
SENATE BILL 5286

State of Washington 59th Legislature 2005 Regular Session

By Senators Kastama, Prentice and Doumit

Read first time 01/19/2005. Referred to Committee on Ways & Means.

1 AN ACT Relating to postretirement employment for members of the
2 public employees' retirement system plan 1 and the teachers' retirement
3 system plan 1; amending RCW 41.32.570 and 41.40.037; reenacting and
4 amending RCW 41.40.037; creating new sections; providing an effective
5 date; providing an expiration date; and declaring an emergency.

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

7 **Sec. 1.** RCW 41.32.570 and 2003 c 295 s 6 are each amended to read
8 as follows:

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

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

1 (2) Except as provided in subsection (3) of this section, any
2 retired teacher or retired administrator who enters service in any
3 public educational institution in Washington state ((and who has
4 satisfied the break in employment requirement of subsection (1) of this
5 section)) at least one calendar month after his or her accrual date
6 shall cease to receive pension payments while engaged in such service,
7 after the retiree has rendered service for more than ((one thousand
8 five hundred)) eight hundred sixty-seven hours in a school year. When
9 a retired teacher or administrator renders service beyond eight hundred
10 sixty-seven hours, the department shall collect from the employer the
11 applicable employer retirement contributions for the entire duration of
12 the member's employment during that fiscal year.

13 (3) Any retired teacher or retired administrator who enters service
14 in any public educational institution in Washington state one and one-
15 half calendar months or more after his or her accrual date and:

16 (a) Is hired into a special education, science, or mathematics
17 position for which the school board has documented a justifiable need
18 to hire a retiree;

19 (b) Is hired through the established process for the position with
20 the approval of the school board of the prospective employer; and

21 (c) The employer retains records of the procedures followed and the
22 decisions made in hiring the retired teacher or retired administrator
23 and provides those records in the event of an audit;

24 shall cease to receive pension payments while engaged in that service
25 after the retiree has rendered service for more than one thousand five
26 hundred hours in a school year.

27 (4) The department shall collect and provide the state actuary with
28 information relevant to the use of this section for the select
29 committee on pension policy. By December 1st of each year, the
30 superintendent of public instruction may recommend to the appropriate
31 legislative fiscal committees a list of employment positions to be
32 considered by the legislature for inclusion in subsection (3) of this
33 section. In the case of each position, the recommendation shall
34 include a documented and justifiable need to hire retirees into that
35 position.

36 ((+4)) (5) The legislature reserves the right to amend or repeal
37 this section in the future and no member or beneficiary has a

1 contractual right to be employed for more than five hundred twenty-five
2 hours per year without a reduction of his or her pension.

3 NEW SECTION. **Sec. 2.** A retiree from plan 1 of the teachers'
4 retirement system who entered employment with an employer under RCW
5 41.32.570(2) as it existed prior to its amendment by chapter . . . ,
6 Laws of 2005 (this act) may continue to receive pension payments under
7 the terms and conditions of that statute until December 31, 2005.

8 **Sec. 3.** RCW 41.40.037 and 2003 c 412 s 5 and 2003 c 295 s 7 are
9 each reenacted and amended to read as follows:

10 (1)(a) If a retiree enters employment with an employer sooner than
11 one calendar month after his or her accrual date, the retiree's monthly
12 retirement allowance will be reduced by five and one-half percent for
13 every eight hours worked during that month. This reduction will be
14 applied each month until the retiree remains absent from employment
15 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 sixty hours per month. Any benefit
18 reduction over one hundred percent will be applied to the benefit the
19 retiree is eligible to receive in subsequent months.

20 (2)(a) Except as provided in (b) of this subsection, a retiree from
21 plan 1 who enters employment with an employer at least one calendar
22 month after his or her accrual date may continue to receive pension
23 payments while engaged in such service for up to eight hundred sixty-
24 seven hours of service in a calendar year without a reduction of
25 pension.

26 (b) A retiree from plan 1 who enters employment with an employer at
27 least three calendar months after his or her accrual date and:

28 (i) Is hired into (~~(a position for which the employer has~~
29 ~~documented a justifiable need to hire a retiree into the position)) one
30 of the following employment positions: Actuary, including an actuary
31 associate, correctional health investigator, dentist, pharmacist,
32 physician, public health advisor, radiation health physicist, or
33 radiology technician;~~

34 (ii) Is hired through the established process for the position with
35 the approval of: A school board for a school district; the chief
36 executive officer of a state agency employer; the secretary of the

1 senate for the senate; the chief clerk of the house of representatives
2 for the house of representatives; the secretary of the senate and the
3 chief clerk of the house of representatives jointly for the joint
4 legislative audit and review committee, the legislative transportation
5 committee, the joint committee on pension policy, the legislative
6 evaluation and accountability program, the legislative systems
7 committee, and the statute law committee; or according to rules adopted
8 for the rehiring of retired plan 1 members for a local government
9 employer; and

10 (iii) The employer retains records of the procedures followed and
11 decisions made in hiring the retiree, and provides those records in the
12 event of an audit; ((and

13 ~~(iv) The employee has not already rendered a cumulative total of
14 more than one thousand nine hundred hours of service while in receipt
15 of pension payments beyond an annual threshold of eight hundred sixty-
16 seven hours;))~~

17 shall cease to receive pension payments while engaged in that service
18 after the retiree has rendered service for more than one thousand five
19 hundred hours in a calendar year. ~~((The one thousand nine hundred hour
20 cumulative total under this subsection applies prospectively to those
21 retiring after July 27, 2003, and retroactively to those who retired
22 prior to July 27, 2003, and shall be calculated from the date of
23 retirement.))~~

24 (c) When a plan 1 member renders service beyond eight hundred
25 sixty-seven hours, the department shall collect from the employer the
26 applicable employer retirement contributions for the entire duration of
27 the member's employment during that calendar year.

