

## **REHIRED RETIREES**

- 1. Are retirees who hold floater appointments exempt from the personnel policy and collective bargaining agreement provisions that cover those appointments? Are hours counted in these appointments for the purpose of entry into UCRP? (4/11/2001)**

All employees who hold floater appointments, including retirees who return to work, are covered by the floater appointment provisions as described in the applicable personnel policy or collective bargaining agreement. Under the collective bargaining agreements, floater appointments may be established for up to 18 months, while under PPSM they may be established for up to 2 years. Hours are not counted in floater appointments for the purpose of determining eligibility for entry into UCRP. You should check the applicable personnel policy or collective bargaining agreement for details.

- 2. If a rehired retiree may be able to sign a waiver for retirement will the retiree: (a) earn additional retirement service credit? (b) obtain career status at 1000 hours? (c) contribute to Social Security? (d) contribute to the Defined Contribution Plan (DCP)? (11/9/2000)**

Answers:

- If a rehired retiree signs a waiver this means the retiree opts out of future retirement UCRP accruals in exchange for continued payment of retirement benefits; therefore, the retiree will not earn additional service credit.
- The rehired retiree will be eligible for career status once the 1,000 hours are met.
- If the rehired retiree opts out of future UCRP benefit accruals, the retiree will not contribute to the Old Age, Survivor and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA or Social Security). The employee and his or her department will contribute 1.45% of salary to the Medicare component of FICA.
- The employee will contribute 7.5% of salary to the Safe Harbor Plan (Defined Contribution Plan (DCP)).

- 3. May we get an example of a "future" retirement calculation for a retiree who is considering coming out of retirement to take a career position -- a simple example to show them how their subsequent pension will be calculated? (11/9/2000)**

The proposal offers a waiver option to each rehired retiree. Discussions are currently taking place regarding the best approach to provide rehired retirees with customized costs benefit analyses of possible benefit accruals versus uninterrupted payment of retirement benefits.

- 4. If a retiree is later rehired by UC and upon subsequent retirement can the retiree take a Lump Sum Cashout if their first retirement election was a monthly retirement income? (11/9/2000)**

Members who have drawn UCRP retirement income and later return to University employment and to active UCRP membership may not elect the lump sum cashout upon subsequent separation.

**5. Is there going to be a change from the current rules by allowing a returning retiree to opt out of the University of California Retirement Plan (UCRP) participation even if returning to a full time career appointment? (6/6/2001)**

Yes. All rehired retirees must be given a *UCRP Waiver and Release* (waiver) form at the point of reemployment regardless of the appointment type, percentage or duration. See page three of the [Administrative Instructions for the Waiver](#) located on the administrative website dedicated to the New Policies for Temporary Employment (<http://exchange.ucop.edu/tempemp/>).

Accepting the waiver means that the rehired retiree waives future accruals of UCRP service credit for the new period of re-employment and continues to receive retirement income payments and salary.

Declining the waiver requires suspension of the monthly retirement income payments when the rehired retiree becomes a UCRP member (e.g., at the point of reemployment, or upon attainment of 1,000 hours). When the rehired annuitant "re-retires", the monthly retirement will be recalculated to include any additional UCRP service credit earned during the re-employment period.

Each time the rehired retiree separates and is re-employed, a new waiver must be signed to decline or accept the waiver option. This decision will have an impact on all future UCRP benefits, as well as eligibility for UC's health and welfare plans.

If the rehired annuitant returns to a UC appointment that does not make him or her an active UCRP member, the rehired annuitant can continue to receive monthly retirement income plus salary. These would be appointments that are generally 46% or less within a 12-month period.

It is important to remember that the Internal Revenue Code (IRC) requires that an employee separate from employment before receiving a distribution from a retirement plan. This restriction applies to monthly retirement income as well as to other UCRS benefits (such as DC Plan and 403(b) Plan monies). In order to ensure IRC compliance, a rehired retiree cannot return to UC employment before the earlier of receipt of the first retirement payment (or lump sum cashout) or until 90 days after the retirement/cashout date.

**6. Can an employee be a rehired annuitant and a career employee simultaneously? (6/6/2001)**

Yes. This can happen if the rehired retiree elects to waive future UCRP accruals, and

- a) is appointed to a career appointment which is an appointment established at a fixed or variable percentage of time at 50 percent or more of full-time, which is expected to continue for one year or longer, or
- b) when the incumbent has attained 1,000 hours of qualifying service in any 12 months without a break in service of at least 120 consecutive calendar days in a limited appointment.

In both cases, the employee is in a career appointment and continues to receive monthly retirement income payments instead of receiving UCRP service credit.

- 7. When retiree return to work at UC, they can be immediately eligible to enter UCRP if they worked more than 1,000 hours on pay status during the previous 12 months. Do hours worked in appointments other than limited appointments "in the previous 12-month period" also count toward UCRP membership? (6/6/2001)**

Yes, hours on pay status count toward the 1,000 hour threshold unless the hours were in appointments ineligible for UCRP membership, such as casual restricted, per diem, or visiting appointments. If the employee is rehired within a 12-month period any hours attained in the prior rolling 12-month period will be counted towards UCRP eligibility. If the employee's total hours on pay status equal or exceed 1,000 hours, the employee will be eligible to participate in UCRP upon rehire.

These policies went into effect on January 1, 2001, and only hours on pay status after January 1, 2001, are considered. If the break-in-service is more than 12 months, the employee starts a new accumulation period.

