Retire-Rehire: Legislative Proposal

Current Situation

A recent news article raised the issue of an inconsistency in the retire-rehire policy within the State of Washington. Retirees returning to work in a position covered by a plan that is not administered by the Department of Retirement Systems (DRS) are subject to fewer pension restrictions than employees returning to a position that is covered by a DRS-administered plan.

Specifically, Public Employees' Retirement System (PERS) retirees who return to work in state institutions of higher education may receive retirement benefits from PERS while working full time and simultaneously earning additional retirement benefits in a Higher Education Retirement Plan (HERP). HERPs are not administered by DRS.

Policy Highlights

- Supporters of current higher education retire-rehire rules may feel they are necessary for recruitment and retention. Opponents have argued that this is an abuse of the system and is not genuine retirement.
- Higher education institutions have traditionally had the option of providing retirement benefits outside the DRS-administered systems.
- The SCPP has weighed in on this issue in the past. The SCPP sponsored SHB 1545 (2010 c 21), which granted the Higher Education Coordinating Board (HECB) the ability to offer HERPs with certain restrictions.
  - The employee offered the HERP must have already paid into a similar plan, and not be receiving or accruing benefits in a DRS-administered retirement system.

Committee Activity

At the October meeting, the SCPP was presented with five options.

- Prohibit retirees from receiving pension benefits while earning new benefits in a HERP.
- Establish Consistency Between PERS and Other Retirees in Higher Education.
- Ensure a Valid Retirement.

- System-wide reorganization of retire-rehire rules.
- Study of Retire-Rehire Rules.

The Executive Committee instructed staff to prepare a bill draft incorporating Option 1 -- Prohibiting retirees from receiving pension benefits while earning new benefits in a HERP.

Bill Draft

The attached bill draft would prohibit retirees from any DRS-administered system from earning new benefits in a HERP. The prohibition, as drafted, would apply prospectively, and not apply to those who are already in a HERP.

Under this bill draft, the prohibition would apply to retirees of all DRS-administered plans, including the Law Enforcement Officers' and Fire fighters Plan 2. The statutory changes in the bill draft affect the higher education statutes, rather than retirement statutes.

Under current law, PERS retirees who return to work are subject to normal retire-rehire rules for PERS, unless they are participating in a HERP. By removing the ability to utilize a HERP, PERS retirees who return to work in higher education will be subject to normal retire-rehire rules.

Under current law, retirees from other DRS-administered systems who return to work in higher education may participate in a HERP part time, subject to the normal retire-rehire rules of their prior system. Under this bill draft, these retirees would continue to be subject to the normal retire-rehire rules of their prior system, except that they could no longer participate part-time in a HERP.

This bill draft retains the provision established in the 2010 Legislative Session that limits the HECB to offering HERPs to employees who have previously paid into similar plans. This provision does not apply to other higher education entities.

Next Steps

- Nothing further at this time.
- Recommend bill as drafted.
- Recommend amended bill draft.

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Retire-Rehire

(Revised in October 2010 to add options and clarify certain sections.)

In Brief

Issue

Certain PERS retirees can return to work full time at a higher education institution while collecting full pension benefits. These retirees may also accrue additional retirement benefits in a HERP. Should this practice continue?

Member Impact

This issue could apply to any retired member of PERS who goes to work at an institution of higher education and begins accruing benefits in a HERP.

This paper is focused only on higher education retire-rehire rules. The SCPP has studied other aspects of retire-rehire rules in several previous years.

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Current Situation

A recent news article has raised the issue of an inconsistency in the retire-rehire policy within the State of Washington. Retirees returning to work in a position covered by a plan that is not administered by the Department of Retirement Systems (DRS) are subject to fewer pension restrictions than employees returning to a position that is covered by a DRS-administered plan.

Specifically, certain Public Employees' Retirement System (PERS) retirees who return to work in state institutions of higher education may receive retirement benefits from PERS while working full time and simultaneously earning additional retirement benefits in a Higher Education Retirement Plan (HERP).[1] HERPs are not administered by DRS.

[1] *E.g. TIAA-CREF.*

Background

For clarity, this paper uses the terms "retiree" and "retirees" to mean retired members of a retirement system administered by DRS. This issue paper focuses primarily on the inconsistency in retire-rehire policy identified above. The legal framework surrounding this inconsistency is complex. This paper does not seek to analyze all the issues of statutory construction and interpretation that may apply.

