

# The University of Wisconsin System

## UPS OPERATIONAL POLICY: GEN 10



**SUBJECT:** Rehired Annuitants

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**Original Issuance Date:** July 1, 2015

**Last Revision Date:**

### 1. POLICY PURPOSE:

The purpose of this policy is to establish guidelines for the employment of Wisconsin Retirement System (WRS) annuitants who are employed with a UW System institution while receiving a WRS annuity.

### 2. POLICY BACKGROUND:

Rehired annuitant policies as they pertain to the Wisconsin Retirement System and employee benefit plans are governed by [Wis. Stat. Chapter 40](#) and [Wis. Admin. Code Chapter ETF 10](#). Every WRS-covered employer is required to comply with these laws and regulations. This policy summarizes the guidelines set forth in Wisconsin statute and administrative code. These sources of authority have control over the information in this policy to the extent there are differences or conflicts.

The UW System President distributed guidelines to the Chancellors of all UW System institutions on December 2, 2011 regarding the re-employment of rehired university annuitants. These guidelines have been incorporated into this policy.

### 3. POLICY DEFINITIONS:

Please see UPS Operational Policy [GEN 0: General Terms and Definitions](#) for a list of general terms and definitions.

#### **Definitions specific to this policy:**

"Rehired annuitant" means any employee who:

- Is receiving a monthly Wisconsin Retirement System (WRS) annuity; and
- Had a valid termination of employment; and
- Served the minimum requirement break in employment between retirement and returning to work for a WRS-covered employer; and
- Now works for an employer covered by the WRS

An employee who previously received a lump sum separation or retirement benefit from the WRS is not considered a rehired annuitant.

“Rehired university annuitant” means an employee who meets the definition of rehired annuitant and is both retired from UW System or a UW System institution and is re-employed by UW System or a UW institution as a rehired annuitant.

“Required minimum break in employment” means the length of the separation of employment needed before a WRS annuitant may return to WRS-eligible employment. A minimum break in employment is required under Wis. Stat. §§ [40.23 \(1\) \(a\) 1](#) and [40.26 \(5\)](#) and is defined in [Wis. Admin. Code § ETF 10.08 \(2\) \(c\)](#).

*If an employee’s WRS retirement date is prior to July 2, 2013*, the employee may not return to WRS-eligible employment before the **latest** of the following dates:

- The day after the annuity effective date
- The 31st day after termination of WRS-covered employment.
- The 31st day after the Department of Employee Trust Funds (ETF) receives the benefit application. The employee’s annuity or lump sum benefit will be canceled if the return to WRS-eligible employment occurs before this required break in service is fulfilled and any benefit payments received will have to be repaid.

*If an employee’s WRS retirement date is on or after July 2, 2013*, the employee may not return to WRS-eligible employment before the **latest** of the following dates:

- The day after the annuity effective date.
- The 76th day after termination of WRS-covered employment.
- The 76th day after ETF receives the benefit application. The employee’s annuity or lump sum benefit will be canceled if the return to WRS-eligible employment occurs before this required break in service is fulfilled and any benefit payments received will have to be repaid.

“Valid termination of employment” is defined in [Wis. Admin. Code § ETF 10.08 \(2\)](#). Following is a summary of the requirements. An employee must:

- Stop working for all WRS-covered employers (receive no pay for services rendered – date of final paycheck irrelevant); and
- Officially resign per employer policy; and
- Have no rights to future employment for pay at a WRS employer; and
- Have no authority to act as an employee; and
- Have been paid out all applicable leave benefits; and
- Serve the required minimum break in employment

#### 4. POLICY:

All hiring authorities are to be informed of and comply with the requirements provided for in Wisconsin State Statute and Wisconsin Administrative Code regarding the employment of rehired annuitants, including rules related to a valid termination of employment and a required minimum break in employment.

Annuitants are required to fulfill a required minimum break in employment and meet all conditions of a valid termination of employment before returning to WRS eligible employment. If these

requirements are not met, the employee's retirement will be invalid and the employee will be required to repay any WRS benefits received.

#### **A. Recruitment of Rehired University Annuitants**

- (1) All recruitments must comply with [UPS Operational Policy TC 1: Recruitment Policies](#) and institutional recruitment policies.
  - (a) To address short-term needs, an institution may establish a policy in which a rehired university annuitant may be employed in a position similar to that from which the annuitant retired without an open recruitment.
  - (b) A rehired university annuitant should not be hired for an ongoing appointment without an appropriate recruitment, even if the annuitant previously held the position or a similar position elsewhere in UW System.
- (2) Contracts to rehire individuals previously employed at any institution in the UW System are not to be discussed, negotiated, or entered into prior to or during the required minimum break in employment.
- (3) Any contracts to rehire previously employed persons should be reviewed and approved centrally, by a senior official at the UW institution, to ensure uniform application of standards and full compliance.
- (4) Annuitants are by definition members of a protected class of employee (over 40 years old) and therefore efforts must be made to assure against the potential of illegal discrimination in the hiring process.