- 8. We have a number of active UCRP members who take lump sum cashouts and then return to work within less than 120 days in limited-type appointments. If the employee works in a UCRP eligible career appointment 1/1/01 through 3/31/01, takes a lump sum cashout, then returns to work in a limited appointment effective 5/1/01, we have the following questions related to UCRP membership eligibility only. Does the time worked in the career appointment 1/1/01 through 3/31/01 count toward the 1,000 hour period for UCRP eligibility purposes in the limited appointment that starts 5/1/01? (6/6/2001)**

By policy, employees must not return to UC employment until the earlier of receipt of the lump sum cashout payment or until 90 days after the lump sum cashout date. If an employee worked in a UCRP eligible appointment from 1/01/01 through 3/31/01, had a break in service from 4/1/01 to 4/31/01, and returned to work in a limited appointment on 5/1/01, the hours on pay status the from 1/1/01 through 3/31/01 will count toward the 1,000 hour threshold for UCRP eligibility.

- 9. Should a rehired retiree have the option to sign the waiver if he/she is being rehired into a per diem appointment? The per diem hours would not count towards the 1,000 hours eligibility but what if the employee later has a change in status to a Limited appointment? Should the waiver be offered upon re-hire or wait until the status change? (6/6/2001)**

According to the new policy, all rehired retirees should make a decision to either accept or decline the UCRP waiver, even those working in appointments that are not eligible for UCRP (like per diem). This is to avoid problems in situations where the employment status changes.

**Each time the rehired retiree separates and is re-employed, a new waiver must be signed to decline or accept the waiver option.**

- 10. (6/6/2001) If a rehired retiree accepts the UCRP waiver and release, does the rehired retiree**

- a) earn additional retirement service credit?**

No. By accepting the waiver, the retiree opts out of future retirement UCRP accruals in exchange for continued payment of retirement benefits; therefore, the retiree will not earn additional service credit.

- b) obtain career status at 1000 hours?**

The rehired retiree may be eligible for career status if he or she returns to work in a Limited or a Career appointment. See the answer to Question 2 above.

- c) contribute to Social Security?**

If the rehired retiree opts out of future UCRP benefit accruals by accepting the waiver, he or she will not contribute to the Old Age, Survivor and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA or Social Security). The employee and his or her department will contribute 1.45% of salary to the Medicare component of FICA.

- d) contribute to the Defined Contribution Plan (DCP)?**

The employee will contribute 7.5% of salary to the Defined Contribution Safe Harbor Plan (DCP-Safe Harbor).

- 11. How can retirees who are considering coming out of retirement to take a career appointment find a simple example to show them how their subsequent pension will be calculated? (6/6/2001)**

Rehired retirees can use the UCRP Benefit Estimator for Rehired Retirees located on the UCbencom web site at <http://www.ucop.edu/bencom/rs/rehiredretire.html>

The UCRP Benefit Estimator for Rehired Retirees will provide basic information about how UCRP benefits are calculated when a rehired retiree suspends monthly retirement and earns additional service credit during a period of reemployment. The estimator will assist the rehired retiree with making an informed decision on whether to waive additional UCRP accruals during the period of reemployment.

**12. One of the new *Guidelines for Rehire of UC Retirees* says, Generally, retirees should work less than 1,000 hours in 12 months (if paid hourly) or be recalled for 46% time appointments or less in order to continue to receive UC Retirement Plan benefits. This limitation is especially critical for rehiring of senior management. How should the locations interpret this 46% limit? How should locations handle exceptions to the limit? (6/6/2001)**

First, the 46% limit applies to hours worked for a year, so an appointment of, for example, 100% for 3 months would not be a problem because the employee will not reach 1,000 hours or the equivalent of a 46% appointment for the year. Also, since some commitments to recall faculty at more than 46% may have been made before the re-hire guidelines were issued, it is reasonable to be flexible in this first year of implementation. Lastly, the *Guidelines* acknowledge that there are circumstances where exceptions to 46% limit are appropriate. It's up to each campus to decide how to implement the rehire guidelines. The *Guidelines for Rehire of UC Retirees* are located at: <http://exchange.ucop.edu/tempemp/guiderehire.html>.

**13. How should the Benefit Offices handle the processing of the waiver form? (6/6/2001)**

When the retiree accepts the waiver, the following actions should occur:

- Update the Employee Database (EDB) using the On-line Entry/Update Retirement (ERET) entry screen in the Payroll/Personnel System (PPS):
  1. The Retirement/FICA Derivation Indicator must be set to R on the (ERET) screen
  2. The retirement code must be set to "H "(DCP Safe Harbor)
  3. The FICA code must be set to "M" (Medicare)
- Ensure that the waiver form is signed at the bottom of the form to indicate it has been processed by benefits or payroll when a rehired retiree accepts the waiver.

When the rehired retiree declines the waiver **no** changes need to occur in PPS.

- Once the 1,000-hour threshold is reached, the rehired retiree should self-identify by notifying UCOP Retirement Services to stop UCRP retirement income payment to avoid overpayment of retirement income.

In either situation (accept or decline the waiver):

- Send the original, signed and processed waiver form to UCOP Retirement Services. The waiver form will be imaged, and local benefits personnel will be able to confirm receipt through the web-based Event Tracker system.

**14. Staff Policy 60.H states that the right to recall or preference for reemployment ends for a variety of reasons, including retirement. We have identified several rehired retirees whose appointments will convert to career appointments as a result of Look Back #1 and #2. How would this policy be applied to these individuals should they be laid off at some point in the future? (6/29/2001)**

Normally, an employee who has been laid off has lost his or her sole source of income. The rights to recall and preference for reemployment are intended to help alleviate this loss of income. If an employee who is receiving a University pension converts to career status and is subsequently laid off, that employee would not be eligible for recall and preference for reemployment since the employee is already retired.