

DRS Corrections (Retire-Rehire)

Issue

Should the SCPP re-sponsor its Retire-Rehire Corrections legislation? If so, a new bill(s) is required since the prior bills expired at the end of the 2014 Session.

Background

Issue History

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.

In the 2012 Interim, the Department of Retirement Systems (DRS) approached the SCPP stating that ESHB 1981 changed the return-to-work rules in a way that created inconsistencies between Public Employees' Retirement System (PERS) and other retirement systems. DRS then asked the SCPP to sponsor legislation removing those inconsistencies.

Legislative History

The SCPP voted to sponsor legislation in December 2012 and committee members sponsored two companion bills: HB 1226 and SB 5633. In the interim following the 2013 Session, the SCPP voted to re-endorse the two bills for the 2014 Session. Ultimately, neither bill passed.

A nearly identical bill (HB 2407) also did not pass. This bill was substantially similar to the SCPP bills, but did not receive official SCPP endorsement and had a slightly different title.

Retire-Rehire Generally

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 (or the private sector) could work full time without a suspension of benefits.

Administration

The following two changes in ESHB 1981 were flagged by DRS due to the inconsistencies they created with other systems. DRS reports that it is not administering these two changes yet.

Change 1

PERS Plans 2/3 members who return to work in other systems (e.g. Teachers' Retirement System, etc.) will receive an immediate suspension of benefits.

Change 2

PERS retirees working in positions ineligible for retirement benefits can work up to 867 hours without a suspension of benefits.

Effects of SCPP Bill Draft

These bills remove the two changes listed above, thus restoring prior policy. Please see the attached draft actuarial fiscal note for the fiscal impacts of the bill draft.

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 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

Following the October 21, 2014, SCPP meeting, the Executive Committee scheduled a work session with possible executive action.

Staff Contact

Aaron Gutierrez
Senior Policy Analyst
360.786.6152
aaron.gutierrez@leg.wa.gov

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