

University of California Retirement Plan (UCRP)

Returning to UC Employment After Retirement Factsheet

Most rehired UC retirees work on a part-time basis and for a limited duration, which supports the orderly administration of the retirement system and the need to refresh the UC workforce.

Retired UC retirees are a valuable resource, providing the University with institutional knowledge, research resources and experienced replacements when needed. Many employers, including UC, turn to their retirees to address compelling needs for specialized knowledge and experience in the workplace.

At the same time, the University must be a responsible steward of the University's reputation and protect the tax-qualified status of the UC Retirement Plan (UCRP). The Internal Revenue Service (IRS) restricts the ability of defined benefit plans such as UCRP to distribute pension benefits before an employee separates from University service or attains "normal retirement age" as defined in the plan.

The University's policy on reemployment of retired employees is designed to protect the University's reputation and ensure compliance with IRS pension distribution rules while continuing to give managers the flexibility to call on retired employees when

needed. This factsheet explains the University's policy regarding reemployment into senior management and staff positions and addresses how it affects retirement and health and welfare benefits.

Academic Retirees

The policy does not apply to faculty positions. However, it does apply to academic retirees who are reemployed in senior management or staff positions. This includes the requirement for academic retirees who are reemployed in a senior management or staff position to complete the *UCRP Reemployment Retiree Notification Form* (UBEN 1039) upon reemployment.

Academic appointees recalled into academic administrator, teaching, research or service appointments should refer to the Academic Personnel Manual—Policy 205 for the applicable reemployment policy.

This factsheet provides information about how your retirement and health benefits may be affected by your reemployment. This information applies to academic, staff and senior management appointments after retirement.

Policy for Reemployment after Retirement

A UC retiree is defined as a former UC employee who elected either a monthly retirement benefit or a lump sum cashout from UCRP. The policy governing reemployment after retirement applies whether you elect a monthly retirement benefit or a lump sum cashout. Following are the policy requirements:

- Reemployment must be in response to a University need, for example, the retired employee possesses skills and institutional knowledge that the hiring department cannot otherwise obtain with equal cost effectiveness; the hiring department anticipates a prolonged process for hiring a replacement; or

the hiring department anticipates that the retired employee will assist the replacement in acquiring necessary skills and knowledge.

- Reemployment must not occur until there has been a break in service of at least 30 calendar days, and preferably 90 days. In addition, employees who have not reached normal retirement age, defined by UCRP as age 60 (50 for Safety Members), must not engage in discussions concerning reemployment until after they have received their first monthly payment or lump sum cashout or 30 days after separation, whichever is later.

- The rehire appointment must be limited to the equivalent of no more than 43 percent time during a 12-month period.
- Employment of a retiree must not exceed a total of 12 months. If continued reemployment is necessary after 12 months, the hiring department must follow the same approval process as it did for the original appointment.
- When a retired employee is reemployed on a temporary basis into a career position (such as to fill the employee's prior appointment during a search for a replacement), the job must be posted and a search begun within 30 days of the retired employee's temporary appointment, and a minimum 30-day recruitment period must be held.
- The location's Executive Officer (or designee) must approve all appointments after the Chief Human Resources Officer's review and endorsement. In addition, The Regents must approve the appointment of a retired employee into a senior management position or one in which the annualized base salary plus any other cash compensation meets or exceeds the Indexed Compensation Level (\$291,000 in 2013).

- Each retired employee receiving a monthly retirement benefit must submit a completed *UCRP Reemployed Retiree Notification Form*. (The form is not required for retired employees who received a lump sum cashout.)

The rehired retiree policy allows a retired employee who is receiving UCRP monthly retirement income to suspend retirement income payments and be reemployed in a career or long-term appointment after an appropriate break in service. A retired employee who took a lump sum cashout with a retirement date of January 1, 2009 or later, however, may not be reemployed into a career or long-term appointment. A retired employee who took a lump sum cashout prior to January 1, 2009, and was not reemployed as of December 31, 2009, may not be reemployed into a career or long-term appointment after December 31, 2009.

It is important to disclose your status as a UC retiree at the time you apply for employment with the University. If you do not disclose your status, you may be subject to appropriate disciplinary action and your appointment could subsequently be modified or withdrawn.

Reemployment and Your Benefits

Retirees Hired into Limited Appointments

Retirees who return to UC employment in a limited appointment (the equivalent of no more than 43 percent time for a period not to exceed 12 months) will not return to active membership in UCRP. Rehired retirees who are receiving a monthly UCRP benefit must complete the *UCRP Reemployed Retiree Notification Form*, indicating that they will continue receiving their monthly retirement income. Rehired retirees who elected a lump sum cashout do not need to complete the form. See your local Benefits Office to obtain the form and for further information

If you are receiving a monthly pension benefit, you may choose to continue your retiree health and welfare benefits, if any, or enroll in any health and welfare plans for which your reemployment qualifies you. If you continue your retiree benefits, any net premiums will continue to be deducted from your monthly retirement payments. See your local Benefits

Office for more information. **Note: You cannot have duplicate coverage as a retiree and an employee.**

If you or any family members are Medicare eligible, see page 3.

