



Returning to Work After Retirement

The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); the Director of the Department of Administrative Services for the State of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

For a current listing of OPERS Board members, please visit www.opers.org

It is your responsibility to be certain that OPERS has your current address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.

This booklet is written in plain language for use by members of the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney. OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.

Returning to Work After Retirement

What is Re-employment?

Re-employment is returning to work in an OPERS-covered position after retiring with an age and service benefit. Once a member retires under any of the OPERS retirement plans, re-employment in a job that is covered by OPERS or another Ohio retirement system, including service in an elected or certain volunteer positions, may affect continuing receipt of benefits.

Re-employed retirees, and retirees performing contract services, must notify their public employer(s) that they are receiving an OPERS retirement benefit. This is especially important for members who retired from a higher paying position, but remained continuously employed in a lower paying position.

Potential re-employment plans should be discussed with all the employers to determine whether there are any restrictions or policies on re-employment.

Employers are not required to re-hire employees who have retired with an age and service benefit.

This booklet provides general information about limitations on re-employment in an OPERS-covered position. It is not intended to describe particular situations. If there is any doubt about the impact on retirement benefits, retirees and employers should contact OPERS prior to re-employment for answers to questions on specific situations.

Retirees may contact us at [1-800-222-7377](tel:1-800-222-7377) and employers should call OPERS Employer Outreach at [1-888-400-0965](tel:1-888-400-0965). Additional information is available on our website, opers.org.

Money Purchase Plan

Re-employed retirees continue to receive their retirement benefits and are not eligible to select one of the OPERS retirement plans. Re-employed retirees contribute toward a Money Purchase Plan account. If returning to work in a full time position with a college or university, re-employed retirees may be eligible to elect an Alternative Retirement Plan (ARP) provided they meet all eligibility requirements.

After termination of re-employment a Money Purchase Plan account is available as either a refund of contributions prior to age 65 or a lump sum payment or annuity benefit at age 65 or after.

If a re-employed retiree elects to receive a refund of his Money Purchase Plan account prior to age 65, he receives contributions and allowable interest paid in a lump sum payment.

If the retiree elects to receive a Money Purchase Plan benefit at age 65 or after, they will be eligible to receive their contributions and allowable interest plus an additional amount.

If a retiree dies before receiving the Money Purchase Plan benefit, their beneficiary(ies) would receive a lump-sum payment.

A Money Purchase Plan benefit **MUST** be taken no later than:

- April 1 of the year following attainment of age 70½ if the re-employed retiree has terminated employment, or
- April 1 of the calendar year after a re-employed retiree over the age of 70½ terminates employment.

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Age and Service Retirees

Regular Re-employment

OPERS age and service retirees who become re-employed in an OPERS-covered position must notify their employer so proper notices can be given to the retirement system. Employers will submit a *Personal History Record* (PHR, or Form A) for these individuals. If multiple positions are held, a *Personal History Record* should be sent from each employer. The employer is required to certify the form and it serves as the official notification to OPERS of the hiring of a re-employed retiree. The employer must also complete a *Notice of Re-employment or Contract Services of an OPERS or Other System Benefit Recipient* (form SR-6) or *Notice of Re-employment of Retired Elected Official or Appointed Official to an Elected Position* (form SR-6E).

The forms should be returned to OPERS by the end of the first month of employment. Failure to provide OPERS with timely notice of re-employment will result in employer liability for overpaid benefits.

Re-employed retirees are subject to the following requirements:

- A retiree who has received a retirement allowance for less than two months when re-employment begins will forfeit the retirement allowance and health care for any month of re-employment during that two-month period. This forfeiture applies even if the retiree waives salary for the two-month period. This is known as the two-month re-employment forfeiture.
- Employee and employer contributions must begin from the first day of re-employment. However, contributions remitted during the first two months after retirement will not be included in the calculation of the Money Purchase Plan benefit and will be refunded to the retiree upon termination of re-employment.
- After the two-month forfeiture period, re-employed retirees will continue to receive their retirement benefit and contribute toward a Money Purchase Plan account (see the “Money Purchase Plan” section found on page 1).
- An OPERS retiree who is re-employed in a law enforcement position and contributes to a Money Purchase Plan account, contributes at the regular employee rate, not the law enforcement rate.
- Returning as an Independent Contractor to any OPERS employer within the first two months of retirement or returning to the same employer at any time results in partial forfeiture and suspension of the retirement benefits without access to the OPERS health care plan for the length of the contract.

