

PERS Retire-Rehire

Issue

Should the Public Employees' Retirement System (PERS) retire-rehire rules be modified to allow recipients of the 2008 Early Retirement Factors (ERFs) to return to work before age 65?

Background

"Retire-rehire" refers to retirees who return to work and receive a paycheck and retirement benefit simultaneously. By extension, the term also refers to the rules in place to regulate the practice of doing so.

Current law does not prevent retirees from returning to work in positions eligible for pension benefits; it does, however, limit the retiree's ability to return to work and receive pension checks at the same time. For a detailed look at the rules and history of retire-rehire, see the [2018 SCPP Retire-Rehire Issue Paper](#).

In the 2019 Legislative Session, [Engrossed Second Substitute House Bill \(E2SHB\) 1139](#) eliminated the retire-rehire prohibition for members of the Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) who utilized the increased benefits provided by the 2008 ERFs. Now, TRS and SERS 2008 ERF retirees can return to work prior to age 65 in a non-administrative position up to 867 hours per year.

Highlights

- ❖ Retire-rehire rules can create disincentives to return to work in some circumstances, but do not prevent the practice outright.
- ❖ Retire-rehire is regulated for several reasons, including federal law and perceived past abuses.
- ❖ As a general rule, employees can return to work part-time without a suspension of benefits.
- ❖ With the passage of E2SHB 1139, 2008 ERF recipients in TRS and SERS can return to work in some circumstances up to 867 hours per year without a suspension of their benefit. However, 2008 ERF recipients in PERS are prohibited from returning to work until age 65 without a suspension of benefits.

Committee Activity

A work session was held at the July 2019 meeting. No action was taken.

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