



June 22, 2016

Retiree Return to Work

INITIAL CONSIDERATION

By Paul Neal

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ISSUE STATEMENT

LEOFF Plan 2 retirees cannot work any amount of time in a LEOFF position without suspension of their pension.

OVERVIEW

The LEOFF Plan 2 membership is aging, with 28% currently eligible to retire. This leads to employer recruitment issues, with some feeling their pool of available talent is diminishing. Some employers are looking for ways to hire experienced, i.e. retired, law enforcement officers and fire fighters. Some LEOFF 2 members, in turn, are interested in returning to work in historically LEOFF positions.

Current rules do not allow this. While LEOFF Plan 2 retirees can work full time in a Public Employees' Retirement System (PERS) and draw a pension, that pension is suspended while working in a LEOFF position. The tension between that prohibition and the desire to employ LEOFF Plan 2 retirees in LEOFF positions has led some to redefine positions to avoid the restrictions. Some of those efforts have been successful, while some have not.

Past Board studies on retiree return to work focused on chiefs and other high level positions. Employers and employees have recently expressed interest in employing retirees at all levels, including line positions.

MEMBERS IMPACTED

There are currently 3,710 LEOFF Plan 2 retirees. Two hundred sixty-five of those retirees utilized the provisions of the career change law between 2005 and 2013¹. Over the next 10 years the retiree population is projected to more than double to 8,910². At current rates, an estimated 640 retirees would return to work in the next 10 years. Tightening return-to-work restrictions would reduce that number, relaxing restrictions would increase them.

¹ Data from November 2013 on career change usage report produced by the Department of Retirement Systems (DRS).

² The Office of the State Actuary relied on participant data provided by DRS through June 30, 2015 to project future retirements. These projections rely upon assumptions and are not a guarantee of future events.

Prior Board Studies

The Board studied return to work issues extensively in 2005 when it proposed the current career change law. The issue has been revisited during each of the last three interims:

- During the 2013 interim the Board learned some LEOFF Plan 2 retirees used the 2005 career change law to work as law enforcement officers or fire fighters while drawing their pensions. Some employers facilitated this expansion of the law's original intent by reorganizing historically LEOFF positions to avoid LEOFF eligibility.
- In the 2014 Legislative session the Board proposed curtailing retirees' ability to draw a LEOFF Plan 2 pension and work in a historically LEOFF position (HB 2479). The Legislative debate revealed tension between the Board's original policy goal and the goal of allowing smaller jurisdictions to compete for law enforcement officers and fire fighters they could not otherwise afford. HB 2479 did not pass.
- The Board revisited this issue during 2014 and 2015 but did not take action.

This report builds on prior presentations without repeating them. A full discussion of the broader background of this issue can be found in the December 2015 report presented to the Board, attached as Appendix A.

Expanding Interest in Retiree Return to Work

At the time of the 2013, 2014, and 2015 reports the primary return-to-work issue was LEOFF Plan 2 retirees drawing their pension while working as a chief. Since that time the issue has arisen from the other side of the staffing pool with LEOFF Plan 2 retirees interested in coming back as law enforcement officers or fire fighters in line positions.

Employer Interest

One explanation for this new interest is shifting workforce demographics. As discussed in the Workforce Retirement Trends & Statistics presentation³, LEOFF Plan 2 members' average age is increasing with 28% of members currently eligible to retire. Some employers facing recruitment issues see employing LEOFF Plan 2 retirees at all levels as a way to meet that need.

Employee Interest

As the retiree population and retirement eligibility grows, LEOFF Plan 2 retiree interest in post-retirement employment has increased. The Board recently received a letter from Joe Gagner from the Kent Police Department, attached as Appendix B. Officer Gagner, who at age 55 has 31 years of experience, is one of the 28% of LEOFF 2 members eligible to retire. In asking that LEOFF Plan 2 members be allowed to retire and come back to work for 5 years while drawing a pension, he made the following assertions:

- The pool of eligible recruits cannot keep up with the increased rate of retirement.