As a general matter, post-retirement employment provisions within the DRS-administered plans (also commonly called "retire-rehire") have changed significantly over the last ten years, and the SCPP studied various aspects of post-retirement employment in 2000, 2002, 2003, 2004, 2005, 2006, and 2007. OSA released a legislatively mandated study on the issue in 2005. For study materials, including information on other aspects of post-retirement employment benefits, please see the SCPP and OSA websites.

SCPP: http://www.leg.wa.gov/SCPP/Pages/IssuesStudied.aspx

OSA:
http://osa.leg.wa.gov/Actuarial_Services/Publications/pension_studies.htm

Some Retirees Are Subject to Fewer Pension Restrictions

Retirees returning to work in a position covered by a plan that is not administered by DRS are subject to fewer pensions restrictions than retirees returning to a position that is covered by a DRS-administered plan. To illustrate the differences between the two, it may be helpful to review the retire-rehire rules for retirees returning to work with an employer whose retirement plan is administered by DRS.

Generally, a retiree who wishes to go back to work in a position covered by a DRS-administered plan will be subject to certain pension restrictions.[2] If the retiree does not meet these requirements, the retiree's benefits will be suspended or reduced.

First, the retirement must be valid. Federal tax law requires the retiree to have a bona fide termination of service before collecting a pension. What constitutes a bona fide termination is determined by all the facts at hand; however, it generally includes a waiting period between retirement and reemployment of at least thirty days.

Federal tax law requires a bona fide termination of service. This typically involves a waiting period of at least 30 days.

To help establish a bona fide termination, Washington law requires the retiree to complete a separation from service. Separation of service means the member has terminated all employment with the employer.[3] For PERS and Teachers' Retirement System (TRS), any prior agreement between the retiring employee and employer for reemployment negates that separation.[4] Violations may be subject to prosecution. The minimum separation in the DRS-administered systems is one calendar month; however. longer separation is required under certain circumstances.

Retirees can typically return to work on a part-time basis without a reduction in benefits.

Second, the retiree is limited to working 867 hours per year. Plans 1 retirees may work additional hours, subject to a longer separation of service and other restrictions.[5]

Third, Plans 2/3 retirees who retire using the alternate early retirement factors are prohibited from utilizing the retire-rehire provisions until reaching age 65.[6] If they do return to work prior to age 65, their pension benefits will be suspended.

If the retiree goes to work in the private sector, then these pension restrictions do not apply, and the retiree can immediately go to work full time without a reduction in benefits.

If the retiree goes to work for a public sector employer whose retirement plan is administered by DRS, but the retiree's new position is not eligible for benefits, then the separation from service rule still applies,[7] as does the limitation for Plans 2/3 retirees under the enhanced early retirement factors. The restriction on hours will not apply.[8]

[2] *Modified rules exist for LEOFF and WSPRS. Please refer to the statutes or plan handbooks.*

[3] *See generally, RCW 41.37.010(28.)*

[4] *RCW 41.32.010(42) and RCW 41.40.010(36).*

[5] *Plans 1 members may work up to 1,500 hours per year, with a lifetime limit of 1900 hours earned in excess of the normal 867 hour yearly limit. See RCW 41.40.037 (PERS) and RCW 41.32.570 (TRS) for complete rules and restrictions.*

[6] *See generally RCW 41.40.630.*

[7] *WAC 415-108-710(1)(c).*

[8] *WAC 415-108-710(2).*

Higher Education Retirement Policy

Higher education institutions can offer HERPs to their employees. HERPs are not administered by DRS, and are not subject to the same retire-rehire restrictions.

Higher education institutions have historically had the option of offering HERPs to employees in lieu of membership in a DRS-administered retirement system.[9] This option predates the expansion of post-retirement employment rules for the Plans 1 in 2001, and has existed in substantially similar form since at least 1979.[10]

HERPs are not part of a retirement plan administered by DRS. Retirees from PERS who go to work in a position covered by a HERP are treated as though they are ineligible for PERS benefits. As noted above, fewer pension restrictions apply for retirees returning to positions ineligible for benefits: A separation from service rule will still apply, as will the limitation for Plans 2/3 retirees under the enhanced early retirement factors. However, the yearly limitation on hours does not apply.[11]

Thus, a member of PERS could retire and begin collecting benefits. After the requisite separation, that retiree could return to work full time without a reduction in benefits and begin accruing additional retirement benefits in a HERP. A PERS member retiring from a position in higher education could even return to the exact same position the member had just retired from, if that employee's position were reclassified by the employer's governing board from PERS to a HERP.

