

SENATE BILL REPORT

HB 1168

As of March 24, 2015

Title: An act relating to correcting 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 a different state retirement system.

Brief Description: Correcting 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 a different state retirement system.

Sponsors: Representatives Ormsby, Chandler, Sullivan and Tarleton; by request of Select Committee on Pension Policy.

Brief History: Passed House: 3/04/15, 98-0.

Committee Activity: Ways & Means: 3/24/15.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Pete Cutler (786-7474)

Background: Washington State retirement plans each have rules that limit when a retiree may return to employment in a retirement system-covered position and continue to receive retirement benefits.

In 2011 the Legislature passed Engrossed Substitute House Bill (ESHB) 1981 (Chapter 47, Laws of 2011, 1st sp.s), which made changes to the rules under which Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS) retirees could return to work without a suspension of retirement benefits.

Prior to the passage of ESHB 1981, retirees from the Plans 2 or 3 of PERS, TRS, the School Employees' Retirement System (SERS), or the Public Safety Employees' Retirement System were permitted to work in a retirement-eligible position for up to 867 hours per calendar year without a reduction in pension benefits. Retirees of all these plans were also permitted to work any number of hours in positions that were not retirement-eligible. A retirement-eligible position is one in which retirement service credit and benefits can generally be earned by an employee in the position, unless the employee's participation is restricted by a separate statutory provision.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Engrossed Substitute House Bill 1981 removed the 867-hour option for PERS Plans 2 or 3 members who return to work in other systems, e.g. TRS, SERS, etc., meaning these retirees will experience an immediate suspension of benefits while working in positions covered by the other systems. In addition the bill also extended the 867-hour limit to PERS retirees who work in positions that are not eligible for PERS membership.

The Department of Retirement Systems (DRS) reports that it is not administering these changes made in 2011 to the PERS Plans 2 and 3 post-retirement employment limitations as they apply to PERS retirees who return to work in positions covered by other state retirement plans or return to work in a PERS-ineligible position.

Summary of Bill: The PERS retirees who return to work in positions covered by other DRS-administered retirement systems will 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 retirement benefits-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.