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Age and Service Retirees Continued

College/University Employees

OPERS retirees who become re-employed full time by a public university or college have the option to participate in OPERS and contribute toward a Money Purchase Plan account or they may elect to participate in an Alternative Retirement Plan. Re-employed retirees who change their employment status with a public institution or college from part-time to full-time may also be eligible to participate in an ARP. The election to participate in an ARP must be completed within 120 days from the date of re-employment or change in status from part-time to full-time. This election is irrevocable while the re-employed retiree remains employed by the public institution or college. A retiree who has received a retirement allowance for less than two months will forfeit the retirement allowance for any month of re-employment during that two-month period even if they elect the ARP during this period.

Elected Officials

Individuals who have retired from OPERS or another Ohio retirement system and return to OPERS-covered employment as elected officials will be treated as re-employed retirees. However, if an OPERS member is covered for non-elected official service and also is an elected official contributing to Social Security for the elected position prior to retirement, their elected service has no effect on their OPERS retirement benefit. Consequently, they are not OPERS re-employed retirees for the elective service as long as they remain in the same

office. If the individual is elected to a different office or if there is a break in service, they will then be considered a re-employed retiree. Please note, redistricting does not constitute a change in office.

An elected official who is re-employed in the same office for the remainder of an unexpired term, or the term immediately following the term in which retirement occurred, is subject to pension suspension and forfeiture.

For these elected officials, the annuity portion of the retirement benefit is suspended and the pension portion of the benefit is forfeited for the term(s), unless:

- The director of the Board of Elections has been notified in writing of the elected official's intent to retire at least 90 days prior to the primary election or the date on which a primary would have been held; or
- The elected official was already retired at least 90 days prior to the election; or
- The appointing authority has been notified that the official was already retired or intends to retire prior to the end of the term.

Elected officials are strongly encouraged to consider their retirement, election and re-employment scenario carefully and well in advance of their actual retirement date.

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Age and Service Retirees Continued

Employment by Legislative Authority

An age and service retiree may be re-employed in a position:

- Authorized by Ohio Revised Code Sections 101.31, 121.03, or 121.04; or
- To which an appointment is made by the governor with the advice and consent of the Senate; or
- As the head of a division of a state department.

These retirees have a choice of being treated as a regular re-employed retiree for this service (the two-month forfeiture period will not apply) or under a special provision. If the special provision is selected, they may be re-employed irrespective of the length of time they have received a benefit. Monthly retirement benefits will be suspended until this re-employment terminates.

If the retiree chose to be treated as a regular re-employed retiree, the retiree may receive the regular Money Purchase Plan benefit either as a lump sum payment or, after age 65, as a monthly benefit.

If the retiree chose re-employment under the special provision, the retiree may elect to have the retirement benefit recalculated using original service and the re-employment service. If a refund is selected, the retiree will receive the suspended annuity portion of the retirement benefit in a lump sum payment and the original retirement benefit will be reinstated. Retirees choosing this option do not have their retirement benefit recalculated from the original retirement date. The benefit recalculation is prospective and is not a recalculation under retirement law in effect prior to Jan. 7, 2013.

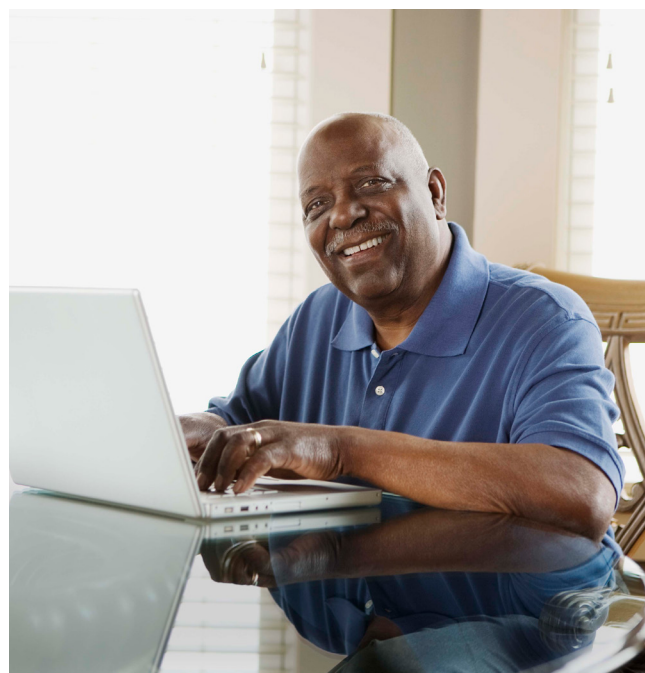
Public Hearings for Certain Re-employment

