

## Frequently Asked Questions about the new Post-Retirement Employment law (Substitute House Bill 1262)

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### Public Education Employers – TRS Plan 1

The new law, SHB 1262, enacts changes, effective July 22, 2007, for TRS Plan 1 retirees who wish to return to work for a public education institution.

The new law:

- Prohibits prior verbal or written agreements for re-employment after retirement with the same employer;
- Extends the separation from service period between the retirement date and the return to work date to 45 days (previously the separation period was 30 days) for retirees who wish to work beyond 867 hours per *fiscal year* while still receiving their benefit; and
- Implements a lifetime 1,900 hour cumulative lifetime limit on the number of hours a retiree may work in excess of 867 hours per fiscal year without a suspension of their monthly benefit. Each hour worked beyond 867 and up to 1,500 in a fiscal year will count toward the lifetime limit of 1,900 hours. Once the 1,900 hour lifetime limit is reached a retiree may work only 867 hours in a fiscal year and still receive a retirement benefit.

#### 1. What changes for employers as a result of the new legislation?

To prevent a Plan 1 retiree's pension from being suspended after working 867 hours in a fiscal year, several criteria must be met by employers – they include:

- Having a *written policy* relating to hiring retirees
- Hiring a retiree through an established process for the position with the approval of the school board or other highest decision making authority
- Documenting the need to hire a retiree, the process used and the decisions made during that process, retaining that documentation and making it available in the event of an audit

#### 2. Does this legislation apply to all retirees?

The 1,900 hour limit applies to all retirees, but the requirements listed in question 1 only apply to those members retiring on or after July 22, 2007.

#### 3. If an employer renews a retiree's contract, should they report begin and end dates?

Yes. All employees with non-continuing contracts should have a begin and end date reported for each employment period.

#### 4. Does this legislation apply to retirees who work as substitute teachers?

Yes. If the retiree works for more than one employer, each employer must document a justifiable need in order for the retiree to work up to 1,500 hours per fiscal year. Without this documentation, the retiree may only work up to 867 hours before their pension is suspended.

Although the retiree may be working less than 867 hours for one employer, DRS will consider hours worked for all employers.

**5. Do employers have to post job openings each year?**

As you know, retirees who return to work can only be offered one year contracts. You must use your established hiring process for renewing contracts – this may require posting the job or not.

**6. Will employers be notified when a retiree nears the hourly limits within a fiscal year?**

Yes. DRS will notify you when a retiree nears their hourly limit for a fiscal year. Also, employers will be notified when a retiree nears their 1,900 hour cumulative lifetime limit. Employees may also track their number of hours worked within the *Online Account Services* section of the DRS Web site.

**7. Will DRS provide employers with documentation guidelines for the hiring procedure?**

No. The law requires a written policy and hiring justification/documentation, and both can look very different from district to district depending upon how the employer chooses to address hiring retirees. The Department will not be auditing employers on the substance of their policy, just that they had one and it was followed in their practices. As for the documentation, it just needs to be thorough enough to justify the choice of the retiree and that the appropriate process was followed.