³ May 25, 2016

- LEOFF 2 retirees, particularly chiefs, can work similar jobs in another state without losing their pension. This causes highly trained and experienced members to retire in Washington and take their skills elsewhere.
- Employers are spending significant additional funds on overtime due to staff shortages. He noted increased overtime pay increases pension costs.
- He claimed teachers had been able to come back to work for 5 years after retiring. It should be noted that assertion is not accurate⁴.

Current Post-retirement employment rules

The detailed current retirement and return to work restrictions for retirees from LEOFF Plan 2, WSPRS, TRS, SERS PERS, and PSERS⁵ were presented at the Board's April 2016 meeting. The essential differences between provisions covering uniformed and civilian employees are:

- **Uniformed Employees⁶:**
 - No effect on pension if retiree's job is covered by a different retirement system
 - Pension suspended immediately if retiree takes job covered by the system they retired from
- **Civilian Employees:⁷** A retiree may work up to 867 hours per year regardless of system. For instance, a PERS retiree can work up to 867 hours per year in a PERS, TRS, SERS, or LEOFF position before his or her pension is stopped.

The detailed statutory provisions for each system are provided in the following table:

⁴ Between 2001 and 2011 PERS and TRS retirees could work up to 1500 hours per year (about 8.6 months) while drawing their pension. This ability was limited to a lifetime maximum of 1900 hours (about 11 months).

⁵ Respectively: the Law Enforcement Officers' and Firefighters' Retirement System Plan 2 (LEOFF Plan 2), The Washington State Patrol Retirement System (WSPRS) The Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), the Public Employees' Retirement System (PERS), and the Public Safety Employees' Retirement System (PSERS).

⁶ LEOFF Plan 2 and WSPRS

⁷ PERS, TRS, and SERS. PSERS has a mixture of the provisions governing uniformed and civilian employees by requiring a retiree back into membership if returning to a PSERS position but limiting work in another system's position to 867 hours per year.

Return to Work Restrictions by System

System	Qualified Full Retiree if:	Return to Work Restrictions	
		Employed in position eligible for system retired from	Employed in position eligible for other system
LEOFF 2	Receive at least one retirement check ⁸	Mandatory return to membership – pension stopped.	Option to: <ul style="list-style-type: none"> Join new system and have LEOFF pension suspended; or Stay out of new system and continue LEOFF pension.⁹
WSPRS	Receive at least one retirement check ¹⁰	Mandatory return to membership – pension stopped ¹¹ .	Retiree continues to receive pension; prohibited from establishing membership in second system ¹² .
TRS, SERS and PERS	Remain absent for at least one full calendar month ¹³	Optional return to membership. <ul style="list-style-type: none"> If retiree returns to membership, pension stops¹⁴. If retiree does not return to membership – same restrictions as if he or she was employed in position eligible for other system. → 	<ul style="list-style-type: none"> Prohibited from membership in second system⁷ May work up to 867 hours (5 months) per calendar year If retiree exceeds 867 hours pension stopped for remainder of year Clock starts over with new calendar year⁹
PSERS	Remain absent for at least one full calendar month ⁸	Mandatory return to membership, pension stops ¹⁵ .	If retiree works in non-PSERS position, same return to work rules as TRS, SERS, and PERS. ↗

Whether employing LEOFF retirees as chiefs or as line officers, the primary determination governing continued pension payments is: Is it a LEOFF position? To qualify for LEOFF, a position must be “full time fully compensated¹⁶.”

- Full-time = 160 or more hours per month: Only full-time positions qualify for LEOFF¹⁷. A part-time position is not a LEOFF position, regardless of duties. A LEOFF Plan 2 retiree in a bona fide part-time position still draws a pension.

