

# SENATE BILL REPORT

## SB 5633

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As Passed Senate, February 13, 2014

**Title:** An act relating to restrictions on collecting a pension in the public employees' retirement system for retirees returning to work in an ineligible position or a position covered by another state retirement system.

**Brief Description:** Addressing the restrictions on collecting a pension in the public employees' retirement system for retirees returning to work in an ineligible position or a position covered by another state retirement system.

**Sponsors:** Senators Conway and Schoesler; by request of Select Committee on Pension Policy.

**Brief History:**

**Committee Activity:** Ways & Means: 2/12/13, 2/20/13 [DP].

Passed Senate: 2/13/14, 49-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hasegawa, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Rivers, Schoesler, Tom and Murray.

**Staff:** Pete Cutler (786-7474)

**Background:** The various plans of the Washington State retirement systems each contain rules defining the circumstances under which a retiree may return to employment within a retirement system-covered position and continue to receive retirement benefits.

Prior to the passage of ESHB 1981 in 2011, retirees from the Plans 2 or 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), or the Public Safety Employees' Retirement System (PSERS) who have been separated from service for one calendar month were allowed to work in a retirement-eligible position for up to 867 hours per calendar year without a reduction in retirement benefits. All Plan 2 and Plan 3 retirees were also allowed to work any number of hours in positions that are not covered by the retirement systems without a

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reduction in retirement benefits. In general terms, an eligible position for purposes of the State retirement systems is one in which retirement benefits can, with limited exceptions, be earned by an employee.

ESHB 1981 removed the 867-hour option for PERS Plans 2 and 3 members who return to work in other systems, for example TRS, SERS, etc., meaning those retirees will experience an immediate suspension of benefits if they return to work in positions covered by the other systems. The same retirees could return to work in a PERS-covered position and work up to 867 hours per year without a suspension of benefits. ESHB 1981 also applied the 867-hour limit to PERS retirees working in positions that are not covered by the retirement system. The Department of Retirement Systems (DRS) reports that it is not yet administering the changes made in 2011 to the Plan 2 and 3 return-to-work options.

**Summary of Bill:** PERS retirees who return to work in positions covered by other DRS-administered retirement systems will be able to continue to receive retirement benefits for the first 867 hours of employment per calendar year. The application of the 867-hour return-to-work rules to PERS retirees is applied only to retirees hired into eligible positions.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.