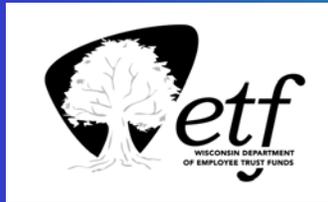


# Returning To Work After Retirement



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Boredom



Vacation



Rainy Day

Health Insurance



Fun Money

Meet Obligations



New Challenge

Information for Retirees

Information for Retirees



ET-4116



ET-4116 (REV 11/2009)

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## Topics

- Good-faith termination of employment ▶
- WRS participation standards ▶
- Required break in service ▶
- Re-employment under the WRS ▶  
(annuitant vs active employee)
- Retiring the second time ▶
- Impact on life and health insurance ▶

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## Good-Faith Termination

Federal law requires a good-faith termination of employment in order to qualify for a retirement benefit distribution from a qualified plan such as the WRS

## Good-Faith Termination

- ♣ WI Admin. Code ETF § 10.08 defines the condition(s) that constitute a valid good-faith termination . . .
  - ♦ Employer has no rights to any future services from the employee

**Which means this rule . . .**

## Good-Faith Termination (Definition)

Prohibits an *enforceable agreement* for ANY future employment with the same employer even if it does not meet WRS *participation standards*

**AND**

Prohibits an *enforceable agreement* for ANY future employment with a different WRS employer that would meet WRS *participation standards*

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## WRS Participation Standards

An employee meets participation standards if . . .

- ♣ Employee is **expected** to work at least 600 hours (440 for teachers) per year

**AND**

- ♣ Employee is expected to work at least one year

This applies even if it's a project or limited term employment (LTE) position

## Required Break In Service

To be eligible for a benefit, WI Statutes require a good faith termination and a minimum break in service before returning to WRS eligible employment



## Required Break In Service *Private Employment*

As a retiree you may work in private employment any time

No required break in service

No earnings limit

No effect on your WRS benefits

## Required Break In Service Employment With Any WRS Employer

If WRS employment meets WRS participation standards, employment cannot begin until the **latest** of the following dates:

The day after your annuity effective date

The thirty-first day after your WRS termination date

The thirty-first day after the date ETF receives your retirement application

## Required Break In Service Example

Termination date	6/30
Annuity effective date	7/1
Application received date	5/16
Employee returns to work	8/8

Day after annuity effective date	7/2
31st day after termination date	7/31
31st day after ETF's receipt of application	6/16

**Latest** date is 31st day after termination . . .

Employee returned to work AFTER that . . .

**Required break in service was met**

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## Required Break In Service Example

Termination date	6/6
Annuity effective date	6/7
Application received date	6/28
Employee returns to work	7/24

Day after annuity effective date	6/8
31st day after termination date	7/7
31st day after ETF's receipt of application	7/29

**Latest** date is 31st day after receipt of application . . .

Employee returned to work BEFORE that . . .

**Required break in service was NOT met**

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## Required Break In Service Employment With Same WRS Employer

- ♣ Reminder: If WRS employer is the same employer from whom employment was terminated before annuity began
  - ◆ Required break in service still applies even if the new employment does not meet WRS participation standards



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## Required Break In Service Employment With Any WRS Employer

Failure to meet the statutory break in service will result in cancellation of your annuity

**AND**

you repay any benefits received

**AND**

other WRS benefits may be affected or lost

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## Required Break In Service Employment With A Different WRS Employer

- ♣ The required break in service does not prohibit
  - ◆ An agreement for future employment with a different WRS employer that does not meet WRS participation standards

**or**

- ◆ An agreement prior to termination for purely voluntary future services

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## Re-employment Eligible Under The WRS

- ♣ After the required break in service, if you are rehired in a position that meets WRS participation standards you will have a choice to:
  - ◆ Remain an annuitant
  - or
  - ◆ Elect coverage under the WRS  
(at any time while still employed)

## Re-employment Eligible Under The WRS

If remaining an annuitant

File a *Rehired Annuitant Election* form (ET-2319) electing not to participate in the WRS

Employee Election			
<input type="checkbox"/> I elect to participate in WRS as an active employee pursuant to Wis. Stat. § 40.26 (1). I certify I have remained terminated from all WRS participating employment between my date of termination and the <u>latest</u> of the following dates: <ul style="list-style-type: none"> <li>• the day after my annuity effective date, or</li> <li>• the 31<sup>st</sup> day after my termination date, or</li> <li>• the 31<sup>st</sup> day after ETF received my benefit application.</li> </ul> I understand my WRS annuity will be terminated and WRS coverage will begin effective the first of the month following ETF's receipt of this election. I understand this election can be revoked only if ETF receives my written request to withdraw this election prior to the day WRS coverage would resume. I will be eligible to reapply for a retirement annuity only when I again terminate all WRS covered employment.			
<input checked="" type="checkbox"/> I do <u>not</u> elect to actively participate in WRS pursuant to Wis. Stat. § 40.26 (1). I certify I have remained terminated from all WRS participating employment between my date of termination and the <u>latest</u> of the following dates: <ul style="list-style-type: none"> <li>• the day after my annuity effective date, or</li> <li>• the 31<sup>st</sup> day after my termination date, or</li> <li>• the 31<sup>st</sup> day after ETF received my benefit application.</li> </ul> I understand I may elect to actively participate in the WRS at any time in the future, provided I meet the WRS eligibility criteria for participation, by filing an updated form.			
<b>EMPLOYEE MUST SIGN HERE →</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">Signature of Employee <i>(in ink)</i></td> <td style="width: 30%;">Date</td> </tr> </table>	Signature of Employee <i>(in ink)</i>	Date
Signature of Employee <i>(in ink)</i>	Date		

## Re-employment Eligible Under The WRS

If electing coverage under the WRS

File a *Rehired Annuitant Election* form (ET-2319)  
electing participation

Employee Election

I elect to participate in WRS as an active employee pursuant to Wis. Stat. § 40.26 (1). I certify I have remained terminated from all WRS participating employment between my date of termination and the latest of the following dates:

- the day after my annuity effective date, or
- the 31<sup>st</sup> day after my termination date, or
- the 31<sup>st</sup> day after ETF received my benefit application.