⁸ RCW 41.26.030(25)

⁹ RCW 41.26.500

¹⁰ RCW 43.43.120(4)

¹¹ RCW 43.43.130

¹² RCW 41.04.270

¹³ TRS 1: RCW 41.32.570; TRS 2 41.32.802; SERS: 41.35.060; PSERS: 41.37.050; PERS 41.40.037

¹⁴ TRS 1: RCW 41.32.570; TRS 2: 41.32.802; SERS: 41.35.060; PERS RCW 41.40.037

¹⁵ RCW 41.37.180

¹⁶ RCW 41.26.030(16), (18)

¹⁷ WAC 415-104-011(4)

- Fully compensated = at least \$1547.20 per month. DRS recently amended WAC 415-104-011(5) to define fully compensated as: “an employee who is normally expected to earn a basic monthly salary no less than one hundred sixty times the state minimum hourly wage.” It is unlikely a LEOFF Plan 2 retiree performing law enforcement or firefighting duties would be less than fully compensated.

Positions have been redefined to avoid these restrictions with mixed success.

Avoiding the Restrictions

Issues arise when an employer represents a position as part-time when, in fact, it is full time. Tenino recently hired a LEOFF Plan 2 retiree as police chief, officially scheduled him to work 159 hours per month, and classified him as part-time. DRS’s audit found the chief was actually full time and assessed the city \$82,462 in overpaid pension benefits.

This would not happen to a LEOFF Plan 2 retiree in a bona fide part-time position. If, for instance, two LEOFF Plan 2 retirees job shared a position such that each actually worked part-time, those retirees could work and continue to draw their pension¹⁸. This would be true for both line positions and higher ranking positions.

NEXT STEPS

1. Direct staff to proceed to Comprehensive Report including options based on Board direction
2. Take no further action

¹⁸ An ongoing half-time position would qualify for PERS, so the LEOFF Plan 2 retiree would have to opt out of PERS membership to continue to draw their pension.

APPENDIX A: RETIREE RETURN TO WORK REPORT; DECEMBER 16, 2015

FINAL PROPOSAL

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ISSUE STATEMENT

The LEOFF Plan 2 Board's (Board) 2014 proposal to tighten the career change law revealed tension between the policies of: 1) Maintaining public confidence that LEOFF Plan 2 is well designed and professionally managed; and 2) Facilitating smaller jurisdictions' access to highly trained and experienced LEOFF Plan 2 retirees.

PROPOSAL SUMMARY

Reintroduce 2014 Legislation (HB 2479) preventing LEOFF 2 retirees from drawing their pension while working in positions historically included in LEOFF such as police or fire chief even if those positions:

- are not full time;
- are not fully compensated;
- are not fully commissioned;
- include PERS duties; or
- purportedly filled by an independent contractor

OVERVIEW

During the 2013 interim the Board learned some LEOFF Plan 2 retirees were using the 2005 career change law to work as law enforcement officers or fire fighters while drawing their pensions. Some employers facilitated this expansion of the law's original intent by redefining historically LEOFF positions to avoid LEOFF eligibility. Some felt this was inappropriate.

The Board proposed curtailing the ability of a LEOFF Plan 2 retiree to draw a pension and work in a historically LEOFF position. The Board's proposal was introduced in 2014 as HB 2479. The Legislative debate revealed tension between the Board's original policy goal and the goal of allowing smaller jurisdictions to compete for law enforcement officers and fire fighters they would not otherwise be able to afford.

The Board revisited this issue during 2014 but voted to table it until the 2015 interim. At the November meeting, the Board directed staff to prepare and present a final proposal.

MEMBERS IMPACTED

Two hundred sixty-five LEOFF Plan 2 retirees have utilized the provisions of the career change law since its inception in 2005¹⁹. A similar number of members would be impacted by any

¹⁹ Data from November 2013 on career change usage report produced by the Department of Retirement Systems (DRS).

