



Select Committee on Pension Policy

Retire-Rehire Corrections: DRS Bill Draft

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DRS Has Approached The SCPP About Corrections To Bill Passed In 2011

- ESHB 1981 (2011) made many changes, most are not at issue here
 - Removed 1,500-hour retire-rehire option for retirees of Plans 1
 - Limited and modified HERPs and HERP supplemental benefits
- Changes to PERS return-to-work rules resulted in some inconsistencies between plans
- DRS submitted bill draft that would remove inconsistencies
- Executive Committee scheduled a work session



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Background: Retire-Rehire

- Retire-rehire provisions are complex with many exceptions
 - Analysis in presentation is limited to the provisions being changed
- Generally, retirees can work 867 hours per year without a suspension of benefits
- No limits for retirees who
 - Go to work in private sector
 - Work in a public job that is ineligible for retirement system membership



Current Situation: PERS Retirees Hired Into Non-PERS Positions

- ESHB 1981 removed 867-hour option for PERS Plans 2/3 members who return to work in other systems (e.g. TRS, SERS, etc.)
 - For example
 - A PERS 2 retiree hired into SERS position will experience an immediate suspension of benefits
 - A PERS 2 retiree hired into PERS position can work up to 867 hours per year
- DRS reports that it is not administering this change yet



Current Situation: PERS Retirees Hired Into Ineligible Positions

- ESHB 1981 also applied the 867-hour limit to PERS retirees working in ineligible positions
 - For example
 - A PERS 2 retiree working in an ineligible position can work up to 867 hours per year
 - A SERS 2 retiree working in an ineligible position has no limit
 - DRS reports that it is not administering this change yet



Effect Of DRS Bill Draft

- Restores prior policy in these limited circumstances
 - Reapplies the 867-hour option to PERS retirees who return to work in positions covered by other DRS-administered retirement systems
 - Applies return-to-work rules only to retirees hired into eligible positions



Side-By-Side Comparison

	Before ESHB 1981	After ESHB 1981	DRS Bill Draft
PERS retiree hired for ineligible position	No Limit	867	No Limit
PERS retiree hired for PERS position	867*	867	867
PERS retiree hired for OTHER position	867*	Imm. Susp.**	867
OTHER retiree hired for ineligible position	No Limit	No Limit	No Limit
OTHER retiree hired for PERS position	867	867	867
OTHER retiree hired for OTHER position	867	867	867

*Plans 1 retirees also had option to work additional hours without suspension. Please see the fiscal note for ESHB 1981 for more information.

**PERS 1 retirees working in OTHER positions were not affected by ESHB 1981 and remain eligible for the 867-hour limit.



DRS Bill Draft Would Not Impact Savings From Original Bill

- Restores prior policy
- Consistent with assumptions in fiscal note



Possible Next Steps

- Nothing further at this time
- Public hearing on DRS bill draft
- Recommend DRS bill draft

