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**SENATE BILL 5738**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Wellman, Short, Cortes, Warnick, Cleveland, and Liias

1 AN ACT Relating to permitting individuals retired from the public  
2 employees' retirement system, the teachers' retirement system, and  
3 the school employees' retirement system additional opportunities to  
4 work for up to 1,040 hours per year while in receipt of pension  
5 benefits; amending RCW 41.32.570, 41.32.802, 41.32.862, 41.35.060,  
6 and 41.40.037; and declaring an emergency.

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

8 **Sec. 1.** RCW 41.32.570 and 2022 c 110 s 1 are each amended to  
9 read as follows:

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

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

20 (2) Any retired teacher or retired administrator who enters  
21 service in any public educational institution in Washington state at

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

5 (3) (a) Between March 23, 2022, and July 1, (~~2025~~) 2029, a  
6 retiree who reenters employment more than one calendar month after  
7 his or her accrual date, and who enters service in a school district  
8 in a nonadministrative position shall continue to receive pension  
9 payments while engaged in such service, until the retiree has  
10 rendered service for more than 1,040 hours in a school year.

11 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree  
12 that retired before January 1, 2022, and who enters service in a  
13 second-class school district, as defined in RCW 28A.300.065, as  
14 either a district superintendent or an in-school administrator shall  
15 continue to receive pension payments while engaged in such service,  
16 until the retiree has rendered service for more than 1,040 hours in a  
17 school year.

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

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

25 **Sec. 2.** RCW 41.32.802 and 2023 c 410 s 3 are each amended to  
26 read as follows:

27 (1) (a) If a retiree enters employment with an employer sooner  
28 than one calendar month after his or her accrual date, the retiree's  
29 monthly retirement allowance will be reduced by five and one-half  
30 percent for every seven hours worked during that month. This  
31 reduction will be applied each month until the retiree remains absent  
32 from employment 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 forty hours per month. Any  
35 benefit reduction over one hundred percent will be applied to the  
36 benefit the retiree is eligible to receive in subsequent months.

37 (2) (a) A retiree who has satisfied the break in employment  
38 requirement of subsection (1) of this section, may work up to eight  
39 hundred sixty-seven hours per calendar year in an eligible position,

1 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or  
2 as a firefighter or law enforcement officer, as defined in RCW  
3 41.26.030, or in a position covered by annuity and retirement income  
4 plans offered by institutions of higher education pursuant to RCW  
5 28B.10.400, without suspension of his or her benefit.

6 (b) (i) Between March 23, 2022, and July 1, (~~(2025)~~) 2029, a  
7 retiree who reenters employment more than one month after his or her  
8 accrual date, and who enters service in a school district in a  
9 nonadministrative position shall continue to receive pension payments  
10 while engaged in such service, until the retiree has rendered service  
11 for more than 1,040 hours in a calendar year.

12 (ii) Between March 23, 2022, and July 1, (~~(2025)~~) 2029, a retiree  
13 that retired before January 1, 2022, and who enters service in a  
14 second-class school district, as defined in RCW 28A.300.065, as  
15 either a district superintendent or an in-school administrator shall  
16 continue to receive pension payments while engaged in such service,  
17 until the retiree has rendered service for more than 1,040 hours in a  
18 calendar year.

19 (iii) The legislature reserves the right to amend or repeal this  
20 subsection (2)(b) in the future and no member or beneficiary has a  
21 contractual right to be employed for more than 867 hours in a  
22 calendar year without a reduction of his or her pension.

23 (3) If the retiree opts to reestablish membership under RCW  
24 41.32.044, he or she terminates his or her retirement status and  
25 immediately becomes a member. Retirement benefits shall not accrue  
26 during the period of membership and the individual shall make  
27 contributions and receive membership credit. Such a member shall have  
28 the right to again retire if eligible.

29 **Sec. 3.** RCW 41.32.862 and 2023 c 410 s 4 are each amended to  
30 read as follows:

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

37 (b) The benefit reduction provided in (a) of this subsection will  
38 accrue for a maximum of one hundred forty hours per month. Any

1 benefit reduction over one hundred percent will be applied to the  
2 benefit the retiree is eligible to receive in subsequent months.

3 (2) (a) A retiree who has satisfied the break in employment  
4 requirement of subsection (1) of this section, may work up to eight  
5 hundred sixty-seven hours per calendar year in an eligible position,  
6 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or  
7 as a firefighter or law enforcement officer, as defined in RCW  
8 41.26.030, or in a position covered by annuity and retirement income  
9 plans offered by institutions of higher education pursuant to RCW  
10 28B.10.400, without suspension of his or her benefit.

11 (b) (i) Between March 23, 2022, and July 1, (~~2025~~) 2029, a  
12 retired teacher or retired administrator who reenters employment more  
13 than one month after his or her accrual date, and who enters service  
14 in a school district in a nonadministrative position shall continue  
15 to receive pension payments while engaged in such service, until the  
16 retiree has rendered service for more than 1,040 hours in a calendar  
17 year.

18 (ii) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree  
19 that retired before January 1, 2022, and who enters service in a  
20 second-class school district, as defined in RCW 28A.300.065, as  
21 either a district superintendent or an in-school administrator shall  
22 continue to receive pension payments while engaged in such service,  
23 until the retiree has rendered service for more than 1,040 hours in a  
24 calendar year.