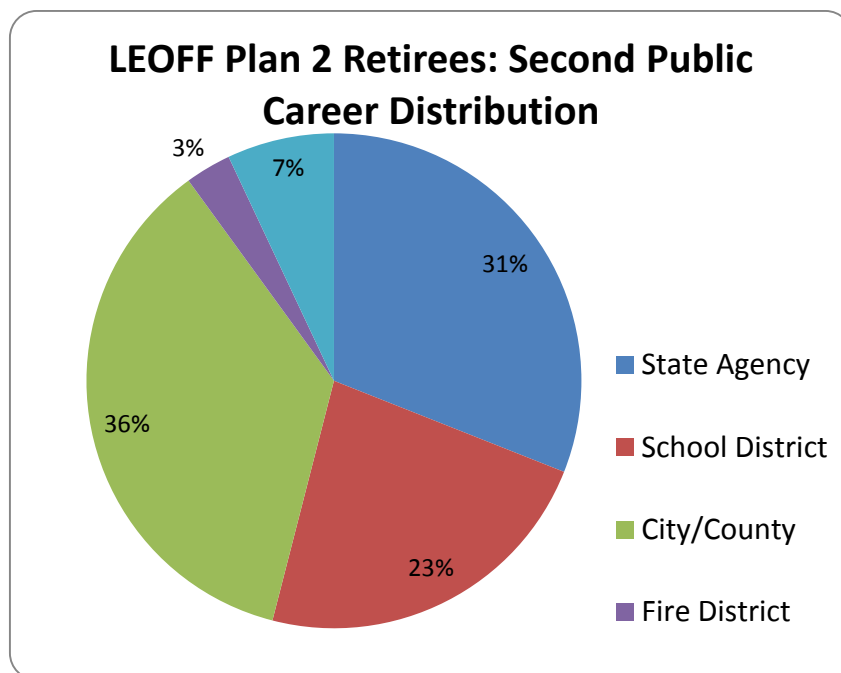
changes to the law if those utilization numbers remain constant. Additionally, there are public trust issues addressed by the original bill that impact all LEOFF Plan 2 members.

BACKGROUND & POLICY ISSUES

Before 2005 a LEOFF Plan 2 retiree's pension stopped if they worked in a job covered by any state-wide public retirement system. The Board recognized member's may no longer be able to fulfill the physical demands of law enforcement or firefighting before they were ready, or could afford to stop working. The Legislature passed the Board's proposed Career Change legislation in 2005 enabling retired LEOFF Plan 2 retirees to start a second career in non-LEOFF public employment. A retiree accepting such a job can either establish membership in another public system, thus suspending their LEOFF Plan 2 pension, or waive membership in the new system and continue receiving their pension.

The Board intended to facilitate transition from a physically demanding profession to a second less strenuous career. The Board did not contemplate enabling retirees to continue working as a law enforcement officer or fire fighter while receiving their pension.

The vast majority of participating retirees use Career Change as intended: to facilitate public employment as something other than a law enforcement officer or fire fighter. Recent DRS data shows 265 LEOFF Plan 2 retirees working in public employment with an average annual salary of \$28,268. Sixty-one percent work for non-LEOFF employers. Most of those retirees working for LEOFF employers do not work in historically LEOFF positions:



As discussed during the 2013 Career Change briefings, some employers seeking the benefit of the years of training and experience possessed by LEOFF Plan 2 retirees have redefined LEOFF positions as PERS positions. For instance, some employers have redefined full-time police chief and fire chief positions as “part-time.” This allows LEOFF Plan 2 retirees to hold those positions without losing receipt of their pensions.

An example of this appeared in 2015 involving the Tenino Chief of Police. He retired under LEOFF Plan 2 and subsequently went to work as the Tenino Police Chief. His contract required him to work 159 hours per month, one hour below the threshold of 160 hours which would have made him full-time, requiring reentry into LEOFF Plan 2 and suspension of his pension. DRS found that the chief was working additional hours such that he qualified as a full time employee. It stopped his pension and billed the City for \$82,462 in pension overpayments.

Proposal to Curtail Abuse

The Board proposed curtailing the ability of a LEOFF Plan 2 retiree to draw a pension and work in a historically LEOFF position. The proposal was introduced in 2014 as HB 2479. After passing the House, the bill failed to pass the Senate, in part because of concerns raised by stakeholder groups about the desirability of providing smaller jurisdictions access to highly trained and experienced fire chiefs and police chiefs they could not otherwise afford.

