

## RETIREMENT 101: RETIREEES RETURNING TO WORK:



In January 2013, the Public Employees' Pension Reform Act of 2012 (PEPRA) became law. Among PEPRA's many provisions was Government Code section 7522.56, which imposed restrictions on the ability of a retiree to work for an employer in a retirement system while also collecting a pension from that system. In addition, existing state and federal laws already placed restrictions on employees who return to work. **Some of the restrictions from existing and more recent legislation include, but are not limited to:**

- Safety Members under age 50 may not return to work at any SBCERA covered employer, in any capacity, within 60 days of termination.
- General Members (at any age) may not return to work at any SBCERA covered employer, in any capacity, within 180 days following the date of retirement.

### **All Members:**

- Work cannot exceed 960 hours in a fiscal year.
- No retiree may work for an employer in the same system if they have received unemployment insurance compensation arising out of that relationship in the prior 12 months.
- The re-employment position must be one of limited duration.

In January 2015 the SBCERA Board of Retirement adopted a policy that allows SBCERA to monitor SBCERA retirees who return to work for SBCERA's participating employers in order to ensure that benefits are paid to re-employed retirees when, and only when, such payments comply with the law. When re-employment violates applicable limits, proper action must be taken. Subject to Board action, this may include, but is not limited to, reinstatement to active membership, suspension of benefits, recovery of improperly paid benefits and the collection of contributions owed.

**According to SBCERA policy, for any member who retires after the policy was implemented and returns to work for an SBCERA employer, the following must occur:**

- The employer and the employee must report the employment to SBCERA before the employee starts.
- The employer and employee must sign an acknowledgement of, and intention to comply with, the applicable Government Code sections and the policy.
- The employer must provide an explanation of the limit or limits on the duration of the re-employment.
  - If the term of employment is stated to be two years or less, it will be presumed to be compliant.
  - If the term is over two years or there is no specific end date, further explanation will be required. If it is the functional equivalent of a permanent part-time position, the employer and the employee may cease to be in compliance.

**For any member who already retired and returned to work before the policy was implemented:**

- Retirees shall be treated as if their return to work commenced on the effective date of the policy.
- All aforementioned documentation shall be submitted as soon as practicable.

The summary provided herein is not all-encompassing. The code provisions, by-laws, and policies govern. Any retiree considering returning to work with an SBCERA participating employer should consult with SBCERA.