



Washington State Senate

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Select Committee on Pension Policy
Office of the State Actuary
P.O. Box 40914
Olympia, WA 98504-0914

Office of the State Actuary

Dear Select Committee on Pension Policy,

I was recently contacted by a constituent regarding pension benefits for a small number of retired teachers whom were under age 65 and chose to take a reduced pension in order to return to substitute teach. I believe recalculating the pension benefits of the Teachers' Retirement System (TRS) members that fall under this category warrants study and consideration by the Committee.

My constituent is a well-respected and long-time history teacher in the 22nd Legislative District who wished to continue to substitute teach and coach after his retirement in 2013 at the age of 61. He is a member of the TRS Plan 3. At that time, in order to continue to substitute after retirement, he was limited to the choice of the "3% Early Retirement Factor (ERF)", which was based on the retirement age of 65. Therefore, he had to take a reduction in his pension, which equated to him receiving approximately 88% of full pension.

The constituent wanted to substitute teach because of his passion for teaching and desire to help the school district as it faced a severe shortage of experienced substitutes, so he chose to take the reduced pension option. This resulted in what Department of Retirement Systems (DRS) estimates as a \$2,500-\$3,000 a year reduction in his retirement income for as long as he collects a pension. In order to receive full pension, the constituent would have had to take the "2008 ERF" option, however, he would not have been able to substitute until reaching age 65.

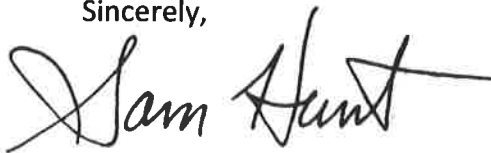
Senate Ways and Means Committee staff requested data from DRS to determine how many TRS retirees have taken a reduced retirement option rather than the '08 ERF. DRS reports that total is 182 people. Following is a table with more detail (see the "3%" column):

Retire Year	2008 (B)	3%	Grand Total
2008	54	13	67
2009	92	8	100
2010	140	23	163
2011	186	22	208
2012	209	24	233
2013	334	23	357
2014	367	27	394
2015	378	23	401
2016	418	2	420
2017	498	17	515
2018	34		34
Grand Total	2,710	182	2,892

As you know, there is a temporary provision passed in 2016 that allows teachers that took the early retirement factor to return to work as a substitute without suspension of their pension benefit, until 2020. However, when this provision expires, these retirees will again be penalized for returning to substitute teach.

I would encourage the Committee to study and consider recalculating the pension benefits of this small group of retirees to make it more equitable for these retirees that chose to take the reduced pension option in order to substitute teach. One option to consider is to calibrate the formula to what it would have been under the '08 ERF formula. The Committee may consider making the adjustment retroactive, or instead, recalibrating the pension so that the new compensation formula is in place from a future date forward. Thank you for your consideration of this request.

Sincerely,



Senator Sam Hunt
22nd Legislative District