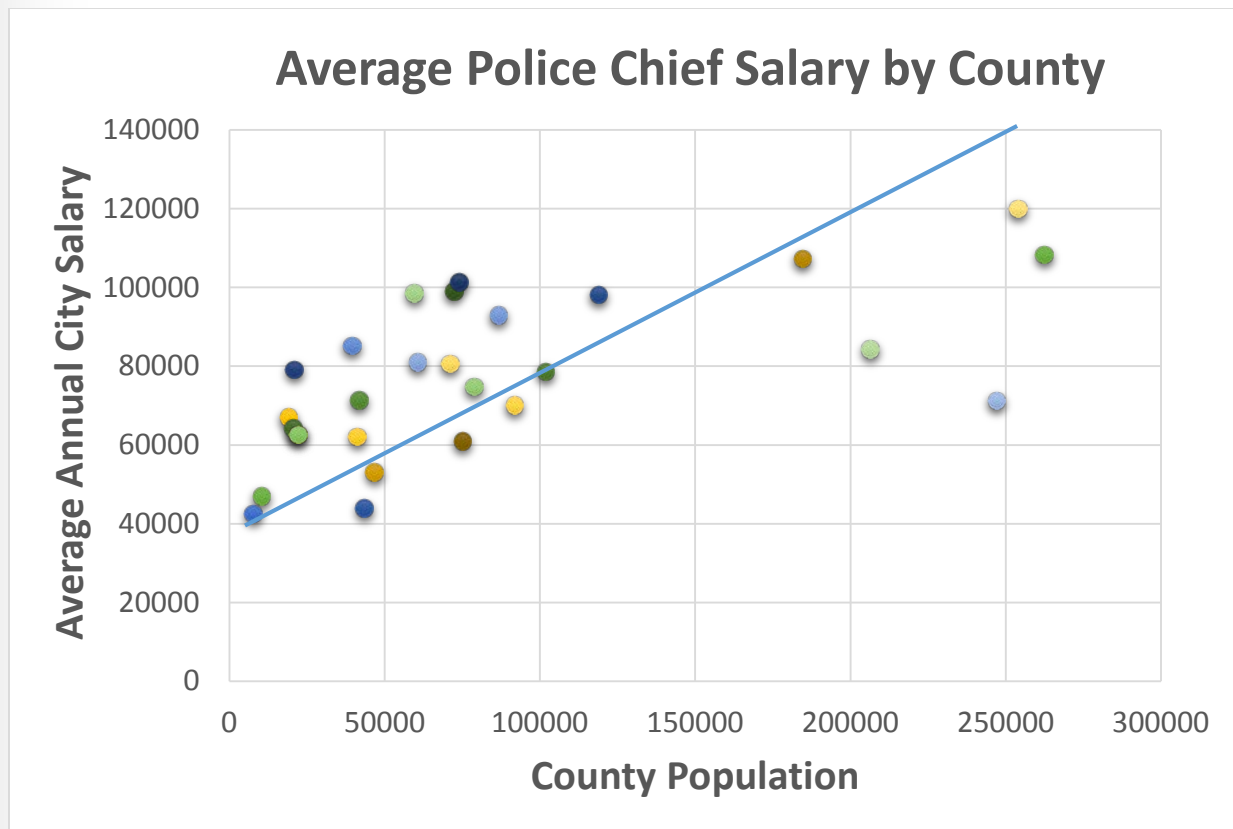
THE VALUE OF EXPERIENCE

Perhaps more than other public professions, law enforcement and firefighting require continuous, specific training. Over the course of a 25 year career a fire fighter’s employer spends approximately \$142,500 on training²⁰. Law enforcement employers also incur significant training costs. In addition to specific training, the years of field experience possessed by LEOFF Plan 2 retirees has great potential value to employers.

LEOFF employers are, by definition, mostly political subdivisions. Local government budgets, and hence public safety salaries, vary widely across Washington depending in large part on the tax base. The 2014 career change analysis looked at chief salaries by employer population. While salary ranged significantly between many small jurisdictions and large jurisdictions, a better predictor of salary range was a city’s location, i.e. urban vs. rural.

