
SENATE BILL 5738

State of Washington

69th Legislature

2025 Regular Session

By Senators Wellman, Short, Cortes, Warnick, Cleveland, Lias, Stanford, Valdez, and C. Wilson

Read first time 02/12/25. Referred to Committee on Ways & Means.

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

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

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

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

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

20 (2) Any retired teacher or retired administrator who enters
21 service in any public educational institution in Washington state at

1 least one calendar month after his or her accrual date shall cease to
2 receive pension payments while engaged in such service, after the
3 retiree has rendered service for more than eight hundred sixty-seven
4 hours in a school year.

5 (3) (a) Between March 23, 2022, and July 1, (~~2025~~) 2029, a
6 retiree who reenters employment more than one calendar month after
7 his or her accrual date, and who enters service in a school district
8 in a nonadministrative position shall continue to receive pension
9 payments while engaged in such service, until the retiree has
10 rendered service for more than 1,040 hours in a school year.

11 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree
12 that retired before January 1, 2022, and who enters service in a
13 second-class school district, as defined in RCW 28A.300.065, as
14 either a district superintendent or an in-school administrator shall
15 continue to receive pension payments while engaged in such service,
16 until the retiree has rendered service for more than 1,040 hours in a
17 school year.

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

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

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

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

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

37 (2) (a) A retiree who has satisfied the break in employment
38 requirement of subsection (1) of this section, may work up to eight
39 hundred sixty-seven hours per calendar year in an eligible position,

1 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or
2 as a firefighter or law enforcement officer, as defined in RCW
3 41.26.030, or in a position covered by annuity and retirement income
4 plans offered by institutions of higher education pursuant to RCW
5 28B.10.400, without suspension of his or her benefit.

6 (b) (i) Between March 23, 2022, and July 1, (~~(2025)~~) 2029, a
7 retiree who reenters employment more than one month after his or her
8 accrual date, and who enters service in a school district in a
9 nonadministrative position shall continue to receive pension payments
10 while engaged in such service, until the retiree has rendered service
11 for more than 1,040 hours in a calendar year.

12 (ii) Between March 23, 2022, and July 1, (~~(2025)~~) 2029, a retiree
13 that retired before January 1, 2022, and who enters service in a
14 second-class school district, as defined in RCW 28A.300.065, as
15 either a district superintendent or an in-school administrator shall
16 continue to receive pension payments while engaged in such service,
17 until the retiree has rendered service for more than 1,040 hours in a
18 calendar year.

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

23 (3) If the retiree opts to reestablish membership under RCW
24 41.32.044, he or she terminates his or her retirement status and
25 immediately becomes a member. Retirement benefits shall not accrue
26 during the period of membership and the individual shall make
27 contributions and receive membership credit. Such a member shall have
28 the right to again retire if eligible.

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

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

37 (b) The benefit reduction provided in (a) of this subsection will
38 accrue for a maximum of one hundred forty hours per month. Any

1 benefit reduction over one hundred percent will be applied to the
2 benefit the retiree is eligible to receive in subsequent months.

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

11 (b) (i) Between March 23, 2022, and July 1, (~~2025~~) 2029, a
12 retired teacher or retired administrator who reenters employment more
13 than one month after his or her accrual date, and who enters service
14 in a school district in a nonadministrative position shall continue
15 to receive pension payments while engaged in such service, until the
16 retiree has rendered service for more than 1,040 hours in a calendar
17 year.

18 (ii) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree
19 that retired before January 1, 2022, and who enters service in a
20 second-class school district, as defined in RCW 28A.300.065, as
21 either a district superintendent or an in-school administrator shall
22 continue to receive pension payments while engaged in such service,
23 until the retiree has rendered service for more than 1,040 hours in a
24 calendar year.

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

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

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

37 (1) (a) If a retiree enters employment with an employer sooner
38 than one calendar month after his or her accrual date, the retiree's
39 monthly retirement allowance will be reduced by five and one-half

1 percent for every eight hours worked during that month. This
2 reduction will be applied each month until the retiree remains absent
3 from employment with an employer for one full calendar month.

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

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

16 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree,
17 including a retiree who has retired under the alternate early
18 retirement provisions of RCW 41.35.420(3)(b) or 41.35.680(3)(b), who
19 reenters employment more than one month after his or her accrual
20 date, and who enters service in a school district in a
21 nonadministrative position shall continue to receive pension payments
22 while engaged in such service, until the retiree has rendered service
23 for more than 1,040 hours in a calendar year. The legislature
24 reserves the right to amend or repeal this subsection (2)(b) in the
25 future and no member or beneficiary has a contractual right to be
26 employed for more than 867 hours in a calendar year without a
27 reduction of his or her pension.

28 (3) If the retiree opts to reestablish membership under RCW
29 41.35.030, he or she terminates his or her retirement status and
30 becomes a member. Retirement benefits shall not accrue during the
31 period of membership and the individual shall make contributions and
32 receive membership credit. Such a member shall have the right to
33 again retire if eligible in accordance with RCW 41.35.420 or
34 41.35.680. However, if the right to retire is exercised to become
35 effective before the member has rendered two uninterrupted years of
36 service, the retirement formula and survivor options the member had
37 at the time of the member's previous retirement shall be reinstated.

38 **Sec. 5.** RCW 41.40.037 and 2023 c 99 s 2 are each amended to read
39 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 from plan 1, plan 2, or plan 3 who has satisfied
12 the break in employment requirement of subsection (1) of this section
13 may work up to eight hundred sixty-seven hours per calendar year in
14 an eligible position, as defined in RCW 41.32.010, 41.35.010,
15 41.37.010, or 41.40.010, or as a firefighter or law enforcement
16 officer, as defined in RCW 41.26.030, or in a position covered by
17 annuity and retirement income plans offered by institutions of higher
18 education pursuant to RCW 28B.10.400, without suspension of his or
19 her benefit.

20 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree,
21 including a retiree who has retired under the alternate early
22 retirement provisions of RCW 41.40.630(3)(b) or 41.40.820(3)(b), who
23 reenters employment more than 100 days after his or her accrual date,
24 and who enters service in a school district in a nonadministrative
25 position shall continue to receive pension payments while engaged in
26 such service, until the retiree has rendered service for more than
27 1,040 hours in a calendar year.

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

35 (3) If the retiree opts to reestablish membership under RCW
36 41.40.023(12), he or she terminates his or her retirement status and
37 becomes a member. Retirement benefits shall not accrue during the
38 period of membership and the individual shall make contributions and
39 receive membership credit. Such a member shall have the right to
40 again retire if eligible in accordance with RCW 41.40.180. However,

1 if the right to retire is exercised to become effective before the
2 member has rendered two uninterrupted years of service, the
3 retirement formula and survivor options the member had at the time of
4 the member's previous retirement shall be reinstated.

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

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

12 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of
14 the state government and its existing public institutions, and takes
15 effect immediately.

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