

Retire-Rehire Correction (DRS Bill Draft)

Issue

In the 2011 Session, the Legislature enacted ESHB 1981. This bill made several changes to retiree return-to-work rules, as well as changes to the Higher Education Retirement Plans.

The Department of Retirement Systems (DRS) has approached the SCPP stating that the changes to the return-to-work rules resulted in inconsistencies between retirement systems. In response, DRS prepared a proposed bill draft for the SCPP's consideration that would restore the prior policy for these limited circumstances.

Background

Prior to ESHB 1981, a retiree could work in public employment up to 867 hours per year without a suspension of that retiree's pension benefits. This general rule typically applied whether or not the retiree was hired into a position covered by the same retirement system the member retired from.

Exceptions to the general rule existed, for example, when the retiree returned to work in a position that was not eligible for membership in any DRS-administered retirement system. In other words, retirees working in ineligible positions could work full time without a suspension of benefits.

Current Situation

ESHB 1981 removed the 867-hour option for PERS Plans 2/3 members who return to work in other systems (e.g. TRS, SERS, etc.), meaning these retirees will experience an immediate suspension of benefits so long as they continue working. PERS retirees who return to work in PERS-covered positions may continue to work up to 867 hours per year without a suspension of benefits.

ESHB 1981 also applied the 867-hour limit to PERS retirees working in ineligible positions.

DRS reports that it is not administering these changes yet.

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.*

No Limit: Retiree can work full time with no suspension of benefits.

Imm. Susp: The retiree's pension payments are immediately suspended so long as the retiree continues to work.

867: Retiree's pension payments will be suspended if retiree works more than 867 hours per year.

Other: Systems other than the Public Employees' Retirement System or the Law Enforcement Officers' and Fire Fighters' Plan that are administered by DRS.

Committee Activity

The SCPP studied the issue at its November and December meetings. At the December meeting, the committee recommended legislation as detailed below.

Recommendation to 2012 Legislature

Restore the prior policy for specific PERS return-to-work rules as follows:

- ❖ Reapplying the 867-hour option to PERS retirees who return to work in positions covered by other DRS-administered retirement systems.
- ❖ Stating that the return-to-work rules apply only to retirees hired into eligible positions.

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