Only PERS retirees can utilize a HERP without a yearly restriction on hours. Retirees of other systems may take advantage of HERPs when offered, but are subject to the normal retire-rehire rules for their previous plan.

This inconsistency only applies to PERS retirees. While retirees from systems other than PERS who go to work in higher education may take advantage of a HERP if offered by the institution, they will still be subject to the normal post-retirement employment pension restrictions, such as the yearly hour limit.[12]

[9] *RCW 28B.10.400.*

[10] *OSA archives only go back to 1979, but the provision appears substantially older than that. Full legislative history could be located upon request.*

[11] WAC 415-108-710.

[12] See Chapter 5 of the DRS Employer Handbook (attached). Also, compare WAC 415-108-710 and 415-112-525. The latter is silent on retirees going back to work in a HERP-covered position.

Recent Legislation Affecting Higher Education Retirement

In the 2010 Legislative Session the SCPP sponsored a bill (SHB 1545, 2010 c 21) to allow the Higher Education Coordinating Board (HECB) to offer HERPs to its employees. Prior to the passage of that bill, all public higher education institutions in the state, including colleges, universities, and the State Board for Community and Technical Colleges (SBCTC), could offer HERPs except the HECB.

Under the legislation, the HECB can offer HERPs, but only under two conditions. These conditions do not apply to the other higher education institutions:

- The employee must have previously contributed to a similar plan.
- The HECB is prohibited from offering a HERP to any employee who is receiving or accruing benefits under a DRS-administered plan.

What Are The Impacts Of PERS Employees Utilizing HERPs?

The impact on the pension systems will be determined by how many PERS retirees are utilizing a HERP, and whether there are any direct fiscal costs created by that utilization.

Theoretically, the governing body of a higher education institution can offer a HERP to any PERS retiree who comes to work for that institution.

How Many People?

Theoretically, any higher education employer could offer a HERP to its employees, including PERS retirees. The governing body of the higher education institution makes that decision. DRS has provided a list of all retired employees who have gone back to work at a state institution of higher education. Based on that data, OSA extracted the following information.

Please note, the following numbers do not indicate who is utilizing a HERP without a yearly restriction on hours. Instead they show a high water mark -- the maximum amount of PERS retirees who might be opting into a HERP at this time.

These numbers include members who have separated, but have not been reported as separated. These numbers also include members that are not accruing additional benefits in either a HERP or a DRS-administered plan.

Determining precisely how many employees are currently utilizing the inconsistency would require additional data collection.

Retire-Rehire	
	Total
Number of members who retired from a DRS-administered System and returned to work at a higher education Institution	1,359
PERS 1	
Members who retired from a DRS-administered system and went to work at a higher education institution	548
Members who retired from any higher education institution and returned to work at any higher education institution	398
Members who returned to work at the same institution from which they retired	349
PERS 2/3	
Members who retired from a DRS-administered system and went to work at a higher education institution	168
Members who retired from any higher education institution and returned to work at any higher education institution	130
Members who returned to work at the same institution from which they retired	124

Fiscal Costs

Fiscal costs may arise if employees are retiring earlier than they otherwise would have.

Fiscal costs may arise if the provision is causing employees to retire earlier than they would have without the option to participate in a HERP. Earlier retirement is a cost to the system because employees will typically receive benefits for a longer time, while having less time to pay for those benefits. An experience study, utilizing several years worth of data, would be required to best determine if PERS retirees who go to work for higher education employers are retiring earlier.

In 2005, OSA conducted an experience study on the fiscal impacts of retire-rehire rules unique to PERS 1 and TRS 1. That report is available at the following link.
http://osa.leg.wa.gov/Actuarial_Services/Publications/PDF_Docs/Pension_Studies/2005_Post_Ret_Empl_Rpt.pdf

Policy Questions

When Should Retire-Rehire Restrictions Apply And How Strict Should They Be?

Some policy makers may feel that allowing a retiree to return to work full time and accrue additional benefits is a way to reward service beyond the required time and may be an effective retention tool. Others may feel it is double dipping or even an abuse of the system.

