



Select Committee on Pension Policy

Retire-Rehire Corrections

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Does The SCPP Wish To Re-endorse The Retire-Rehire Corrections Proposal/Bills?

- Last interim SCPP voted to recommend a bill draft to the Legislature
- Resulting bills did not pass, but remain “alive” for next session
 - HB 1226
 - Prime sponsor: Ormsby
 - Passed House Appropriations
 - SB 5633
 - Prime sponsor: Conway
 - Passed Senate Ways and Means



Issue Originated At Request Of DRS

- ESHB 1981 (2011) made many changes, most are not at issue here
 - For example
 - Removed 1,500-hour retire-rehire option for retirees of Plans 1
 - Limited and modified HERPs and HERP supplemental benefits
- ESHB 1981 created some inconsistencies between PERS return-to-work rules and rules for other plans
 - DRS is not administering these particular changes yet
- DRS asked SCPP to help remove those inconsistencies



"Retire-Rehire" Or "Return-To-Work" Rules Generally

- Retire-rehire provisions are complex with many exceptions
 - Today's presentation limited to the provisions in the bill
- Rules apply to people who have retired and started receiving benefits
- Retirees not prevented from returning to work
- Retire-rehire rules provide conditions on working and receiving benefits at the same time



Generally, Retirees Can Work Up To 867 Hours Per Year Without A Suspension Of Benefits

- No yearly limits for retirees who
 - Go to work in private sector
 - Work in a public job that is ineligible for retirement system membership
 - For example, temporary jobs



Change 1: 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.)
- Comparison
 - A PERS retiree hired into PERS position can work up to 867 hours per year
 - Same PERS retiree hired into position that qualifies for **other retirement system** (SERS, TRS, etc.) will experience an immediate suspension of benefits



Change 2: PERS Retirees Hired Into Ineligible Positions

- ESHB 1981 also applied the 867-hour limit to PERS retirees working in ineligible positions
- Comparison
 - A SERS (or TRS, etc.) retiree hired into an ineligible position has no limit on hours
 - A PERS retiree hired into an ineligible position can only work up to 867 hours per year without a suspension of benefits



Effect Of SCPP-Sponsored Bills (HB 1226/SB 5633)

- Removes inconsistencies in retire-rehire rules by restoring 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
 - Clarifies that return-to-work rules only apply to retirees hired into eligible positions



Side-By-Side Comparison

	Before ESHB 1981	After ESHB 1981	SCPP Bills
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 the 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.



SCPP-Sponsored Bills Would Not Impact Savings From Original Bill

- ESHB 1981 resulted in savings
- SCPP bills would not alter that savings
 - Restoring prior policy consistent with assumptions in ESHB 1981
- Fiscal note included in meeting materials



Possible Next Steps

- Nothing further at this time
- Re-endorse SCPP bills
 - HB 1226/SB 5633