Age and service retirees may also be re-employed in a position that is customarily filled by the vote of a board, commission or the legislative authority of a county, municipal corporation or township, provided both the following requirements are met:

The board, commission or the legislative authority of a county, municipal corporation or township provides public notice at least 60 days before the re-employment is to begin, that the individual is seeking to retire, draw a pension and return to work in the same position; and

The board, commission or the legislative authority of a county, municipal corporation or township holds a public meeting 15 to 30 days before the re-employment is to begin to discuss the issue of the individual being re-hired in the same position.

The public notice shall include the time, date and location at which the public meeting is to take place.



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Age and Service Retirees Continued

Independent Contractor

A retiree cannot continue to receive benefits and work as an independent contractor under a contract for any period of time for the employer from which they retired. This prohibition is applicable regardless of the number of hours or days actually worked. If this occurs, the pension benefits will be forfeited for the entire period of service as an independent contractor. Benefits may continue if the retiree is providing services as an independent contractor for another public employer.

Independent contractors are not eligible for membership in OPERS. Employers are required to have individuals providing services as independent contractors, hired Jan. 7, 2013 or later, sign an *Independent Contractor Acknowledgment* (form PEDACKN). A membership determination may be requested within five years of the hire date for individuals signing the PEDACKN form. If an employer is uncertain as to whether an individual

is an employee or an independent contractor for OPERS purposes, they should contact us to request a determination.

The employer is also responsible for unreported employer and employee contributions, plus interest on those contributions, if OPERS determines the re-employed retiree is not an independent contractor, but is a public employee for their service provided and the determination is requested within five years of the hire date for employees signing the PEDACKN and a subsequent public employee determination is made. The employer is liable for any pension overpayment resulting from lack of notice to OPERS of re-employment or contract services.

Individuals providing services as an Independent Contractor prior to Jan. 7, 2013 had until Aug. 7, 2014 to request a determination on prior service. Failure to do so by Aug. 7, 2014, results in forfeiture of the right to request a membership determination for the prior service.



Contract work for the same public employer from which you retired (or any public employer during the first two months of retirement) will cause a partial suspension and forfeiture of your retirement benefits.

Returning to Work After Retirement

Disability Benefit Recipients

If you are receiving a disability benefit, your benefits will terminate if you return to OPERS-covered employment as an employee or elected official. Joint system disability benefits (OPERS with STRS or SERS) will terminate if the recipient returns to employment under any system participating in the benefit. The public employer must notify OPERS in writing by certifying and sending a *Notice of Re-employment of an OPERS Benefit Recipient* form, available at [opers.org](https://www.opers.org). Any overpayment of

benefits due to a failure of notice is the liability of the employer. Contributions must be remitted to OPERS during re-employment.

Employment with a private employer or with an employer covered by State Teachers Retirement System of Ohio (STRS) or School Employees Retirement System of Ohio (SERS) may affect continued receipt of disability benefits. Disability benefit recipients should contact OPERS before becoming re-employed.

Other System Retirees

An age and service or disability benefit recipient from another Ohio retirement system may also be employed in an OPERS-covered position. Other system retirees must begin contributing to OPERS from the first day of employment and will contribute to a Money Purchase Plan.

A retiree from another Ohio retirement system who has received a retirement allowance for less than two months when OPERS-covered employment begins will forfeit their retirement allowance from the other system for any month of re-employment during the two-month period.

Contributions remitted during those two months are not included in the calculation of the Money Purchase Plan benefit and are refunded to the retiree at termination of re-employment.

OPERS retirees are subject to similar provisions when returning to work in a position covered by the State Teachers Retirement System of Ohio or the School Employees Retirement System of Ohio.

