I am forwarding a communication from the UM Human Resource office which does an excellent job of detailing the rules regarding rehire of retirees. Please share this in your divisions and departments. We will continue to discuss at HRDC to develop processes that help ensure we are all in compliance with these rules. Thanks Jatha B. Sadowski

Colleagues ~

I wanted to reinforce some very specific guidelines for the Defined Benefit portion of our retirement plans with which we must comply. Non-compliance carries substantial risk for both the University and participants under the plan. Because of this, I am taking this opportunity to briefly review some key requirements. Please ensure that your HR staff and hiring managers are familiar with these requirements.

There are very specific guidelines for the rehire of an individual who is **less than age 62** and who has elected to receive or is currently receiving a retirement benefit, or has received a lump sum retirement benefit.

1. There may be no discussion, understanding, or agreement (written or oral) about working post-retirement prior to separation from employment with the University or commencement of a retirement benefit.

2. There must be at least a 90-day break in employment before consideration for rehire, unless the rehire is a part of a competitive hiring process.

The retirement plan includes an in-service distribution for individuals **age 62 or older**, which means that they may receive a benefit while employed by the university. Therefore, the two guidelines listed above for those less than age 62, do **not** apply to individuals 62 or older.

Any individual, regardless of age, who is receiving retirement benefits, may not exceed 74% FTE across all university positions at any time. Therefore, if you are considering the hire of an individual who receives a payment from the University’s defined benefit plan you should ensure that the employment offer will not cause the employee to exceed 74% FTE. Retirement benefits must be suspended for anyone who exceeds the FTE limit under the plan. It is highly recommended that the total of all active appointments remain below 70% FTE as a way to ensure the limit is not exceeded.

Upon election of retirement or in order to receive any pension payments, the employee acknowledges compliance with these requirements when signing the applicable documents. Failure to comply with the above rehire requirements may result in the rehired individual's termination of employment pursuant to applicable procedures.
Please review this information with the appropriate individuals within your organization to ensure compliance with the requirements of the retirement plan. If you have questions, please contact Renetta Gallup (573-884-0268) or Lisa Fetrow (573-882-4527).

Thank you,
Betsy