Retirees Hired into Career or Other Long-Term Positions

In rare instances, a retiree who elected monthly retirement income may be hired into a career or other long-term position after an open recruitment process, and, therefore, become an active member of UCRP earning additional service credit. In that instance, you must suspend your monthly retirement benefit. A retired employee who took a lump sum cashout with a retirement date of January 1, 2009 or later may not be reemployed into a career or long-term appointment. Retired employees who took a lump sum cashout prior to January 1, 2009, and were not reemployed as of December 31, 2009 may not be reemployed into a career or long-term appointment after December 31, 2009.

If you accept a career position or long-term appointment, you must complete the *UCRP Reemployed Retiree Notification Form* (available from your local Benefits Office) to suspend retirement income and return any overpayment that occurs as a result of your reinstatement.

If you are hired into a career or other long-term position, you will be required to contribute to the UCRP in an amount determined by your UCRP membership

classification. You may also choose to contribute to the voluntary DC Plan After-Tax Account, the 403(b) Plan and/or the 457(b) Plan.

When you suspend your monthly retirement income, any medical, dental and/or legal coverage you have as a retiree is suspended. You may enroll as an active employee in any health and welfare plans for which your reemployment qualifies you. For more information about how suspending your retirement income affects your health and welfare benefits, contact your local Benefits Office.

If You or Your Family Members Are Eligible for Medicare

If you or your family members are covered by Medicare and you become eligible for employee medical coverage, including Core, because of your rehire appointment, federal law requires that Medicare no longer be your primary insurance. To comply with this federal regulation, you are required to either:

- suspend your retiree medical insurance and enroll as an employee, with Medicare as the secondary insurance, or
- opt out of all UC-sponsored medical coverage (both employee and retiree) and have Medicare coverage only.

If you are eligible for employee medical insurance, your local Benefits Office will advise you on enrolling as an employee, and your retiree medical insurance will be suspended. Your premium will be paid from your employee earnings and, in most cases, your premium will increase. If you are receiving any Medicare Part B reimbursement, it will stop.

If you are not eligible for employee medical benefits as a result of your reemployment, your retiree medical benefits continue and Medicare remains the primary payer.

When Your Reemployment Ends

If you continue to receive your retirement income while working but are enrolled in employee health and welfare benefits, you should notify UC Customer Service as soon as you know when you will stop working so that your coverage will reflect your return to retiree status. Call 1-800-888-8267.

If you suspended your retirement income and earned additional UCRP service credit:

- **you must re-retire the day after you leave UC employment,**
- your retirement benefits earned during the reemployment period will be calculated using the age factor based on your age on the day of your re-retirement date, and

- you may name a new contingent annuitant for the portion of the retirement benefit that results from your reemployment period, but you may not change the contingent annuitant or the form of benefit selected for your original retirement benefit.

Please Note:

UC Customer Service or your local Benefits Office can help you with forms, procedures, information and counseling.

Other Considerations

DC Plan, 403(b) Plan and 457(b) Plan

Once you return to pay status following retirement, the normal DC Plan, 403(b) Plan and 457(b) Plan distribution rules apply to you as an active employee, regardless of whether you continue or suspend your UCRP retirement income. For example, as an active employee:

- You cannot take distributions from your DC Plan Pretax Account;
- You must be age 59½ or older to take a distribution from your 403(b) Plan;
- You cannot take a distribution from your 457(b) Plan before the year you reach age 70½.

If you are repaying a 403(b) loan, your reemployment may affect your repayment. Contact Fidelity Retirement Services at 1-866-682-7787 for more information.

Sick Leave

If you receive monthly retirement income and you return to work, any sick leave accruals associated with your new appointment start from zero. Your accumulated sick leave would have been converted to service credit at retirement if you retired within four months of separating from UC.

If you elected a lump sum cashout and return to work, you may be eligible to have some or all accrued sick leave reinstated, in accordance with the personnel policy or collective bargaining agreement that applies to you. For more information, please contact your local Human Resources or Benefits Office.

By authority of The Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. Source documents are available for inspection upon request (1-800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact your Human Resources Office and retirees should call the UC Customer Service Center (1-800-888-8267).

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, 5th Floor, CA 94607, and for faculty to the Office of Academic Personnel, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Website address: atyourservice.ucop.edu