
SENATE BILL 5792

State of Washington

59th Legislature

2005 Regular Session

By Senators Honeyford, Johnson, Benton, Esser, Deccio, Benson, McCaslin and Mulliken

Read first time 02/07/2005. 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) Any retired teacher or retired administrator who enters service
2 in any public educational institution in Washington state (~~(and who has~~
3 ~~satisfied the break in employment requirement of subsection (1) of this~~
4 ~~section)) at least one calendar month after his or her accrual date
5 shall cease to receive pension payments while engaged in such service,
6 after the retiree has rendered service for more than (~~one thousand~~
7 ~~five hundred)) eight hundred sixty-seven hours in a school year.
8 (~~When a retired teacher or administrator renders service beyond eight~~
9 ~~hundred sixty seven hours, the department shall collect from the~~
10 ~~employer the applicable employer retirement contributions for the~~
11 ~~entire duration of the member's employment during that fiscal year.))~~~~~~

12 (3) The department shall collect and provide the state actuary with
13 information relevant to the use of this section for the select
14 committee on pension policy.

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

19 NEW SECTION. **Sec. 2.** A retiree from plan 1 of the teachers'
20 retirement system who entered employment with an employer under RCW
21 41.32.570(2) as it existed prior to its amendment by chapter . . . ,
22 Laws of 2005 (this act) may continue to receive pension payments,
23 subject to the terms and conditions of that statute, until December 31,
24 2005.

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

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

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

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

9 (i) ~~Is hired into a position for which the employer has documented
10 a justifiable need to hire a retiree into the position;~~

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

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

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

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

37 (c) ~~When a plan 1 member renders service beyond eight hundred~~

1 ~~sixty seven hours, the department shall collect from the employer the~~
2 ~~applicable employer retirement contributions for the entire duration of~~
3 ~~the member's employment during that calendar year.~~

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

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

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

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

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

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

35 (b) The benefit reduction provided in (a) of this subsection will
36 accrue for a maximum of one hundred sixty hours per month. Any benefit

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

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

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

11 ~~(i) Is hired into a position for which the employer has documented
12 a justifiable need to hire a retiree into the position;~~

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

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

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

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

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

5 (d)) A retiree from plan 2 or plan 3 who has satisfied the break
6 in employment requirement of subsection (1) of this section may work up
7 to eight hundred sixty-seven hours in a calendar year in an eligible
8 position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or
9 41.40.010, or as a fire fighter or law enforcement officer, as defined
10 in RCW 41.26.030, without suspension of his or her benefit.

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

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

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

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

34 NEW SECTION. **Sec. 6.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

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

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

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