In an effort to examine the urban vs rural distinction, the data is sorted below by population of the county the city is in, rather than the city itself.

²⁰ The South King County Fire Training Coalition, which provides training to fire fighters from 8 different jurisdictions, charges employers \$5700 per year per fire fighter. $\$5700 \times 25 \text{ years} = \$142,500$.



While there is not a one-to-one correlation, the overall trend is that cities in counties with higher populations tend to pay higher salaries. This lends some support to the idea that allowing LEOFF Plan 2 retirees some ability to work while receiving their pensions could help lower paying jurisdictions compete for highly trained and experienced law enforcement officers and fire fighters.

IMPORTANCE OF A WELL DESIGNED AND PROFESSIONALLY MANAGED PLAN

Public perception of pension abuse can be exacerbated when benefits appear to flow disproportionately to highly placed employees. Public displeasure over perceived abuses undermines public confidence in the retirement system as a whole.

Uninterrupted Employment

If an employee appears to retire, then comes back to work in the same or similar position with their former employer, it raises questions whether the person ever actually retired. Both state retirement law and the Internal Revenue Code require a full separation from service before qualifying for a retirement allowance. These requirements exist to guard against pseudo-retirements, where a person goes through the process of retiring in order to qualify for their pension, but has only briefly, or in some cases never, left their employer.

Public Pension + Public Salary

Receiving both a public pension and a public salary at the same time is a common hot-button with the general public.

Newspaper articles have featured the total compensation received by LEOFF Plan 2 retirees who return to law enforcement officer or fire fighter employment. A recent Seattle Times report on LEOFF Plan 2 retirees working as police chiefs and fire chiefs described a LEOFF Plan 2 retiree working a fire chief collecting a \$100,000 a year pension and a \$90,000 a year salary. See Appendix A.

One could argue adding together pensions for previous service and the salaries earned for current service is mixing apples and oranges. LEOFF Plan 2 pensions, unlike salaries for current service, are not paid out of current revenues. Those pensions are fully funded at retirement by employer and employee contributions paid over the course of the employee's career, plus earnings on those contributions²¹.

When a public employee retires and goes to work in the private sector or for a public entity in another state, no objections are heard. Some question why the result is different if that same public retiree goes to work in the public sector. Judging from the comments posted in response to recent newspaper articles, many members of the public do not find this analysis persuasive.

Perceived Favoritism

Some of the public anger over allegations of abuse flow from a perceived misuse of authority. Articles often feature persons working in upper management negotiating with the mayor and/or city council to create a position description allowing them to earn a salary as a law enforcement officer or fire fighter while drawing a LEOFF pension.

The vast majority of LEOFF Plan 2 retirees utilizing the career change law do not work as law enforcement officers or fire fighters and make less than in their first careers. For example, a retired police officer providing part-time security at a middle school. These are not the cases reported in the paper.

BALANCING OPTIONS

During Board discussions in 2014, many Board members saw the value of allowing LEOFF Plan 2 retirees to share the value of their experience with smaller employers, but were uncomfortable with the current situation where position descriptions for LEOFF positions were modified to facilitate employment of LEOFF retirees.

The Board directed staff to develop options which maintain LEOFF Plan 2 as a well-designed and professionally managed plan while providing a "bright line" defining when a LEOFF Plan 2 retiree could work in a historically LEOFF position without suspension of their entire pension.

Make Benefit Generally Available

An issue with the current situation is the appearance of a "work around" where an employer takes specific action to accommodate a specific employee. This perceived dynamic appears where the employee continues with the same employer. It also appears when the benefit appears limited to persons with a motivated prospective employer.

²¹ According to the Washington State Investment Board, 86% of every dollar paid out in LEOFF Plan 2 pension benefits comes from investment earnings.

These issues could be addressed by:

- Requiring the LEOFF Plan 2 retiree work for a different employer than they retired from;
- Openly provide the benefit so specific employer action would no longer be required.