I understand my WRS annuity will be terminated and WRS coverage will begin effective the first of the month following ETF's receipt of this election. I understand this election can be revoked only if ETF receives my written request to withdraw this election prior to the day WRS coverage would resume. I will be eligible to reapply for a retirement annuity only when I again terminate all WRS covered employment.

I do not elect to actively participate in WRS pursuant to Wis. Stat. § 40.26 (1). I certify I have remained terminated from all WRS participating employment between my date of termination and the latest of the following dates:

- the day after my annuity effective date, or
- the 31<sup>st</sup> day after my termination date, or
- the 31<sup>st</sup> day after ETF received my benefit application.

I understand I may elect to actively participate in the WRS at any time in the future, provided I meet the WRS eligibility criteria for participation, by filing an updated form.

Annuity is terminated and WRS coverage effective first of the month after ETF's receipt of the election form

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## Ready To Retire Again?

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## Terminating WRS Employment (as an active employee)

- ♣ Upon terminating WRS employment (again)
  - ◆ Can reapply for retirement annuity
  - ◆ Can select any annuity option for which you are eligible  
(Regardless of the option chosen when originally retired)



## Calculating Benefits

## Recalculating Retirement Annuity

- 1 The calculation uses new final average monthly earnings (if applicable) for all WRS employment
- 2 Service earned after return to work is calculated based on laws in effect on the most recent termination date
- 3 Service earned prior to original retirement is calculated according to the laws in effect when originally retired

## Recalculating Retirement Annuity

- ♣ After annuity is calculated
  - ◆ Annuity will be reduced by the value of the payments made (plus accumulated interest, then converted to a monthly amount) before the annuitant's normal retirement age
  - ◆ The value of the *recalculated* retirement benefit may be larger than the original, but it can never be less

# Effect On Life Insurance

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# Wisconsin Public Employers Group Life Insurance Program

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## Effect On Life Insurance

If you return to work prior to age 70  
with a participating employer

- ♣ Your choice as an annuitant
  - ◆ Continue coverage as a retiree
- ♣ Your choice as a participating employee
  - ◆ Continue coverage as a retiree or
  - ◆ Apply for coverage as an active employee based on estimated earnings

## Effect On Life Insurance

- ♣ Continuing coverage as an annuitant
  - ◆ Premiums deducted from your annuity until age 65
- ♣ Premiums as an active employee
  - ◆ Deducted from your salary Or
  - ◆ Paid directly to the insurance company
    - ♥ Coverage will lapse if premiums not paid when due





## Effect On Health Insurance

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**For Annuitants Insured  
Under or Eligible For  
The State Group Health Insurance**

**or**

**The Wisconsin Public Employers Group  
Health Insurance**

**or**

**The Local Annuitant Health Plan**

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## Effect On Health Insurance

- ♣ If not electing to participate in the WRS
  - ◆ Health insurance coverage as an annuitant is not affected
- ♣ If electing to participate in the WRS
  - ◆ Eligible for health coverage offered to active employees and
  - ◆ No longer eligible for coverage as an annuitant
    - ♥ Must enroll and/or escrow any state sick leave credits (if applicable) **or**
    - ♥ Apply for COBRA continuation

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## Effect On Health Insurance State Retirees Returning to State Employment

- ♣ Participating employees
  - ◆ Unused sick leave (SL) balance frozen
  - ◆ Additional SL credits accrue (since return) and are added to existing SL account
    - ♥ Add-on SL is based on the highest rate of pay as a state employee



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## Effect On Health Insurance State Retirees Returning to State Employment

- ♣ The new SL credit amount plus any “frozen” SL balance is available to pay health insurance premiums
  - ◆ After your new retirement or
  - ◆ After your new termination (if 20 or more years of creditable service and eligible for an immediate annuity)

## Effect On Health Insurance State Retirees Returning To Local Employment

- ♣ If participating employee is using state SL credits to pay for health insurance premiums:
  - ◆ Must have comparable coverage
  - ◆ Must put SL credits in escrow
  - ◆ If credits already escrowed, cannot access them until you retire again

## Effect On Health Insurance

### Local WRS Retirees

- ♣ If terminating employment from a local WRS employer
  - ◆ Eligible for the *Local Annuitant Health Plan*
  - ◆ Open enrollment available
    - ♥ Must apply for both your annuity and health coverage within 60 days of termination

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## Wrapping up

No Earnings limit

WRS requires a good faith termination and minimum break in service prior to future WRS employment

Choice of remaining an annuitant **or** electing WRS participation

- Remaining an annuitant -
  - keep existing life and health insurance
  - continue receiving your monthly annuity and the employer's paycheck
- Electing WRS participation -
  - annuity stops
  - earn sick leave
  - enroll in life/health insurance with employer
  - ETF will re-calculate your annuity
  - choose any payment option for which you are eligible

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**The End**