

SENATE BILL REPORT

SB 5310

As of January 16, 2018

Title: An act relating to retired teachers working as coaches.

Brief Description: Addressing retired teachers working as coaches.

Sponsors: Senators Hunt, Baumgartner and Mullet.

Brief History:

Committee Activity: Ways & Means: 1/16/18.

Brief Summary of Bill

- Allows certain retired teachers that took early retirement to return to work as a coach for up to 867 hours per year without a suspension of their pension benefit.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The normal retirement age for members of Plans 2 and 3 of the Teachers Retirement System (TRS) is age 65. TRS Plan 2 members with 20 years of service and TRS Plan 3 members with 10 years of service can retire as early as age 55. Benefits paid to persons who retire early from TRS Plans 2 or 3 with less than 30 years of service are calculated using early retirement factors that provide a full actuarial reduction based on the number of years between the retirement age and age 65. For example, there is a 27 percent reduction of benefits for retirement at age 62, and a 41 percent reduction of benefits for retirement at age 60.

Two early retirement factor options are available to TRS Plan 2 and 3 members who retire with 30 or more years of service. One of the options was created in 2000 and reduces benefits by 3 percent for each year in the period between the retirement age and age 65. For example, there is a 9 percent reduction of benefits for retirement at age 62, and a 15 percent reduction of benefits for retirement at age 60. The other option that provides smaller benefit reductions was implemented in 2008 as a replacement for gain-sharing benefits. Under the

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2008 early retirement factors, TRS Plan 2 and 3 members with 30 years of service may retire at age 62 with no reduction of benefits, and at age 60 with a 5 percent reduction.

State law does not prohibit persons who retire from TRS Plans 2 or 3 from returning to work, but it does limit when a retiree may work and continue receiving pension benefits. In general, benefits are suspended when a TRS retiree works more than 867 hours in a year in a position included in TRS or another state retirement plan. However, benefits are suspended immediately if a TRS Plan 2 or 3 retiree who retired using the 2008 early retirement factors returns to work in any kind of position with a state retirement plan prior to age 65. This includes returning to work as a substitute teacher.

Legislation passed in 2016, allows retired teachers who retired under an early retirement option to return to work exclusively as substitute teachers for up to 867 hours per school year without suspension of their retirement benefits until August 1, 2020. School districts must compensate substitute teachers at rate that is at least 85 percent of the full daily amount allocated by the state for substitute teacher compensation.

Summary of Bill: In addition to returning to work as a substitute teacher, a retired teacher who retired under an early retirement option may be employed as a coach for up to 867 hours per school year without suspension of pension benefits.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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