Higher education employers' stated need for retention tools for PERS 1 retirees may be related to the service credit cap in PERS 1. Members of PERS 1 stop earning additional service credit after thirty years of service. Even if the member serves beyond that time, they will earn a maximum of thirty years service credit (equal to 60 percent of average salary). Depending on when that member started their state service, a PERS 1 member will likely still be within working age at the point the member reaches the cap. These members may wish to stay in the workforce and continue accruing additional benefits until final retirement. Without this provision, those employees would need to seek employment at a private or out-of-state institution in order to work full time and continue accruing benefits.

Others may oppose unrestricted employment of retirees (often referred to as "double dipping ") -- even if there is a stated need and even if it is allowed on a limited part-time basis. Those who take this view may feel that the purpose of a retirement benefit is to assist employees who have left the workforce. They may believe that employees should not be returning to a public sector position while drawing a pension, or that returning part-time should be sufficient.

Are Recruitment And Retention Tools Necessary In The Current Economic Climate?

Some may feel additional recruitment and retention tools are not necessary in the current economic environment.

Some policy makers may feel that given the current rate of nation-wide unemployment, higher education institutions do not need additional recruitment and retention tools. Also, returning retirees fill jobs that could be taken by new employees and may limit promotion and advancement opportunities for existing employees.

Others may feel that the total amount of applicants does not, of itself, ensure the recruitment of top candidates with the required skills and experience, and that these optional benefits are necessary to compete with other institutions. For example, during hearings for the HECB bill (SHB 1545) last session, HECB staff testified that the inability to offer a HERP was a recruitment disadvantage for their organization.

Should Higher Education Retirement Policy Be Coordinated With Policy For DRS-Administered Systems?

While the SCPP does not typically weigh in on matters of higher education policy, it has in some cases where both retirement and higher education policy were implicated. For example, the SCPP sponsored the bill that granted the HECB the ability to offer HERPs.

The ability of a state institution of higher education to offer and administer HERPs, and the conditions under which those HERPs are offered appear well within the jurisdiction of the Legislature. Some policy makers may feel that the same retirement rules should apply to higher education and DRS-administered systems alike.

The SCPP has weighed in on matters where both higher education and pension policy are implicated.

However, there are many inconsistencies in the retirement rules, including those within the DRS-administered systems. Other policy makers may feel that inconsistencies are necessary to accommodate different needs of members and employers of each plan, and that higher education policy distinction does precisely that.

Is Administrative Practice And Enforcement The Issue?

Some policymakers may view this as an issue of administrative practice and/or enforcement.

Some policy makers may feel that allowing retirees to work full time in higher education while receiving benefits and accruing new benefits is acceptable, so long as procedures are followed.

As noted above, current law requires a minimum separation of service of thirty days, even for PERS members utilizing HERPs. A prior oral or written agreement between the retiring employee and the employer may negate the separation of service. If a prior agreement exists, or if the employee returns prior to a bona fide separation of service, then a real retirement has not taken place. Not only could the retiree's benefits be suspended, but both sides could be subject to prosecution.

A recent article (attached), reports that some retirees have returned to work prior to the full thirty-day separation of service, and that the position was never advertised.

Other states

This section focuses exclusively on higher education retire-rehire provisions similar to Washington's, and does not reflect the general post-retirement rules for these states.

Five peer states have a similar provision, while four do not. One state, Idaho, has a similar provision, but with a unique requirement.

Five peer states (CA, CO, IA, MI, OR) have higher education rules similar to Washington, where an employee can receive benefits from the state-administered plan while accruing new benefits in an alternate plan, without restrictions.

One state (ID) will allow this, but only under one condition: The employee must be moving to a position that is not related to the one he or she had previously held. This option is intended to allow retirees to utilize their expertise in teaching. So, for example, an accountant for the state could retire, then go to work teaching accounting at the university. That person could not, however, work for the university as an accountant.

Four peer states (FL, MO, OH, WI) do not have this option.

- Florida.
  - Florida had a similar option. That option was repealed, effective July 1 of this year.
- Ohio.
  - Among other restrictions, an employee may only utilize the HERP-equivalent if he or she has less than five years of service in the normal public retiree plan, effectively removing retirees from eligibility.[13]
- Missouri.
  - An employee cannot participate in the HERP-equivalent if he or she has any service credit in the state retirement system.
- Wisconsin
  - Does not have a comparable HERP.

[13] For clarification, a recent NPR broadcast stated that post-retirement employment is not restricted in Ohio. However, that broadcast was referring to post-retirement employment in general. There is no higher education rule similar to Washington's. The broadcast is available here: http://www.npr.org/templates/story/story.php?storyId=129595951.