OPERS-covered employers hiring retirees from other public systems must have the retiree file a *Personal History Record* with OPERS.

Returning to Work After Retirement

Joint System Retirees

If a retiree is receiving a benefit based on service covered by two or more of the non-uniformed state retirement systems (OPERS, STRS or SERS), he/she will be subject to the re-employment provisions applicable to the retirement system under which they are receiving a benefit. Re-employment in a

position covered by one of the retirement systems contributing to the retiree's benefit may affect continuation of the benefit. Contact OPERS for a determination with respect to this type of re-employment.

Employment in the Private Sector

An OPERS age and service retiree and, in some circumstances, disability benefit recipient may be employed in a position with a private employer and continue to receive benefits. There are limitations

for disability benefit recipients returning to work in the private sector. Disability benefit recipients should consult OPERS when contemplating re-employment.

Continuing Employment

Regardless of the retirement plan, members holding two or more concurrent positions in OPERS, SERS or STRS may retire from the higher-paying position and continue working in the lower-paying position. The member is not subject to the two-month, re-employment forfeiture for the position in which employment continues.

The member's earnable salary and compensation for all positions covered up to the effective date of retirement will be used in the calculation of a monthly benefit.

Following retirement, the member will be considered a re-employed retiree and contribute to a Money Purchase Plan account for their continued employment in the lesser-paying position.

Returning to Work After Retirement

Beneficiary Information

In the event of a retiree's death during re-employment in an OPERS-covered position, the beneficiary is entitled to a one-time lump-sum payment of the Money Purchase Plan account for the re-employment period. The beneficiary is determined in one of two ways: By specific designation or by automatic succession.

The order under automatic succession:

1. Surviving spouse;
2. Children (biological or legally adopted);
3. Parents;
4. Retiree's estate.

A specific designation is the naming of a primary beneficiary with contingent beneficiaries on the *Designation of Beneficiary for Money Purchase Contributor* form available on the OPERS website. These beneficiaries could be a person, persons, trust, estate, or institutions. If a beneficiary is not specifically designated, a beneficiary will be determined by automatic succession.

A specific designation becomes invalid upon a retiree's marriage, divorce, dissolution of marriage, legal separation or the birth or adoption of a child. At that time a new designation must be filed or automatic succession will apply.

If a re-employed retiree applies for and receives a lump-sum payment and becomes a contributor again, OPERS recommends a new designation for the subsequent re-employment period.



Your beneficiary is determined in one of two ways: By specific designation or by automatic succession.

Returning to Work After Retirement

Health Care for Re-employed Retirees

If you retire and then return to work in an OPERS-covered position, OPERS requires you to enroll in your employer's health plan if the employer offers coverage to other employees in similar positions. You cannot waive your employer's plan unless you have other health coverage (other than Medicare, if applicable) allowing the OPERS health plan to be your secondary payer.

If your employer offers health coverage and you do not enroll in it, you are not eligible to participate in OPERS coverage. You do not have to provide coverage for your dependents under your employer's health plan. However, you must be enrolled in the OPERS health care plan in order to enroll your dependents. OPERS will not provide you or your eligible dependents health care coverage during a suspension or forfeiture of your pension benefit.

Federal law prohibits you from being covered by the OPERS health care plan as secondary coverage if you are enrolled in a high deductible health plan and a health savings account.

Re-employed Retirees are not Eligible to Participate in the Health Reimbursement Arrangement

Retirees who work for an OPERS-covered employer while receiving their OPERS pension will not receive a Health Reimbursement Arrangement (HRA) allowance from the plan during the re-employment period. Retirees receiving an OPERS pension while employed by a private employer, or a public employer that does not participate in OPERS, may remain participants in the plan.

OPERS offers two separate plans for pre-Medicare re-employed retirees and for Medicare-eligible, re-employed retirees, both effective Jan. 1, 2016. Coverage details for both of these plans can be found within the *Health Care Coverage Guide* available at opers.org.

Member-Directed Plan retirees are also ineligible to utilize the Retiree Medical Account during periods of OPERS-covered employment.

Coverage details for pre-Medicare, re-employed retirees and for Medicare-eligible, re-employed retirees plans can be found within the *Health Care Coverage Guide* available at opers.org.



