
HOUSE BILL 1022

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Carlyle, Van De Wege, Appleton, Finn, Miloscia, Probst, Upthegrove, Kenney, Blake, Takko, Rolfes, Liias, Fitzgibbon, Clibborn, Billig, Orwall, Stanford, Kagi, Frockt, Eddy, and Moeller

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1 AN ACT Relating to the postretirement employment of higher
2 education employees; and amending RCW 28B.10.400 and 41.40.037.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 28B.10.400 and 2010 c 21 s 1 are each amended to read
5 as follows:

6 (1) The boards of regents of the state universities, the boards of
7 trustees of the regional universities and of The Evergreen State
8 College, and the state board for community and technical colleges are,
9 subject to subsection (2) of this section, authorized and empowered:

10 ~~((+1))~~ (a) To assist the faculties and such other employees as any
11 such board may designate in the purchase of old age annuities or
12 retirement income plans under such rules as any such board may
13 prescribe. County agricultural agents, home demonstration agents, 4-H
14 club agents, and assistant county agricultural agents paid jointly by
15 the Washington State University and the several counties shall be
16 deemed to be full time employees of the Washington State University for
17 the purposes hereof;

18 ~~((+2))~~ (b) To provide, under such rules and regulations as any
19 such board may prescribe for the faculty members or other employees

1 under its supervision, for the retirement of any such faculty member or
2 other employee on account of age or condition of health, retirement on
3 account of age to be not earlier than the sixty-fifth birthday:
4 PROVIDED, That such faculty member or such other employee may elect to
5 retire at the earliest age specified for retirement by federal social
6 security law: PROVIDED FURTHER, That any supplemental payment
7 authorized by (c) of this subsection (~~((3) of this section))~~ and paid
8 as a result of retirement earlier than age sixty-five shall be at an
9 actuarially reduced rate;

10 ~~((3))~~ (c) To pay to any such retired person or to his or her
11 designated beneficiary(s), each year after his or her retirement, a
12 supplemental amount which, when added to the amount of such annuity or
13 retirement income plan, or retirement income benefit pursuant to RCW
14 28B.10.415, received by the retired person or the retired person's
15 designated beneficiary(s) in such year, will not exceed fifty percent
16 of the average annual salary paid to such retired person for his or her
17 highest two consecutive years of full time service under an annuity or
18 retirement income plan established pursuant to (a) of this subsection
19 (~~((1) of this section))~~ at an institution of higher education:
20 PROVIDED, HOWEVER, That if such retired person prior to retirement
21 elected a supplemental payment survivors option, any such supplemental
22 payments to such retired person or the retired person's designated
23 beneficiary(s) shall be at actuarially reduced rates: PROVIDED
24 FURTHER, That if a faculty member or other employee of an institution
25 of higher education who is a participant in a retirement plan
26 authorized by this section dies, or has died before retirement but
27 after becoming eligible for retirement on account of age, the
28 designated beneficiary(s) shall be entitled to receive the supplemental
29 payment authorized by this subsection to which such designated
30 beneficiary(s) would have been entitled had said deceased faculty
31 member or other employee retired on the date of death after electing a
32 supplemental payment survivors option: PROVIDED FURTHER, That for the
33 purpose of this subsection, the designated beneficiary(s) shall be
34 ~~((a))~~ (i) the surviving spouse of the retiree; or, ~~((b))~~ (ii) with
35 the written consent of such spouse, if any, such other person or
36 persons as shall have an insurable interest in the retiree's life and
37 shall have been nominated by written designation duly executed and
38 filed with the retiree's institution of higher education;

1 ~~((4))~~ (2) The higher education coordinating board is also
2 authorized and empowered as described in this section, subject to the
3 following: The board shall only offer participation in a purchased
4 annuity or retirement income plan authorized under this section to
5 employees who have previously contributed premiums to a similar
6 qualified plan, and the board is prohibited from offering or funding
7 such a plan authorized under this section for the benefit of any
8 retiree who is receiving or accruing a retirement allowance from a
9 public employees' retirement system under Title 41 RCW or chapter 43.43
10 RCW.

11 (3) Prior to the offer of participation in a purchased annuity or
12 retirement income plan made upon rehiring any former employee, the
13 president of each institution of higher education, or the chief
14 executive officer of the state board for community and technical
15 colleges or the higher education coordinating board shall submit a
16 signed affidavit to their respective boards, the higher education and
17 coordinating board, and the department of retirement systems that the
18 prospective employee is returning after a break from employment or any
19 other compensated arrangement with the employer of no less than nine
20 months, and that at no time before the prior termination from
21 employment was any oral or written agreement reached with any officer
22 of the institution to return to employment following a break in
23 employment.