Possible Options

The following options are not an exhaustive list and may not be mutually exclusive. At the request of the Executive Committee, these options were prepared by staff in consultation with human resources and retirement personnel in higher education.

Many of these options will require futher development by policy makers before they can be implemented. In general, they can be developed to address one or more of the following concerns:

- PERS retirees are treated differently from retirees in other systems when returning to work in higher education.
- PERS retirees can work in higher education full time while receiving full benefits, and earning new benefits in a HERP.
- Members can retire and return to the same job or employer.

- Separation of service requirements may be insufficient.
- Current safeguards are allegedly not being enforced, or do not go far enough.
- Public perception or perceived lack of transparency in rehiring retirees.

Please note, depending on how the SCPP chooses to pursue these or any other options, there may be issues regarding contractual rights. The SCPP may wish to consult legal counsel before proceeding.

As a general rule, the state can change benefit provisions that are applied to only new hires at any time, while changes to benefits for current or retired members may be subject to legal challenge.

Option 1 — Prohibit Retirees From Receiving Pension Benefits While Earning New Benefits in a HERP

Retirees could be prohibited from accruing new benefits in a HERP while receiving DRS-administered benefits. This option is substantially similar to the HECB rule enacted in the last legislative session.

This option is narrow, and would eliminate triple dipping. However, it reaches into higher education policy, which is not typically the purview of the SCPP.

Option 2 — Establish Consistency Between PERS and Other Retirees in Higher Education

As a general policy, the state tries to provide similar benefits wherever possible. Currently, PERS retirees can return to work, collect pension benefits, and earn benefits in a HERP on an unrestricted basis. In contrast, retirees from other state systems may do the same but only on a restricted basis; that is, they may do so subject to yearly hour limits and procedural safeguards. Retire-rehire rules could be changed so that PERS retirees in higher education are treated the same as those from other systems.

In addition, policy makers may wish to apply the additional procedural safeguards that currently only apply to retirees in Plans 1 (see above) to retirees from all systems and plans. This option would help ensure all retirees working in higher education are treated the same.

Option 3 — Ensure a Valid Retirement

When retirees return to work soon after retiring, or return to the same job or employer, concerns may arise that the retirement wasn't valid. Policy makers may wish to evaluate both the procedural safeguards and enforcement procedures currently in place to ensure that retirement is valid.

Depending on how it is structured, this option could help eliminate or expose abuses, and combat negative public perceptions of retire-rehire. However, it opens up the possibility of reevaluating system-wide retire-rehire rules, rather than the smaller issue of higher education retire-rehire rules.

Safeguards

Policy makers may wish to determine if current safeguards are sufficient, or if new or expanded safeguards are needed. As noted above, some safeguards only apply in certain circumstances, and policy makers may wish to determine if those safeguards should apply more broadly.

Sample safeguards include:

- Increased disclosure and retention of records.
- Increased transparency in the hiring process.
- A longer separation from service.

Enforcement

Policy makers may wish to determine if current enforcement provisions are sufficient, or if additional enforcement tools are needed. Further, if enforcement is needed, policy makers may wish to determine who is in the best position to provide that enforcement.

Sample enforcement tools include:

- New or revised filing and reporting requirements.
- New or expanded criminal sanctions.

Option 4 — System-wide reorganization of retire-rehire rules

A complete reorganization would allow policy makers to move forward with a clean slate. This option would also allow policy makers to determine if the conditions that gave rise to the retire-rehire rule changes in 2001 are still present. However, it may require more time to develop a comprehensive strategy, and this option is not narrowly directed at the smaller issue of higher education retire-rehire rules.

Option 5 — Study of Retire-Rehire Rules

A study could be conducted of retire-rehire rules in one of several ways. It could be conducted at any level:

- OSA, at the direction of the SCPP.

  - ◊ Prior OSA studies in 2005 and 2003.
- ❖ Multi-agency, at the direction of the Legislature.

It could also be directed narrowly at one or more of the concerns listed above, or it could tackle the broader issue of system-wide retire-rehire rules.

Sample questions:

- ❖ Is current policy adequate from both business management and workforce management perspectives?
- ❖ Is restructuring necessary?

This option may help develop a comprehensive strategy that addresses any or all of the possible concerns policy makers may have with retire-rehire rules, but it would take time to develop, and would not result in immediate measures.

