



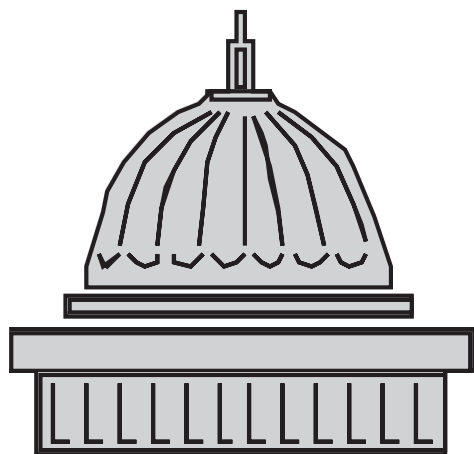
special focus on

RETIRE/REHIRE

The following Q & A are intended to assist members regarding SHB 1262, Post Retirement Employment (Retire/Rehire), which makes changes to the retire/rehire law passed in 2003.

The answers are not necessarily definitive but are our best interpretation of how this legislation will impact our members both active and retired. We anticipate that both OSPI and DRS will update their post-retirement articles on their respective Web sites:

- OSPI (<http://www.k12.wa.us/employment/retirerehire.aspx>).
- DRS (<http://www.drs.wa.gov/Member/Publications/TRS/trsReturnToWork.pdf>).



- Q. Who may participate in retire/rehire (SHB 1262)?
A. TRS and PERS Plan 1 members.
- Q. When do the revised rules within SHB 1262 go into effect?
A. July 22, 2007.
- Q. Will the changes in retire/rehire practices brought about by SHB 1262 affect PERS Plan 1 retirees?
A. No. However, as districts adopt their policy and hiring practices to conform to SHB 1262, they should evaluate the impact of that work on PERS Plan 1 retirees.

Questions Relating to TRS Plan 1

- Q. What satisfies a break in service in order to work less than 867 hours for an employer that is under the state's Department of Retirement Systems (DRS) jurisdiction?
A. At least one month.
- Q. What satisfies a break in service in order to work beyond 867 hours up to 1,500 hours in a school fiscal year (July 1–June 30)?
A. For those who are retiring after July 21, 2007, at least one and one half months. Those who satisfied the separation requirement of one month prior to July 22, 2007, will have satisfied the separation requirement for the future as well.
- Q. If the employer agrees to continue the retire/rehire employee from one year into the next fiscal year, must the employee again separate for one and one half months and must the employer repeat the hiring process?
A. The legislation does not speak to this issue, therefore, it is assumed that it would not be necessary for either the employer or employee to repeat the original retire/rehire separation and hiring procedures. The retiree does not have the right of continuing contract.



SPECIAL FOCUS ON RETIRE/REHIRE, CONTINUED

- Q. Can a retiree communicate with a potential school employer during the period of required separation?**
- A. Yes, however, there can be no written or oral agreement with the same employer following termination. Mere expressions or inquiries about postretirement employment are permissible.
- Q. What is one of the consequences of entering into a written or oral agreement before or during the period of separation?**
- A. The employer and/or the employee would be guilty of a gross misdemeanor.
- Q. What employer and employee retiree contribution rates must be paid for a retiree to DRS?**
- A. If a retiree works less than 867 hours, there are no contribution rates sent to DRS. However, if a retiree works over 867 hours, the employer must pay employer retirement contributions to DRS for the entire school fiscal year worked. The retiree does not pay a contribution rate.
- Q. What new requirements must employers meet when hiring a retiree under retire/rehire?**
- A. The district will need to hire the retiree through an established process, pursuant to a written policy together with approval of the school board or the highest decision-making authority of the prospective employer. The employer must retain records of the procedures followed and the decisions made in hiring and have these records available in the event of an audit. The employer must document a justifiable need to hire a retiree. The legislation does not define "justifiable need" therefore it will be up to each employer to establish guidelines and processes for defining and documenting a justifiable need.
- Q. Is there a sample retire/rehire policy that districts can review as they develop their own?**
- A. WSSDA is currently working on a sample policy.
- Q. Is there a limit as to how long a retiree can work under retire/rehire (hours worked beyond 867) and still receive his or her pension?**
- A. Yes. The limits are 1,500 hours in any school fiscal year and 1,900 hours beyond the first annual 867 hours. For continuing retire/rehires, the 1,900 hours are prospective from July 1, 2007. Normally, a retiree would have about 633 hours beyond the first 867 hours—totaling 1,500 hours in a year. This would limit a retiree to three 1,500-hour school fiscal years (633 X 3 = 1,899 hours). The 1,900 hours can be spread out further than three years if less than 633 hours are worked beyond the annual 867 hours.
- Q. Once a retiree has reached 1,900 hours, can they continue working?**
- A. Yes, but he/she is limited to 867 hours before retirement benefits are suspended for the balance of the work year.
- Q. What happens if a retire/rehire employee works beyond the 1,500 annual hour limit?**
- A. The retiree will stop receiving pension payments after the retiree has provided service for more than 1,500 hour in a school fiscal year. Pension payment will resume when the retiree terminates work or at the beginning of the next school fiscal year, whichever comes first.
- Q. Can a retiree and/or employer circumvent SHB 1262's lifetime limit by entering into a personal service contract to perform teaching or administrative work as a certified employee?**
- A. Both the retiree and the employer would be putting themselves at risk, especially if the member works over 867 hours. The IRS has also examined this issue of personal contracts, especially as it relates to casual employees.