

# FINAL BILL REPORT

## ESHB 1699

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Synopsis as Enacted

**Brief Description:** Permitting individuals retired from the public employees retirement system, the teachers retirement system, and the school employees retirement system additional opportunities to work for a school district for up to 1,040 hours per school year while in receipt of pension benefits until July 1, 2025.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Bergquist, Volz, Ryu, Leavitt, Chase, Robertson, Graham, Springer, Sells, Valdez, Dolan, Paul, Callan, Gilday, Goodman, Taylor, Macri, Ramos, Santos, Pollet, Griffey, Riccelli, Frame and Kloba).

**House Committee on Appropriations**  
**Senate Committee on Ways & Means**

### **Background:**

The normal retirement age for members of Plans 2 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) is age 65. The PERS, TRS, and SERS Plan 2 members with 20 years of service may retire as early as age 55 at actuarially reduced rates. The PERS, TRS, and SERS Plan 3 members with 10 years of service can similarly retire as early as age 55. Benefits paid to persons who retire early from the PERS, TRS, and SERS 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.

For individuals first employed before May 1, 2013, two early retirement factor options are available to the PERS, TRS, and SERS 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

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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 2008 Early Retirement Factors (ERF), PERS, TRS, and SERS 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. For individuals first employed on or after May 1, 2013, a 5 percent per year reduction for each year in the period between the retirement age and age 65 is available for employees retiring with 30 or more years of service.

The PERS and TRS Plans 1 closed to new members in 1977. Both plans provided for full retirement at earlier ages than the Plans 2 and 3, including after 30 years of service at any age, and at age 55 with 25 years of service. Neither Plan 1 provided for earlier retirement at reduced benefit amounts.

In order to retire from employment with an employer, PERS, TRS, and SERS required that a member separate from service—meaning that there has been a severance of an employee's ties with an employer, based on the continued provision of services. Retirees from PERS, TRS, and SERS may generally receive their pensions while employed by a retirement system employer for up to 867 hours per year.

The main exception to the 867-hour provision is for employees that chose the 2008 ERF - those employees are generally prohibited from receiving retirement allowances while in any compensated arrangements with retirement system employers. In 2016 the Legislature temporarily removed the benefit restrictions related to reemployment of TRS Plan 2 and 3 retirees that utilized the 2008 early reduction factors. This permitted retired TRS Plan 2 and 3 members to work for up to 867 hours per school year as substitute teachers in an instructional capacity without suspension of retirement benefits. This provision was written to expire in 2021, however, in 2019 the Legislature removed the expiration of the provision, added SERS Plan 2 and 3 retirees in similar circumstances, and required that the retiree be employed in a nonadministrative position.

### **Summary:**

Retirees from the Public Employees' Retirement System (PERS), the School Employees' Retirement System Plans (SERS), and the Teachers' Retirement System (TRS) may continue to receive benefits while working for a school district in a nonadministrative position for up to 1,040 hours per year.

In addition to nonadministrative positions, members of the TRS retired before January 1, 2022, may continue to receive benefits for up to 1,040 hours per year while working District Superintendent or in-school administrator positions.

Both the provisions in PERS, SERS, and TRS related to nonadministrative positions and TRS related to District Superintendent or in-school administrator positions expire July 1, 2025.

The temporarily expanded opportunities to continue to receive benefits while working for up to 1,040 hours per year are not provided as a matter of contractual rights, and are subject to revision by the Legislature.

**Votes on Final Passage:**

House	93	3	
Senate	45	4	(Senate amended)
House	95	3	(House concurred)

**Effective:** March 23, 2022