This could be done by:

- making the benefit available to a specific class of employees (i.e. chiefs); or
- making the benefit generally available to all LEOFF Plan 2 retirees

Not Encouraging Earlier Retirement

Making the benefit generally available could incentivize employees to retire earlier to utilize the new standard. This could negatively impact the original employer and create an actuarial cost. The Actuary bases future costs in part by projecting when people will retire, i.e. how long they will draw a benefit. If the new standard creates enough incentive to retire earlier, this could create an actuarial cost.

A minimum service credit requirement, possibly 20 or 25 years, could help address this issue and ensure that persons eligible for LEOFF reemployment were highly experienced employees.

Limiting Total of Pension plus Salary

The public shows concern when a retiree's total income, pension plus salary, appears excessive. Concern is especially likely if the combination doubles or nearly doubles the person's compensation. While the objection is debatable, it is clearly an area of public concern.

This issue could be addressed by limiting the combined amount of a LEOFF Plan 2 retiree's salary and pension. Possible alternatives include:

- Limiting total compensation to a percentage of Final Average Salary: Limiting total pension and salary to a set percentage of Final Average Salary (FAS) would ensure that the retiree's total compensation would be similar to what he or she earned prior to retirement. This could address perceptions of abuse. On the other hand, requiring DRS to develop and track a new, LEOFF Plan 2 specific, post-retirement employment standard could generate an administrative cost.
- Limit the Timeframe for Collecting Both Pension and Salary: The State's other Plan 2 systems allow retirees to work in a system-covered position for up to 867 hours per year (approximately 5 months). Once a retiree reaches that point, their pension stops for the remainder of the calendar year. It restarts at the beginning of the next year, stopping again if the retiree works another 867 hours. DRS has systems and reporting requirements in place to track the 867 hour rule for the State's other Plan 2 systems.

Adopting this same standard for LEOFF Plan 2 retirees working in historically LEOFF positions would effectively limit the combined salary and pension, thus mitigating the "double-dipping" issue. It would be consistent with current policy in the State's other plan 2 systems. Finally, it would be easier for DRS than administering a new standard.

NEXT STEPS – OPTIONS

Pursuant to the Board's direction, a draft bill updating HB 2479 for introduction in 2016 is attached as Appendix B. The fiscal note for HB 2479 prepared by the State Actuary is attached as Appendix C. Because the current bill is identical to HB 2479, the prior fiscal note is still valid.

Option 1: Vote to submit bill draft to Legislature for passage

Option 2: Take no further action

SUPPORTING INFORMATION

*Note: Original appendices to December 16, 2016 report deleted in the interest of space.
Available upon request.*

APPENDIX B: LETTER FROM OFFICER JOE GAGNER TO THE BOARD

Dear Mr. Fox and Board Members:

My name is Sgt Joe Gagner; I have worked for the Kent Police Department for the last 31 years. I am 55 years old and I am getting close to the time when it will no longer make any financial sense to continue working as a Leoff 2 member. I will be able to collect more money on retirement then my current "net" take home check. I still enjoy my job and have no real desire to retire this early in my life. This state and my city have invested a lot of money into me, for me to just quit and move out of state to find another law enforcement job. How many out of state retirees are we already starting to see in our own ranks?

I would like to socialize the idea of retirees being able to retire, collect their retirements and then still be allowed to work up to five years before they leave. I know this idea is not new. Teachers were able to do it a few years back. As a state we are suffering terribly when it comes to recruiting and training new officers. No one what's to be an officer these days. I believe we are all aware of the challenges facing the entire nation when it comes to hiring qualified officers to work this job. My own agency is struggling trying to keep up with retirees and young candidates that don't make probation. I know this is happening throughout the state. I just read in New Mexico they are trying to pass a "return to work" Bill (171) so retired officers can come back to work as patrol officers only. This still allows the newer officer to promote and to use the older officers as mentors and resources to handle calls for service. How many times have we seen qualified upper command staff retire and then have to move out of state to be hired as a Chief? We don't have a process to allow our brightness and best leaders an opportunity to stick around in this state, without being penalized when it comes to collect their pensions. Case in point, an Assistant Chief in Kent makes 140,000 plus in a year. He can't become a Chief in a smaller Washington city because he will make less money. It makes more sense for him to retire and move out of state. As a state we just lost a lot of experience and knowledge from a very qualified Chief candidate.