Conclusion

Certain PERS retirees may go to work full time at a state institution of higher education while collecting unreduced pension benefits and accruing additional benefits in a HERP.

Supporters may feel it is an important recruitment and retention tool, and that current procedures are adequate. Opponents may feel it is double dipping, or not necessary in the current economic climate.

Supporters may also feel that different rules recognize differences in demographics and needs, while opponents may feel that retirement rules should be consistent.

Attachments

1. Nick Perry and Justin Mayo; *Retired, then rehired: How college workers use loophole to boost pay*. The Seattle Times, June 26, 2010; http://seattletimes.nwsource.com/html/localnews/2012217904_retirerehire27m.html; accessed on October 14, 2010.

2. DRS; *Employer Handbook*, Chapter 5: Special Conditions; Reporting in Higher Education; http://www.drs.wa.gov/employer/EmployerHandbook/chpt5/higherEd_options.htm; accessed on October 14, 2010.

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AN ACT Relating to higher education employees' annuities and retirement income plans; and amending RCW 28B.10.400.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 28B.10.400 and 2010 c 21 s 1 are each amended to read as follows:

The boards of regents of the state universities, the boards of trustees of the regional universities and of The Evergreen State College, ~~and~~ the state board for community and technical colleges, and the higher education coordinating board are authorized and empowered:

(1) To assist the faculties and such other employees as any such board may designate in the purchase of old age annuities or retirement income plans under such rules as any such board may prescribe, subject to the restrictions in subsection (4) of this section. County agricultural agents, home demonstration agents, 4-H club agents, and assistant county agricultural agents paid jointly by the Washington

State University and the several counties shall be deemed to be full time employees of the Washington State University for the purposes hereof;

(2) To provide, under such rules and regulations as any such board may prescribe for the faculty members or other employees under its supervision, for the retirement of any such faculty member or other employee on account of age or condition of health, retirement on account of age to be not earlier than the sixty-fifth birthday: PROVIDED, That such faculty member or such other employee may elect to retire at the earliest age specified for retirement by federal social security law: PROVIDED FURTHER, That any supplemental payment authorized by subsection (3) of this section and paid as a result of retirement earlier than age sixty-five shall be at an actuarially reduced rate;

(3) To pay to any such retired person or to his or her designated beneficiary(s), each year after his or her retirement, a supplemental amount which, when added to the amount of such annuity or retirement income plan, or retirement income benefit pursuant to RCW 28B.10.415, received by the retired person or the retired person's designated beneficiary(s) in such year, will not exceed fifty percent of the average annual salary paid to such retired person for his or her highest two consecutive years of full time service under an annuity or retirement income plan established pursuant to subsection (1) of this section at an institution of higher education: PROVIDED, HOWEVER, That if such retired person prior to retirement elected a supplemental payment survivors option, any such supplemental payments to such retired person or the retired person's designated beneficiary(s) shall be at actuarially reduced rates: PROVIDED FURTHER, That if a faculty member or other employee of an institution of higher education who is a participant in a retirement plan authorized by this section dies, or has died before retirement but after becoming eligible for retirement on account of age, the designated beneficiary(s) shall be entitled to receive the supplemental payment authorized by this subsection to which such designated beneficiary(s) would have been entitled had said

deceased faculty member or other employee retired on the date of death after electing a supplemental payment survivors option: PROVIDED FURTHER, That for the purpose of this subsection, the designated beneficiary(s) shall be (a) the surviving spouse of the retiree; or, (b) with the written consent of such spouse, if any, such other person or persons as shall have an insurable interest in the retiree's life and shall have been nominated by written designation duly executed and filed with the retiree's institution of higher education;

(4) Boards are prohibited from offering a purchased annuity or retirement income plan authorized under this section to employees hired on or after July 1, 2011, who have retired from a public employees' retirement system described in RCW 41.50.030. The higher education coordinating board~~ is also authorized and empowered as described in this section, subject to the following: The board ~~shall only offer participation in a purchased annuity or retirement income plan authorized under this section to employees who have previously contributed premiums to a similar qualified plan~~, and the board is prohibited from offering or funding such a plan authorized under this section for the benefit of any retiree who is receiving or accruing a retirement allowance from a public employees' retirement system under Title 41 RCW or chapter 43.43 RCW~~.

NEW SECTION. **Sec. 2.** This act takes effect July 1, 2011.

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