

EXERCISE CARE WHEN HIRING A PERSI RETIREE

When hiring a new employee who may have retired from a PERSI employer, it is a good idea to ask if they are a PERSI retiree. Making this question part of your hiring practices may help you avoid complications later on if it turns out you hired a PERSI retiree who is collecting benefits. Hiring PERSI retirees is a topic that continues to raise questions each year.

Statute 59-1356(5) makes it the responsibility of employers to immediately notify PERSI whenever a PERSI retiree is hired so it can be determined if benefit payments should be suspended. If an employer fails to report the employment of a retired member and it results in PERSI paying benefits that should have been suspended, the employer will be required to repay the over payments plus interest. In addition to the repayment of benefits, the employer will have to pay the delinquent employer and employee contributions.

It is important for employers to submit the required paperwork to PERSI. *Certification of Employment of a Retired Member* (form RS132) is used when hiring or rehiring an individual who is collecting PERSI benefits. The RS132 should come to PERSI *before* the person begins working.

90-Day Break in Service Rule

To bring back a former employee who is younger than age 65 (age 60 for police and firefighters), Idaho Code 59-1356 (1) spells out certain requirements:

- 1) A 90-day break in service between retirement and reemployment with the same employer must occur regardless of hours worked.

(Note: Agencies of the State of Idaho are considered one employer.)

- 2) No promise of future employment can be made to the retiree when they leave employment.

Such a break is not necessary if the retiring employee is age 65 or older (60 for police and firefighters) at the time of retirement.

Recap: Benefits received by early retirees who return to work for the same employer within 90 days will have to be repaid to PERSI, plus interest. The employer is required to make the repayment, but can try to recoup the funds from the employee.

20-Hour Per Week Limit

After meeting the 90-day break in service requirement, PERSI retirees who want to work for a PERSI employer and still continue receiving their monthly benefit *cannot* work 20 hours or more a week (teachers working a half-time contract or more) for 5 consecutive months or more. If a retiree exceeds these limits, their benefits will be suspended and employer and employee contributions will be collected.

If the retiree's employment turns out to be less than 5 months, PERSI will return his/her contributions and the employer will receive a credit.

Recap: If a retiree works less than 20 hours per week, and less than 5 consecutive months during the year, no contributions are required from them or their employer, and they will continue to receive their monthly PERSI benefit. If the hours and months worked exceed the limits, benefit payments will stop and contributions will be collected. It is the employer's responsibility to notify PERSI whenever a PERSI retiree is hired or rehired.

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Additional Rules for Teachers and Administrators

The Idaho Legislature passed HB202 in 2007, which allows retired certificated teachers and administrators under certain circumstances to receive PERSI retirement benefits while continuing to work:

- 1) The individual must retire as a certificated teacher or administrator and be rehired in the same capacity.
- 2) If an Early Retirement Incentive Program (ERIP) award is given to the individual when they retired, they are **not eligible** for rehire under HB202.
- 3) The individual must have been age 62 or older when they retired.
- 4) The individual must have met Rule of 90 or age 65 on the date of their retirement.

Certification of Employment of a Retired School Teacher or Administrator (form RS132A) is used to certify that a reemployed retired member meets the conditions established by Idaho Code 59-1356 (4) and to elect a

return-to-work option under the provisions of the reemployment program.

Naturally, employers retain the right to make hiring decisions under HB202. Employers should make it clear to retiring employees that they **are not** guaranteed reemployment. HB202 has a sunset clause that voids the provisions of the bill after July 1, 2012.

PERSI wants to assist members with a smooth transition into retirement and help them avoid pitfalls if they do decide to return to work. PERSI also wants to help employers steer clear of complications and possible expenses associated with hiring a retiree who is drawing PERSI benefits. However, PERSI does not police employers. It is up to employers and employees to comply with the statutes.

Questions about hiring a PERSI retiree should be directed to the Employer Service Center toll-free at 1-866-887-9525 from outside the Treasure Valley or 287-9525 from the Boise area.

EMPLOYERS INVITED TO BOISE FOR TRAINING

The Employer Service Center (ESC) wants to hear from employers who would like to come to the Boise office for training. Training can be very helpful, especially to those who are new to reporting data to PERSI. This is the first time ESC is offering onsite training in the Boise office for employers. Before creating a training schedule, ESC wants to gauge the level of interest. So...if you are new to your job or just feel the need for a refresher, this training could be right for you. Email ESC at ESC-employerservicecenter@persi.idaho.gov or call toll-free at 1-866-887-9525 or 287-9525 from the Boise area to let ESC know of your interest and any specific topics you might want included in the training sessions.

PERSI STILL SEEKING EMPLOYER REPORTING INFO

As mentioned in last month's newsletter, a change to the PERSI membership database system is underway. As a first step, PERSI needs to understand how employers report transmittals. Do you use in-house developed software or have you purchased a package from a vendor (and if so, which package/vendor)? PERSI needs this information to keep the database project on track.

If you have not yet contacted PERSI with this information, please do so this month. Email the information to ESC-employerservicecenter@persi.idaho.gov or call the Employer Service Center toll-free at 1-866-887-9525 or 287-9525 from the Boise area. Your help is really appreciated. Thanks!