24 **Sec. 2.** RCW 41.40.037 and 2007 c 50 s 5 are each amended to read
25 as follows:

26 (1)(a) If a retiree enters employment with an employer, other than
27 the employer from which the retiree was last retired from, sooner than
28 one calendar month after his or her accrual date, the retiree's monthly
29 retirement allowance will be reduced by five and one-half percent for
30 every eight hours worked during that month. This reduction will be
31 applied each month until the retiree remains absent from employment
32 with an employer for one full calendar month.

33 (b) The benefit reduction provided in (a) of this subsection will
34 accrue for a maximum of one hundred sixty hours per month. Any benefit
35 reduction over one hundred percent will be applied to the benefit the
36 retiree is eligible to receive in subsequent months.

1 (c)(i) If a retiree enters employment with the same employer from
2 which the retiree last retired from sooner than nine calendar months
3 after his or her accrual date, it is presumed that the retiree did not
4 separate from service and was never eligible for retirement benefits.

5 (ii) Upon discovery of the reemployment of a retiree under (c)(i)
6 of this subsection, the department shall immediately commence
7 collection of any benefits paid during the period as overpayments and
8 investigate the circumstances of the separation from service and
9 reemployment.

10 (2)(a) Except as provided in (b) of this subsection, a retiree from
11 plan 1 who enters employment with an employer, other than the employer
12 from which the retiree was last retired from, at least one calendar
13 month after his or her accrual date may continue to receive pension
14 payments while engaged in such service for up to eight hundred sixty-
15 seven hours of service in a calendar year without a reduction of
16 pension.

17 (b) A retiree from plan 1 who enters employment with an employer,
18 other than the employer from which the retiree was last retired from,
19 at least three calendar months after his or her accrual date and:

20 (i) Is hired pursuant to a written policy into a position for which
21 the employer has documented a justifiable need to hire a retiree into
22 the position;

23 (ii) Is hired through the established process for the position with
24 the approval of: A school board for a school district; the chief
25 executive officer of a state agency employer; the secretary of the
26 senate for the senate; the chief clerk of the house of representatives
27 for the house of representatives; the secretary of the senate and the
28 chief clerk of the house of representatives jointly for the joint
29 legislative audit and review committee, the select committee on pension
30 policy, the legislative evaluation and accountability program, the
31 legislative systems committee, and the statute law committee; or
32 according to rules adopted for the rehiring of retired plan 1 members
33 for a local government employer;

34 (iii) The employer retains records of the procedures followed and
35 decisions made in hiring the retiree, and provides those records in the
36 event of an audit; and

37 (iv) The employee has not already rendered a cumulative total of

1 more than one thousand nine hundred hours of service while in receipt
2 of pension payments beyond an annual threshold of eight hundred sixty-
3 seven hours;
4 shall cease to receive pension payments while engaged in that service
5 after the retiree has rendered service for more than one thousand five
6 hundred hours in a calendar year. The one thousand nine hundred hour
7 cumulative total under this subsection applies prospectively to those
8 retiring after July 27, 2003, and retroactively to those who retired
9 prior to July 27, 2003, and shall be calculated from the date of
10 retirement.

11 (c) When a plan 1 member renders service beyond eight hundred
12 sixty-seven hours, the department shall collect from the employer the
13 applicable employer retirement contributions for the entire duration of
14 the member's employment during that calendar year.

15 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
16 employment requirement of subsection (1) of this section may work up to
17 eight hundred sixty-seven hours in a calendar year in an eligible
18 position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or
19 41.40.010, or as a firefighter or law enforcement officer, as defined
20 in RCW 41.26.030, without suspension of his or her benefit.

21 (3) If the retiree opts to reestablish membership under RCW
22 41.40.023(12), he or she terminates his or her retirement status and
23 becomes a member. Retirement benefits shall not accrue during the
24 period of membership and the individual shall make contributions and
25 receive membership credit. Such a member shall have the right to again
26 retire if eligible in accordance with RCW 41.40.180. However, if the
27 right to retire is exercised to become effective before the member has
28 rendered two uninterrupted years of service, the retirement formula and
29 survivor options the member had at the time of the member's previous
30 retirement shall be reinstated.

31 (4) The department shall collect and provide the state actuary with
32 information relevant to the use of this section for the select
33 committee on pension policy.

34 (5) For purposes of this section, employment includes positions
35 covered by annuity and retirement income plans offered by institutions
36 of higher education pursuant to RCW 28B.10.400.

37 (6) The legislature reserves the right to amend or repeal this

1 section in the future and no member or beneficiary has a contractual
2 right to be employed for more than five months in a calendar year
3 without a reduction of his or her pension.

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