28 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
29 employment requirement of subsection (1) of this section may work up to
30 eight hundred sixty-seven hours in a calendar year in an eligible
31 position, as defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as
32 a fire fighter or law enforcement officer, as defined in RCW 41.26.030,
33 without suspension of his or her benefit.

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

1 retire if eligible in accordance with RCW 41.40.180. However, if the
2 right to retire is exercised to become effective before the member has
3 rendered two uninterrupted years of service, the retirement formula and
4 survivor options the member had at the time of the member's previous
5 retirement shall be reinstated.

6 (4) The department shall collect and provide the state actuary with
7 information relevant to the use of this section for the select
8 committee on pension policy. By December 1st of each year, the
9 department of personnel, the superintendent of public instruction, and
10 any other employer listed in subsection (2)(b) of this section may
11 recommend to the appropriate legislative fiscal committees a list of
12 employment positions to be considered by the legislature for inclusion
13 in subsection (2)(b) of this section. In the case of each position,
14 the recommendation shall include a documented and justifiable need to
15 hire retirees into that position.

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

20 **Sec. 4.** RCW 41.40.037 and 2004 c 242 s 63 are each amended to read
21 as follows:

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

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

32 (2)(a) Except as provided in (b) of this subsection, a retiree from
33 plan 1 who enters employment with an employer at least one calendar
34 month after his or her accrual date may continue to receive pension
35 payments while engaged in such service for up to eight hundred sixty-
36 seven hours of service in a calendar year without a reduction of
37 pension.

1 (b) A retiree from plan 1 who enters employment with an employer at
2 least three calendar months after his or her accrual date and:

3 (i) Is hired into ~~((a position for which the employer has~~
4 ~~documented a justifiable need to hire a retiree into the position))~~ one
5 of the following employment positions: Actuary, including an actuary
6 associate, correctional health investigator, dentist, pharmacist,
7 physician, public health advisor, radiation health physicist, or
8 radiology technician;

9 (ii) Is hired through the established process for the position with
10 the approval of: A school board for a school district; the chief
11 executive officer of a state agency employer; the secretary of the
12 senate for the senate; the chief clerk of the house of representatives
13 for the house of representatives; the secretary of the senate and the
14 chief clerk of the house of representatives jointly for the joint
15 legislative audit and review committee, the legislative transportation
16 committee, the joint committee on pension policy, the legislative
17 evaluation and accountability program, the legislative systems
18 committee, and the statute law committee; or according to rules adopted
19 for the rehiring of retired plan 1 members for a local government
20 employer; and

21 (iii) The employer retains records of the procedures followed and
22 decisions made in hiring the retiree, and provides those records in the
23 event of an audit; ~~((and~~

24 ~~(iv) The employee has not already rendered a cumulative total of~~
25 ~~more than one thousand nine hundred hours of service while in receipt~~
26 ~~of pension payments beyond an annual threshold of eight hundred sixty~~
27 ~~seven hours;))~~

28 shall cease to receive pension payments while engaged in that service
29 after the retiree has rendered service for more than one thousand five
30 hundred hours in a calendar year. ~~((The one thousand nine hundred hour~~
31 ~~cumulative total under this subsection applies prospectively to those~~
32 ~~retiring after July 27, 2003, and retroactively to those who retired~~
33 ~~prior to July 27, 2003, and shall be calculated from the date of~~
34 ~~retirement.))~~

35 (c) When a plan 1 member renders service beyond eight hundred
36 sixty-seven hours, the department shall collect from the employer the
37 applicable employer retirement contributions for the entire duration of
38 the member's employment during that calendar year.

1 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
2 employment requirement of subsection (1) of this section may work up to
3 eight hundred sixty-seven hours in a calendar year in an eligible
4 position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or
5 41.40.010, or as a fire fighter or law enforcement officer, as defined
6 in RCW 41.26.030, without suspension of his or her benefit.

7 (3) If the retiree opts to reestablish membership under RCW
8 41.40.023(12), he or she terminates his or her retirement status and
9 becomes a member. Retirement benefits shall not accrue during the
10 period of membership and the individual shall make contributions and
11 receive membership credit. Such a member shall have the right to again
12 retire if eligible in accordance with RCW 41.40.180. However, if the
13 right to retire is exercised to become effective before the member has
14 rendered two uninterrupted years of service, the retirement formula and
15 survivor options the member had at the time of the member's previous
16 retirement shall be reinstated.

17 (4) The department shall collect and provide the state actuary with
18 information relevant to the use of this section for the select
19 committee on pension policy. By December 1st of each year, the
20 department of personnel, the superintendent of public instruction, and
21 any other employer listed in subsection (2)(b) of this section may
22 recommend to the appropriate legislative fiscal committees a list of
23 employment positions to be considered by the legislature for inclusion
24 in subsection (2)(b) of this section. In the case of each position,
25 the recommendation shall include a documented and justifiable need to
26 hire retirees into that position.

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

31 NEW SECTION. Sec. 5. A retiree from plan 1 of the public
32 employees' retirement system who entered employment with an employer
33 under RCW 41.40.037(2)(b) as it existed prior to its amendment by
34 chapter . . . , Laws of 2005 (this act) may continue to receive pension
35 payments under the terms and conditions of that statute until December
36 31, 2005.

1 NEW SECTION. **Sec. 6.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and takes effect
8 immediately, except for section 4 of this act which takes effect July
9 1, 2006.

10 NEW SECTION. **Sec. 8.** Section 3 of this act expires July 1, 2006.

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