

Appropriations Committee

PSHB 1475

Brief Description: *Removing the limits on postretirement employment for teachers' retirement system plan 1 and public employees' retirement system plan 1 retirees.*

Sponsors: *Representatives Jackley, Talcott, Kenney, Hunt, Haigh, Schual-Berke, Simpson, Ogden, Kagi, Keiser, Santos and McIntire; by request of Governor Locke; Superintendent of Public Instruction.*

Brief Summary of Proposed Substitute Bill

- *Removes post-retirement employment restrictions and pension benefit reductions for members of Public Employees Retirement System plan 1 and Teachers Retirement System plan 1 who return to work.*

Hearing Date: *2/20/01*

Staff: *Andrea Hardy (786-7349).*

Background:

The Teachers' Retirement System plan 1 (TRS 1) includes teachers and school administrators first hired before October 1, 1977. The Public Employees' Retirement System plan 1 (PERS 1) includes public employees of participating employers in Washington hired before October 1, 1977. Under current law, TRS 1 and PERS 1 members are permitted to work no more than a fixed amount without receiving a reduction in retirement benefits.

Summary of Proposed Substitute Bill:

Through June 30, 2006, PERS 1 and TRS 1 retirees may continue to work without a reduction in pension benefits. The Department of Retirement Systems will develop a post-retirement employment agreement that will include information about the effect of post-retirement employment on an employee's pension, health care, and other rights and benefits of employment. In order for a retiree to return to work without having pension

benefits eliminated and retirement contributions resume, he or she must enter into this agreement. Retirees who have already returned to work before the effective date of the bill will be returned to service if they do not sign agreements by January 1, 2002.

The Department of Retirement Systems, Department of Personnel, and the Health Care Authority will give retirees who return to work: 1) the same health benefits as other employees in similar positions; 2) the same health benefits as any other retiree when they terminate employment; and 3) the same sick leave, annual leave, and other related benefits as other employees in similar positions. Retirees also have the same hiring procedures and collective bargaining rights, but are not required to make retirement contributions unless they return to service.

All provisions of the bill expire June 30, 2006. A Joint Legislative Audit and Review Committee study on the effect of the bill must be released by June 30, 2005, one year prior to the expiration of the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2001.