
SENATE BILL 5852

State of Washington

62nd Legislature

2011 Regular Session

By Senators Hewitt and Brown

Read first time 02/23/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to the public employment of retirees from plan 1 of
2 the teachers' retirement system and plan 1 of the public employees'
3 retirement system; and amending RCW 41.32.570 and 41.40.037.

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

5 **Sec. 1.** RCW 41.32.570 and 2007 c 50 s 3 are each amended to read
6 as follows:

7 (1)(a) If a retiree enters employment with an employer sooner than
8 one calendar month after his or her accrual date, the retiree's monthly
9 retirement allowance will be reduced by five and one-half percent for
10 every seven hours worked during that month. This reduction will be
11 applied each month until the retiree remains absent from employment
12 with an employer for one full calendar month.

13 (b) The benefit reduction provided in (a) of this subsection will
14 accrue for a maximum of one hundred forty hours per month. Any monthly
15 benefit reduction over one hundred percent will be applied to the
16 benefit the retiree is eligible to receive in subsequent months.

17 (2) Except under subsection (3) of this section, any retired
18 teacher or retired administrator who enters service in any public
19 educational institution in Washington state at least one calendar month

1 after his or her accrual date shall cease to receive pension payments
2 while engaged in such service, after the retiree has rendered service
3 for more than eight hundred sixty-seven hours in a school year.

4 (3) Any retired teacher or retired administrator who retired prior
5 to September 1, 2011, and who enters service in any public educational
6 institution in Washington state one and one-half calendar months or
7 more after his or her accrual date and:

8 (a) Is hired pursuant to a written policy into a position for which
9 the school board has documented a justifiable need to hire a retiree
10 into the position;

11 (b) Is hired through the established process for the position with
12 the approval of the school board or other highest decision-making
13 authority of the prospective employer;

14 (c) Whose employer retains records of the procedures followed and
15 the decisions made in hiring the retired teacher or retired
16 administrator and provides those records in the event of an audit; and

17 (d) The employee has not already rendered a cumulative total of
18 more than one thousand nine hundred hours of service while in receipt
19 of pension payments beyond an annual threshold of eight hundred sixty-
20 seven hours;

21 shall cease to receive pension payments while engaged in that service
22 after the retiree has rendered service for more than one thousand five
23 hundred hours in a school year. The one thousand nine hundred hour
24 cumulative total limitation under this section applies prospectively
25 after July 22, 2007.

26 (4) When a retired teacher or administrator renders service beyond
27 eight hundred sixty-seven hours, the department shall collect from the
28 employer the applicable employer retirement contributions for the
29 entire duration of the member's employment during that fiscal year.

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

33 (6) The legislature reserves the right to amend or repeal this
34 section in the future and no member or beneficiary has a contractual
35 right to be employed for more than five hundred twenty-five hours per
36 year without a reduction of his or her pension.

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

3 (1)(a) If a retiree enters employment with an employer sooner than
4 one calendar month after his or her accrual date, the retiree's monthly
5 retirement allowance will be reduced by five and one-half percent for
6 every eight hours worked during that month. This reduction will be
7 applied each month until the retiree remains absent from employment
8 with an employer for one full calendar month.

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

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

19 (b) A retiree from plan 1 who retired prior to September 1, 2011,
20 and who enters employment with an employer at least three calendar
21 months after his or her accrual date and:

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

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

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

1 (iv) The employee has not already rendered a cumulative total of
2 more than one thousand nine hundred hours of service while in receipt
3 of pension payments beyond an annual threshold of eight hundred sixty-
4 seven hours;
5 shall cease to receive pension payments while engaged in that service
6 after the retiree has rendered service for more than one thousand five
7 hundred hours in a calendar year. The one thousand nine hundred hour
8 cumulative total under this subsection applies prospectively to those
9 retiring after July 27, 2003, and retroactively to those who retired
10 prior to July 27, 2003, and shall be calculated from the date of
11 retirement.

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

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

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

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

35 (5) The legislature reserves the right to amend or repeal this
36 section in the future and no member or beneficiary has a contractual

1 right to be employed for more than five months in a calendar year
2 without a reduction of his or her pension.

--- END ---