

# SENATE BILL REPORT

## SB 5743

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As of February 17, 2003

**Title:** An act relating to procedures for rehiring public employee retirees.

**Brief Description:** Rehiring public employee retirees.

**Sponsors:** Senators Benton, Honeyford, T. Sheldon, Rasmussen, Schmidt, Stevens and Esser.

**Brief History:**

**Committee Activity:** Ways & Means: 2/18/03.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Erik Sund (786-7454)

**Background:** Retired members of Plan 1 of the Public Employees' Retirement System (PERS 1) who re-enter employment with a PERS employer within one month of retiring are subject to a benefit reduction. The reduction is equal to 5.5 percent of the monthly benefit amount for every eight hours worked that month and is applied until such time as the retiree remains absent from eligible employment for at least one full calendar month. After a month of separation, retirees may work up to 1,500 hours per year without a reduction in pension benefits.

**Summary of Bill:** Retired members of PERS 1 may work for an eligible employer for up to 867 hours per year without having their pension benefit suspended, provided that they first remain separated for one month. PERS 1 retirees who remain separated from eligible employment for three months or more before returning may work up to 1,500 hours without having their pension payments suspended.

Eligible employers as defined in both PERS 1 and Plan 1 of the Teachers' Retirement System (TRS 1) are required to develop human resource policies regarding the rehiring of employees under the three-month separation provision and to keep records of the recruitment and interview processes for those actions in which retired employees are rehired. Final approval of the rehiring of retirees by their former employer must be made by the highest public officer of the employer.

The State Auditor must audit state and local government human resource practices related to the rehiring of retirees. This section expires on December 31, 2007.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 17, 2003.

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