
Appropriations Committee

HB 1936

Brief Description: Extending the expiration of certain school employee postretirement employment restrictions.

Sponsors: Representatives Chase, Leavitt and Pollet.

Brief Summary of Bill

- Extends the expiration of expanded eligibility for retirement benefits during specified employment in the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), and the Public Employees' Retirement System (PERS).
- Permits retirement benefits to continue for the first 1,040 hours per calendar year for specified TRS, SERS, and PERS members employed in specified positions with school districts until July 1, 2027.

Hearing Date: 2/19/25

Staff: David Pringle (786-7310).

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

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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 for retirement at age 60. The other option that provides smaller benefit reductions was implemented in 2008 as a replacement for gainsharing benefits. Under the 2008 Early Retirement Factors, 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 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 2022 the Legislature provided a temporary provision allowing PERS, TRS, and SERS retirees to receive benefits during the first 1,040 hours of employment in an eligible position each calendar year. To qualify for the 1,040 hour provision, a retiree must either be working in nonadministrative positions, or, if retired before January 1, 2022, be working in a second-class school district as a district superintendent or an in-school administrator position. The 1,040 hour provisions expire January 1, 2025.

Summary of Bill:

Until January 1, 2027, retirees from the Teachers' Retirement System are permitted to collect retirement benefits for the first 1,040 hours per calendar year when either: (1) are employed in a nonadministrative position; or (2) having retired before January 1, 2022, are employed in a second-class school district as a district superintendent or an in-school administrator position.

Retirees from the School Employees' and Public Employees' Retirement Systems continue to receive retirement benefits for the first 1,040 hours per calendar year while employed in nonadministrative positions until January 1, 2027.

Appropriation: None.

Fiscal Note: Requested on February 17, 2025.

Effective Date: The bill contains an emergency clause and takes effect immediately.