

# Retire-Rehire Correction

## Issue

Does the SCPP want to re-endorse its Retire-Rehire Corrections legislation that the committee recommended to the Legislature last interim?

In the 2012 interim, the SCPP voted to endorse a DRS bill draft that would restore certain policies within the PERS return-to-work rules.

The bills that resulted from the SCPP recommendation last interim (HB 1226/SB 5633) received “do pass” recommendations from their respective policy committees, but ultimately did not make it out of their respective rules committees. These two bills are still “alive” for the second session of the biennium.

## 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.

## Highlights of Analysis

- ❖ 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.)
  - ◇ 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 applied the 867-hour limit to PERS retirees working in ineligible positions.
- ❖ DRS reports that it is not administering these changes yet.
- ❖ HB 1226/SB 5633 would restore the prior (pre-ESHB 1981) policies in these limited circumstances.

## Committee Activity

The SCPP studied the issue at its July meeting. At the September meeting, the committee voted to re-endorse HB 1226/SB 5633.

## Recommendation to 2014 Legislature

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

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

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