I know some will say we can't afford to allow officers to "double dip". I would argue that most agencies in this state are so short staffed; they are paying thousands in overtime. I spoke to a King County Deputy last week, he said if he could work 24 hours in a day he could. There is so much overtime available, don't you think many of us are "packing the five" trying to get our high five years as high as possible. I know the overtime is so prevalent I can pick and choose to work anytime I want to.

I think this means we are going to see several officers retiring in the near future with much larger high five year totals then we have ever seen in the history of LEOFF 2.

I think this means we are going to see several officers retiring in the near future with much larger high five year totals than we have ever seen in the history of LEOFF 2. I would think paying out to retirees who continued to work for five years and still paid into LEOFF 2 retirement outweighs the costs of what we will be paying out for the number of officers "packing the five" and then retiring.

By allowing us to work longer and collect our retirement the state and the citizens will benefit. This is not a challenge facing the fire department. They still have candidates camping out at the City halls waiting for the few hundred applications that will be handed out in two days.

I know this is a long process to make changes. I just hope we start to have the hard conversations and start to think ahead for the future. Things are not suddenly going to get better for cops in this state. We need our more seasoned officers who have years of experience to teach and mentor this new generation of officers.

My idea might be the best, but I know there are a lot of good ideas out there. In California there are several different types of retirement programs, so officer can retire from one agencies and go to work for another agency under a different program. In Washington State I cannot go to work for another Law Enforcement Municipality agency, without taking a pay cut.

Thank you for your time on this matter.



Joe Gagner

City of Kent Police Department

If you have any questions I can be reached at the following.

JGagner@kentwa.gov or 253 266-6886 after 9am.



Retiree Return to Work

INITIAL CONSIDERATION

June 22, 2016

ISSUE

- ▶ **LEOFF 2 retirees cannot work any amount of time in a LEOFF position without having their pension suspended**

BOARD HISTORY WITH ISSUE

- ▶ Studied in each of last 3 interims
 - Proposed legislation in 2014 (HB 2479)
 - Studied in 2014 and 2015 interim – no action
- ▶ Prior work focused on LEOFF Plan 2 retirees working as chief or other high level position
- ▶ New interest in retirees returning to line positions

INTEREST IN RETIREES WORKING IN LEOFF POSITIONS



- ▶ **Demographic shift**
- ▶ **Perceived shrinking of recruit pool**
- ▶ **Members retire and take jobs in other states**
- ▶ **Lean staffing necessitates higher overtime costs**
- ▶ **Retirees from other systems can work part-time in system retired from**

RETURN TO WORK LAW SUMMARY



	Retiree's Job Covered by new system	Retiree's Job Covered by system retired from
LEOFF Plan 2 and WSPRS	No effect on pension	Pension stopped - Retiree mandated back into membership
PERS, TRS, and SERS	Retiree may work 867 hours per year before pension stopped	

WHEN THE PENSION STOPS

- ▶ **LEOFF Plan 2 pension stops if retiree enters a LEOFF position**
- ▶ **LEOFF position = full-time fully compensated**
 - **Full-time = 160 hours per month or more**
 - **Fully compensated = 160 x minimum wage or more**

PART-TIME POSITION ISSUES

- ▶ **Misclassifying position as part-time**
 - Tenino classified 159 hour per month chief position as “part-time”
 - DRS audit reached opposite conclusion - \$82,462 cost to city
- ▶ **Bona fide part-time:**
 - Must actually be part time
 - The closer to the line, the more risk
 - Job share could possibly meet standard

NEXT STEPS

- ▶ **Direct staff to prepare comprehensive report**
- ▶ **Take no further action**

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