#### **B. Rehired Annuitant Election Form**

- (1) The employing institutions must work with each WRS annuitant returning to compensated employment with UW System to complete a [Rehired Annuitant Form](#) (ET-2319) within 7 days of the date of hire.
- (2) The institution must forward the form to the WRS Agent at the UW Service Center for review and signature. The WRS agent will forward the form to the Department of Employee Trust Funds.
- (3) If a rehired university annuitant does not meet WRS eligibility requirement when first re-employed but later meets WRS eligibility requirements, the employee must complete a new [Rehired Annuitant Form](#) (ET-2319).

#### **C. Option to Return to Active WRS Participation**

Rehired university annuitants who meet the eligibility criteria for participation under the Wisconsin Retirement System, may elect to return to active WRS participation or may be required to return to active WRS participation, depending on the annuitant's WRS termination date and job attributes.

**(1) If an employee retired on or after July 2, 2013:**

The annuity will be suspended and the employee will be required to be covered by the WRS if expected to work at least one year and at least 2/3 of full-time as established by the Department of Employee Trust Funds:

- University Staff: 2/3 of full time for WRS is 1,200 hours (58% appointment)
- Faculty, Academic Staff and Limited Appointees: 2/3 of full time for WRS is 880 hours (42% appointment for twelve-month employees and 56% appointment for nine-month employees)

If a rehired annuitant enters into a contract with the University (e.g., as an independent contractor), and is expected to work at least one year and at least 2/3 of full-time, the annuity will be suspended and no annuity payment is payable until the rehired annuitant no longer provides services under the contract.

If not expected to work at least one year and at least 2/3 of full-time, the employee may choose to continue to receive the monthly annuity along with wage payments from the University.

**(2) If any employee retired prior to July 2, 2013:**

The employee is “grandfathered” and not subject to the above rules. If the rehired university annuitant meets WRS-eligibility requirements, the employee has the choice to either remain an annuitant or stop the annuity covered and be actively covered by WRS.

The employee is eligible for the WRS if expected to work at least one year and at least 1/3 of full-time as established by the Department of Employee Trust Funds:

- University Staff: 1/3 of full-time for WRS is 600 hours (29% appointment)
- Faculty, Academic Staff and Limited Appointees: 1/3 of full-time for WRS is 440 hours (21% appointment for twelve-month employees and 28% appointment for nine-month employees)

Once a rehired annuitant elects to go back under the WRS, he or she will lose grandfathered status and be subject to the rehired annuitant rules effective July 2, 2013.

- (3) If the rehired annuitant elects to or is required to participate in the WRS, the annuity will be suspended effective the first of the month after ETF receives the election form or the first of the month after the hire date. The final WRS annuity payment will be issued on that date.

**D. Leave Benefits**

Rehired university annuitants may be eligible for paid leave benefits. See UPS Operational Policies [BN 1: Vacation, Paid Leave Banks, and Vacation Cash Payouts](#), [BN 2: Personal Holiday and Legal Holiday Administration](#) and [BN 3: Sick Leave](#) for eligibility requirements.

## **E. Insurance Benefits**

Rehired university annuitants are not eligible for most insurance benefits because they are not covered by the Wisconsin Retirement System (WRS) as an active employee. Rehired annuitants are eligible to participate in the Tax-Sheltered Annuity and Wisconsin Deferred Compensation programs.

### **5. RELATED DOCUMENTS:**

#### [Wisconsin Retirement System Administration Manual \(ET-1127\)](#)

- [WRS Eligibility Determination](#) (Chapter 3)
- [Termination Rule and Reporting](#) (Chapter 14)
- [Employment of Annuitants](#) (Chapter 15)

#### [Rehired Annuitant Form \(ET-2319\)](#)

#### ETF Employer Bulletins

- [Educational Bulletin – Rehired Annuitants](#) (June 5, 2014)
- [Important Tips – Rehired Annuitants/Return to Work Laws](#) (January 16, 2014)
- [Important Changes to Rehiring WRS Annuitants](#) (July 1, 2013)

#### UPS Operational Policies

- [TC 1: Recruitment Policies](#)
- [BN 1: Vacation, Paid Leave Banks, and Vacation Cash-Outs](#)
- [BN 2: Personal Holiday and Legal Holiday Administration](#)
- [BN 3: Sick Leave](#)

### **6. POLICY HISTORY:**