  
18 28A.300.065, as either a district superintendent or an in-school  
19 administrator shall continue to receive pension payments while  
20 engaged in such service, until the retiree has rendered service for  
21 more than 1,040 hours in a calendar year.

22 (iii) The legislature reserves the right to amend or repeal this  
23 subsection (2)(b) in the future and no member or beneficiary has a  
24 contractual right to be employed for more than 867 hours in a  
25 calendar year without a reduction of his or her pension.

26 (3) If the retiree opts to reestablish membership under RCW  
27 41.32.044, he or she terminates his or her retirement status and  
28 immediately becomes a member. Retirement benefits shall not accrue  
29 during the period of membership and the individual shall make  
30 contributions and receive membership credit. Such a member shall have  
31 the right to again retire if eligible.

32 **Sec. 3.** RCW 41.32.862 and 2023 c 410 s 4 are each amended to  
33 read as follows:

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

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

5 (2)(a) A retiree who has satisfied the break in employment  
6 requirement of subsection (1) of this section, may work up to eight  
7 hundred sixty-seven hours per calendar year in an eligible position,  
8 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or  
9 as a firefighter or law enforcement officer, as defined in RCW  
10 41.26.030, or in a position covered by annuity and retirement income  
11 plans offered by institutions of higher education pursuant to RCW  
12 28B.10.400, without suspension of his or her benefit.

13 (b)(i) Between March 23, 2022, and (~~July 1, 2025~~) January 1,  
14 2030, a retired teacher or retired administrator who reenters  
15 employment more than one month after his or her accrual date, and who  
16 enters service in a school district in a nonadministrative position  
17 shall continue to receive pension payments while engaged in such  
18 service, until the retiree has rendered service for more than 1,040  
19 hours in a calendar year.

20 (ii) Between March 23, 2022, and (~~July 1, 2025~~) January 1,  
21 2030, a retiree that retired before January 1, 2022, and who enters  
22 service in a second-class school district, as defined in RCW  
23 28A.300.065, as either a district superintendent or an in-school  
24 administrator shall continue to receive pension payments while  
25 engaged in such service, until the retiree has rendered service for  
26 more than 1,040 hours in a calendar year.

27 (iii) The legislature reserves the right to amend or repeal this  
28 subsection (2)(b) in the future and no member or beneficiary has a  
29 contractual right to be employed for more than 867 hours in a  
30 calendar year without a reduction of his or her pension.

31 (3) If the retiree opts to reestablish membership under RCW  
32 41.32.044, he or she terminates his or her retirement status and  
33 immediately becomes a member. Retirement benefits shall not accrue  
34 during the period of membership and the individual shall make  
35 contributions and receive membership credit. Such a member shall have  
36 the right to again retire if eligible.

37 **Sec. 4.** RCW 41.35.060 and 2023 c 410 s 6 are each amended to  
38 read as follows:

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

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

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

19 (b) Between March 23, 2022, and (~~July 1, 2025~~) January 1, 2030,  
20 a retiree, including a retiree who has retired under the alternate  
21 early retirement provisions of RCW 41.35.420(3)(b) or  
22 41.35.680(3)(b), who reenters employment more than one month after  
23 his or her accrual date, and who enters service in a school district  
24 in a nonadministrative position shall continue to receive pension  
25 payments while engaged in such service, until the retiree has  
26 rendered service for more than 1,040 hours in a calendar year. The  
27 legislature reserves the right to amend or repeal this subsection  
28 (2)(b) in the future and no member or beneficiary has a contractual  
29 right to be employed for more than 867 hours in a calendar year  
30 without a reduction of his or her pension.

31 (3) If the retiree opts to reestablish membership under RCW  
32 41.35.030, he or she terminates his or her retirement status and  
33 becomes a member. Retirement benefits shall not accrue during the  
34 period of membership and the individual shall make contributions and  
35 receive membership credit. Such a member shall have the right to  
36 again retire if eligible in accordance with RCW 41.35.420 or  
37 41.35.680. However, if the right to retire is exercised to become  
38 effective before the member has rendered two uninterrupted years of  
39 service, the retirement formula and survivor options the member had  
40 at the time of the member's previous retirement shall be reinstated.