25 (iii) The legislature reserves the right to amend or repeal this  
26 subsection (2) (b) in the future and no member or beneficiary has a  
27 contractual right to be employed for more than 867 hours in a  
28 calendar year without a reduction of his or her pension.

29 (3) If the retiree opts to reestablish membership under RCW  
30 41.32.044, he or she terminates his or her retirement status and  
31 immediately becomes a member. Retirement benefits shall not accrue  
32 during the period of membership and the individual shall make  
33 contributions and receive membership credit. Such a member shall have  
34 the right to again retire if eligible.

35 **Sec. 4.** RCW 41.35.060 and 2023 c 410 s 6 are each amended to  
36 read as follows:

37 (1) (a) If a retiree enters employment with an employer sooner  
38 than one calendar month after his or her accrual date, the retiree's  
39 monthly retirement allowance will be reduced by five and one-half

1 percent for every eight hours worked during that month. This  
2 reduction will be applied each month until the retiree remains absent  
3 from employment with an employer for one full calendar month.

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

8 (2)(a) A retiree who has satisfied the break in employment  
9 requirement of subsection (1) of this section may work up to eight  
10 hundred sixty-seven hours per calendar year in an eligible position,  
11 as defined in RCW 41.32.010, 41.35.010, 41.37.010, or 41.40.010, or  
12 as a firefighter or law enforcement officer, as defined in RCW  
13 41.26.030, or in a position covered by annuity and retirement income  
14 plans offered by institutions of higher education pursuant to RCW  
15 28B.10.400, without suspension of his or her benefit.

16 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree,  
17 including a retiree who has retired under the alternate early  
18 retirement provisions of RCW 41.35.420(3)(b) or 41.35.680(3)(b), who  
19 reenters employment more than one month after his or her accrual  
20 date, and who enters service in a school district in a  
21 nonadministrative position shall continue to receive pension payments  
22 while engaged in such service, until the retiree has rendered service  
23 for more than 1,040 hours in a calendar year. The legislature  
24 reserves the right to amend or repeal this subsection (2)(b) in the  
25 future and no member or beneficiary has a contractual right to be  
26 employed for more than 867 hours in a calendar year without a  
27 reduction of his or her pension.

28 (3) If the retiree opts to reestablish membership under RCW  
29 41.35.030, he or she terminates his or her retirement status and  
30 becomes a member. Retirement benefits shall not accrue during the  
31 period of membership and the individual shall make contributions and  
32 receive membership credit. Such a member shall have the right to  
33 again retire if eligible in accordance with RCW 41.35.420 or  
34 41.35.680. However, if the right to retire is exercised to become  
35 effective before the member has rendered two uninterrupted years of  
36 service, the retirement formula and survivor options the member had  
37 at the time of the member's previous retirement shall be reinstated.

38 **Sec. 5.** RCW 41.40.037 and 2023 c 99 s 2 are each amended to read  
39 as follows:

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

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

11 (2) (a) A retiree from plan 1, plan 2, or plan 3 who has satisfied  
12 the break in employment requirement of subsection (1) of this section  
13 may work up to eight hundred sixty-seven hours per calendar year in  
14 an eligible position, as defined in RCW 41.32.010, 41.35.010,  
15 41.37.010, or 41.40.010, or as a firefighter or law enforcement  
16 officer, as defined in RCW 41.26.030, or in a position covered by  
17 annuity and retirement income plans offered by institutions of higher  
18 education pursuant to RCW 28B.10.400, without suspension of his or  
19 her benefit.

20 (b) Between March 23, 2022, and July 1, (~~2025~~) 2029, a retiree,  
21 including a retiree who has retired under the alternate early  
22 retirement provisions of RCW 41.40.630(3)(b) or 41.40.820(3)(b), who  
23 reenters employment more than 100 days after his or her accrual date,  
24 and who enters service in a school district in a nonadministrative  
25 position shall continue to receive pension payments while engaged in  
26 such service, until the retiree has rendered service for more than  
27 1,040 hours in a calendar year.

28 (c) Between April 14, 2023, and July 1, (~~2026~~) 2030, a retiree,  
29 including a retiree who has retired under the alternate early  
30 retirement provisions of RCW 41.40.630(3)(b) or 41.40.820(3)(b), and  
31 who enters service in a nonadministrative position as a licensed  
32 nurse for a state agency, shall continue to receive pension payments  
33 while engaged in such service, until the retiree has rendered service  
34 for more than 1,040 hours in a calendar year.

35 (3) If the retiree opts to reestablish membership under RCW  
36 41.40.023(12), he or she terminates his or her retirement status and  
37 becomes a member. Retirement benefits shall not accrue during the  
38 period of membership and the individual shall make contributions and  
39 receive membership credit. Such a member shall have the right to  
40 again retire if eligible in accordance with RCW 41.40.180. However,

1 if the right to retire is exercised to become effective before the  
2 member has rendered two uninterrupted years of service, the  
3 retirement formula and survivor options the member had at the time of  
4 the member's previous retirement shall be reinstated.

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

8 (5) The legislature reserves the right to amend or repeal this  
9 section in the future and no member or beneficiary has a contractual  
10 right to be employed for more than five months in a calendar year  
11 without a reduction of his or her pension.

12 NEW SECTION. **Sec. 6.** This act is necessary for the immediate  
13 preservation of the public peace, health, or safety, or support of  
14 the state government and its existing public institutions, and takes  
15 effect immediately.

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