Returning to Work After Retirement

Health Care for Re-employed Retirees Continued

OPERS Health Care Coverage Options for Re-Employed Retirees

If your employer does not offer health care coverage, your OPERS health care options are:

Pre-Medicare

Re-employed retirees not-yet-eligible for Medicare may participate in the Medical Mutual Pre-Medicare Re-employed Plan.

The coverage under this plan is identical to the Medical Mutual plan for pre-Medicare retirees. Re-employed retirees may pay a higher premium.

If you do not choose this option, you will not have health care coverage through OPERS.

Medicare-Eligible

Medicare-eligible re-employed retirees have the following opportunities:

1. Select their employer's coverage if the employer offers it.
2. Remain in the plan they selected through the Connector but without receiving their HRA allowance.
3. Leave the plan they selected through the OPERS Medicare Connector and enroll in the group Medicare plan sponsored by OPERS. Prior to leaving the plan, OPERS strongly recommends speaking with Via Benefits™ (the administrator of the Connector) to understand the impacts of disenrolling from the plan selected through Via Benefits.

OPERS will provide the appropriate allowance based on age and service. If the allowance doesn't cover the full premium, OPERS will deduct the remaining amount from the retirees' pension benefits.

Eligible spouses and dependents would be included in the re-employed retiree plan if the retiree opts for that coverage.

If a retiree becomes re-employed two or more times in the same calendar year, the HRA will be frozen for the remainder of the plan year or the duration of re-employment, whichever time period is longest. Re-employed retirees may remain enrolled in their employer's coverage, an individual Medicare plan (without the HRA) or the Medical Mutual Medicare Plan.



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Health Care for Re-employed Retirees Continued

Decision Tools

OPERS has created tools to help re-employed retirees make the most informed decision possible about their OPERS health care coverage.

On the OPERS website, opers.org, you will find an interactive Re-employed Retiree Decision Tool. This tool is designed to help retirees understand their health care options if they choose to become re-employed in an OPERS-covered position. By answering a series of simple questions about their re-employment situation, the tool guides retirees

to the best health care coverage option. You can find this tool on the *Re-employment* page under the heading of *Retirees*.

In addition to the decision tool, re-employed retirees may benefit from a simple analysis of their pension income versus their health care costs. Please review the example on the next page and think about your situation and compare your re-employed income and additional health care costs to your income without re-employment and additional health care costs.



If you do not choose one of the options above, you will not have health care coverage through OPERS.

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Health Care for Re-employed Retirees Continued

Retiree Like Me

Susan has been retired from an OPERS-covered position for two years and is considering returning to work as an accountant for the county to earn extra income. Her gross pension income from OPERS is \$3,550 per month; her new OPERS-covered position would be part-time and add an additional \$800 per month to her checking account.

Matt, Susan's husband, is retired from a job with a private employer and has been on the OPERS health care plan since Susan retired two years ago. Both Susan and Matt are enrolled in Medicare. Prior to finalizing her decision to return to work, Susan looks at all of the impacts, including how her OPERS health care coverage options may change if her employer offers group coverage. By law, if she is eligible for health care coverage under her new employer, she must enroll in the plan offered.

Considerations:

1. Remain retired, secure a plan through the OPERS Medicare Connector and continue to receive monthly Health Reimbursement Arrangement (HRA) deposits (spouses are not eligible for the allowance);
2. Become re-employed and **enroll in her employer's health care plan**, if offered, however forfeit HRA deposits and reimbursements from the HRA for eligible health care expenses incurred while actively employed;
3. Become re-employed, **stay on the plan selected through the OPERS Medicare Connector**, however forfeit HRA deposits and reimbursements from the HRA for eligible health care expenses incurred while actively employed;

4. Become re-employed and enroll in the OPERS' Medical Mutual Medicare Re-employed Plan, however forfeit HRA deposits and reimbursements from the HRA for eligible health care expenses incurred while actively employed (an allowance to offset the monthly plan premium will be available for the retiree).

As Susan assesses the financial impact of returning to work in an OPERS-covered position, she looks at how her new schedule may impact her family and over-all well-being. When considering her health plan options, Susan will look at estimated expenses and the value of each option. Recommended areas include:

1. Monthly premiums
2. Projected out-of-pocket costs (*including deductibles and out-of-pocket maximums*)
3. No change
4. Medications (*formulary, co-pays and co-insurance*)





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