1       **Sec. 5.** RCW 41.37.050 and 2023 c 99 s 1 are each amended to read  
2 as follows:

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

10       (b) If a retiree enters employment in an eligible position with  
11 an employer as defined in chapter 41.32, 41.35, or 41.40 RCW sooner  
12 than one calendar month after his or her accrual date, the retiree's  
13 monthly retirement allowance will be reduced by five and one-half  
14 percent for every eight hours worked during that month. This  
15 reduction will be applied each month until the retiree remains absent  
16 from employment with an employer for one full calendar month.

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

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

30       (b) Between April 14, 2023, and (~~July 1, 2026~~) January 1, 2030,  
31 a retiree who has satisfied the break in employment requirement of  
32 subsection (1) of this section, and who enters service in a  
33 nonadministrative position as a licensed nurse for a state agency,  
34 shall continue to receive pension payments while engaged in such  
35 service, until the retiree has rendered service for more than 1,040  
36 hours in a calendar year.

37       (3) If the retiree opts to reestablish membership under this  
38 chapter, he or she terminates his or her retirement status and  
39 becomes a member. Retirement benefits shall not accrue during the  
40 period of membership and the individual shall make contributions and

1 receive membership credit. Such a member shall have the right to  
2 again retire if eligible in accordance with this chapter. However, if  
3 the right to retire is exercised to become effective before the  
4 member has rendered two uninterrupted years of service, the  
5 retirement formula and survivor options the member had at the time of  
6 the member's previous retirement shall be reinstated.

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

10 **Sec. 6.** RCW 41.40.037 and 2023 c 99 s 2 are each amended to read  
11 as follows:

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

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

22 (2)(a) A retiree from plan 1, plan 2, or plan 3 who has satisfied  
23 the break in employment requirement of subsection (1) of this section  
24 may work up to eight hundred sixty-seven hours per calendar year in  
25 an eligible position, as defined in RCW 41.32.010, 41.35.010,  
26 41.37.010, or 41.40.010, or as a firefighter or law enforcement  
27 officer, as defined in RCW 41.26.030, or in a position covered by  
28 annuity and retirement income plans offered by institutions of higher  
29 education pursuant to RCW 28B.10.400, without suspension of his or  
30 her benefit.

31 (b) Between March 23, 2022, and (~~July 1, 2025~~) January 1, 2030,  
32 a retiree, including a retiree who has retired under the alternate  
33 early retirement provisions of RCW 41.40.630(3)(b) or  
34 41.40.820(3)(b), who reenters employment more than 100 days after his  
35 or her accrual date, and who enters service in a school district in a  
36 nonadministrative position shall continue to receive pension payments  
37 while engaged in such service, until the retiree has rendered service  
38 for more than 1,040 hours in a calendar year.

1 (c) Between April 14, 2023, and (~~July 1, 2026~~) January 1, 2030,  
2 a retiree, including a retiree who has retired under the alternate  
3 early retirement provisions of RCW 41.40.630(3)(b) or  
4 41.40.820(3)(b), and who enters service in a nonadministrative  
5 position as a licensed nurse for a state agency, shall continue to  
6 receive pension payments while engaged in such service, until the  
7 retiree has rendered service for more than 1,040 hours in a calendar  
8 year.

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  
14 again retire if eligible in accordance with RCW 41.40.180. However,  
15 if the right to retire is exercised to become effective before the  
16 member has rendered two uninterrupted years of service, the  
17 retirement formula and survivor options the member had at the time of  
18 the member's previous retirement shall be reinstated.

19 (4) The department shall collect and provide the state actuary  
20 with 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 NEW SECTION. **Sec. 7.** This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of  
28 the state government and its existing public institutions, and takes  
29 effect immediately.

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