Returning To Work After Retirement

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August 2012

Topics

Requirements and Conditions
- Good-Faith Termination
- Break In Service
- WRS Participation Standards

Options Upon Rehire
- Annuitant vs. Active Employee

Impact on Life and Health Insurance

Retiring Again

Wisconsin Retirement System
Employment Not Covered by the WRS

As a retiree you may work in *private employment* any time

- No effect on your WRS benefits
- No earnings limit

Social Security does impose earnings limits

Requirements and Conditions
Federal Requirement

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.

WRS Requirement

The WRS requires a "Good-Faith Termination" and a "Break in Service" in order to qualify for a retirement benefit.
Conditions of a 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 . . .

Good-Faith Termination
(Per WI Administrative Code)

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
WRS Participation Standards

<table>
<thead>
<tr>
<th>WRS Participation Requirements</th>
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<tbody>
<tr>
<td><strong>If initially employed</strong></td>
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<tr>
<td>before 7/1/2011</td>
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<tr>
<td>Teachers and non-teaching employees of school districts</td>
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<tr>
<td>440 hours</td>
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<tr>
<td>600 hours</td>
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<tr>
<td><strong>All others</strong></td>
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<tr>
<td>880 hours</td>
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Applies to project or limited term employment (LTE)

Required Break In Service

Applies if employment meets participation standards or return to employment is with **same** employer, regardless of participation

Employment cannot begin until the latest of the following dates:

- The day after your annuity effective date
- The 31st day after your WRS termination date
- The 31st day after 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 on 8/8

<table>
<thead>
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<tr>
<td>Day after annuity effective date</td>
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<tr>
<td>31st day after termination date</td>
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<tr>
<td>31st day after ETF’s receipt of application</td>
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**Required break in service was met**

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- **Termination date**: 6/6
- **Annuity effective date**: 6/7
- **Application received date**: 6/28

- Employee returns to work on 7/24

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**Required break in service was not met**
Required Break In Service

Failure to meet the statutory break in service will result in

- Cancellation of your annuity
- Repayment of any benefits received
- Other WRS benefits may be affected or lost

Returning To Work After Retirement

Options Upon Rehire
Options Upon Rehire

If you are rehired in a position that meets WRS participation standards you will have a choice:

- Remain an annuitant
- Elect coverage under the WRS

No earnings limit
Effect on WRS Life and Health Insurance

Returning To Work After Retirement

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 retiree
• Premiums deducted from annuity until age 65

Your choice as a participating employee
• Continue coverage as retiree
or
• Apply for coverage as active employee
• Premiums deducted from salary

Wisconsin Public Employers Group Life Insurance Program
For Annuitants Insured Under:

1. **State** - State of Wisconsin Group Health Program

2. **Local** - Wisconsin Public Employers (WPE) Group Health Program

3. **Local Annuitant Health Plan (LAHP)**

Effect On Health Insurance

- If **not** electing to participate in the WRS
  - Health 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 annuitant
Effect On Health Insurance
State Retirees Returning to State Employment

Unused Sick Leave Credits are frozen

Sick Leave credits accrued since return to work

The total accumulated credits are available to pay premiums after new retirement

Wisconsin Retirement System

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** put SL credits in escrow (unless already escrowed)
  - **Cannot access until you retire again**
  - **Must have comparable coverage elsewhere**
Effect On Health Insurance
Local WRS Retirees

- If terminate employment from a local WRS employer
  - Eligible for the *Local Annuitant Health Plan (LAHP)*
  - Must apply for both your annuity and health coverage within 60 days of termination

Retiring Again
Retiring Again

Upon terminating WRS employment again
✓ Can reapply for a retirement annuity
✓ Select any annuity option for which you are eligible

Calculating Benefits
Recalculating a 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 based on laws in effect when originally retired

After annuity is calculated
- Annuity will be reduced by the value of the payments made before the annuitant’s normal retirement age and then converted to a monthly amount
- The value of the recalculated retirement benefit may be larger than the original, but it can never be less
Wrapping up

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 (active employment)

Remaining an annuitant
- Keep existing life and health insurance
- Continue receiving your monthly annuity & a paycheck from your employer

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

Thank you for watching