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## **IMPLEMENTATION PROCEDURES** for the Policy on Reemployment of Retired Employees into Senior Management Group and Staff Positions

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These Implementation Procedures are intended to provide operational clarity regarding policy restrictions and reporting requirements as outlined in the Policy on Reemployment of Retired Employees into Senior Management Group and Staff Positions [[Policy](#)]. Business operations necessary to ensure compliance with these policies are at the discretion of Campus and Laboratory leadership.

In general, this policy restricts reemployment of Retired Employees – Individuals who currently receive a Monthly Retirement Income or have received a Lump Sum Cashout from the University of California Retirement Plan (UCRP). Reemployment is not to occur until there has been a substantive break in service (preferably at least 90 calendar days but no less than 30 calendar days). Reemployment appointments are restricted to 43% time for no more than 12 months, or equivalent, except in certain limited circumstances. It is the intent of this policy that reemployed Retired Employees not become eligible for additional retirement benefits or health and welfare benefits except in certain limited circumstances as outlined in the policy and below. Given that UC retirement and health and welfare eligibility regulations view all UC appointments cumulatively these employment restrictions apply cumulatively to all UC locations (e.g.: If a Retired Employee is working 43% at one location, they may NOT concurrently work an additional 43% at another location or hold separate appointments at the same location exceeding a combined 43%).

### ***I. University Policy Provisions***

#### **1. University Need**

Reemployment must be as a result of University need. University need may be any substantive business reason demonstrating the needs of the organization to reemploy a Retiree such as:

- The Retired Employee possesses skills that are critical to the mission of the University and the University was not able to find a suitable replacement.
- The Retired Employee is needed to provide knowledge transfer and/or development for his/her replacement.
- The Retired Employee is the Principal Investigator or lead researcher for a project that is not complete and their expertise is critical to complete the endeavor.
- The University needs temporary services from a qualified professional experienced in a unique facet of University operations.

*(This list is intended to be illustrative and should not be interpreted to limit the definition of University Need.)*

If a retiree is temporarily reemployed, without a recruitment, into their prior position or any other position that would normally be career, the location is required to recruit for that position within 30 calendar days of the reemployment and must be posted for a minimum of 30 days.

## 2. Break in Service

A Retired Employee must not be reemployed until there has been a break in service of at least 30 calendar days, but preferably 90 calendar days. The Break in Service that results following retirement has specific significance related to eligibility to return to membership in the UC Retirement Plan.

Local Payroll systems are designed to look back over the most recent 12 months and measure whether or not an individual has worked 1000 hours or more for purposes of eligibility for UCRP. For reemployment immediately following retirement this automated process must be stopped by manual data entry by entering an Hours Balance Adjustment in the EDHA (for departments) or ETHA (for central office users such as Payroll) screens. The Data Element EDB 5143 should be set to zero. This entry should be made at the time of reemployment to effectively zero the prior 1000 hours. So long as a Retired Employee remains at or below 43% time in a 12 month period, he/she will not accrue 1000 hours on a go-forward basis.

In limited circumstances it is acceptable for a reemployed Retired Employee to re-enter the retirement plan – see Section I.5 below for details.

## 3. Appointment Percentage

Due to potential conflicts with Medicare coverage issues and in order to promote responsible stewardship of the University's resources and its reputation, this policy requires that Retired Employees be rehired with no more than a 43% appointment. A 43% appointment will ensure that retired employees do not become eligible for any level of employee Health and Welfare benefits (Core, Mid-level, or Full benefits) or accrue additional Service Credit in the UC retirement plan.

*It is the intent of this policy that appointments closely reflect the actual time worked and duration. In order to measure compliance anticipated appointments will be compared with actual work hours reported.*

In order to provide additional hiring flexibility to locations, a 43% appointment may also be calculated as any monthly percentage and

duration that mathematically equals or is less than 43% of a 12 month period (5.16 months full-time equivalent) such as:

- 43% for 12 months = 5.16 months
- 50% for 10 months = 5 months
- 75% for 6 months = 4.5 months

Only 43% time may be worked over a 12 month period. Therefore if a Retired Employee works 100% time for 5.16 months (or some other equivalent), he/she must be separated from the University for the remaining months of the 12 month period before they may be rehired.

### ***SPECIAL NOTE:***

**Any appointment at 43.75% or more, regardless of duration, will result in eligibility for health and welfare benefits. In the event a retired employee IS covered by Medicare and their appointment is 43.75% or more please refer to the Medicare grid for appropriate processing instructions. (Appendix A attached).**

**Due to Medicare Secondary Payer law under no circumstances may a Medicare-covered Retired Employee forgo employee coverage if they are eligible unless they opt out of ALL (Active and Retiree) UC-sponsored coverage and have Medicare coverage only. There are significant financial risks to the University should a Medicare covered retiree be eligible for employee coverage and keep Medicare as their primary payer. Locations that fail to ensure compliance with Medicare Secondary Payer Law will be responsible for payment of all claims and fines associated with the violation.**

***Please see Appendix A below for a grid with more information regarding how health and welfare benefits are impacted for reemployed Retired Employees with and without Medicare.***

**Local Benefits Offices and UCOP Customer Service can assist in the conversion of a Retired Employee from retiree Medicare coverage to active employee coverage when necessary.**

#### **4. Duration of Reemployment**

Reemployment in any one position or in multiple positions must not exceed a total of 12 months without re-approval. Following 12 months cumulative employment Retired Employees may be re-appointed following re-approval by the Executive Officer and endorsement by the Chief Human Resources Officer, or their designees, and processed according to the business operations as defined by the location. A re-approval in this circumstance is **not** considered a variation from policy.

## 5. Reemployment and Suspension of Monthly Retirement Income

All reemployed Retired Employees receiving monthly retirement income must fill out the UCRP Retired Employee Election Form indicating their election to continue receiving Monthly Retirement Income or to Suspend their Monthly Retirement Income. This form must be submitted to the local Benefits Office. In addition, Retired Employees who make this election must also write to the Retirement Administration Service Center to arrange to stop their Monthly Retirement Income.

A Retired Employee who suspends his/her monthly retirement income may be reemployed without the Policy restrictions on University Need (1), Percentage Appointment (2) and Duration of Reemployment (4) but is still subject to the rules governing a break in service (3), the approvals process, and all other provisions of the policy.

*The UCRP Retired Employee Election Form is not required for those Retired Employees who elected a Lump Sum Cashout.*

A Retired Employee who took a lump sum cashout ***is*** subject to the policy Sections 1, 2, 3 and 4. Reemployment beyond these provisions or into a career appointment by a Retired Employee who took a Lump Sum Cashout is a variation from policy requiring appropriate levels of approval except as provided for in the Grandfathering provisions outlined in *Section III* of this document.

## ***II. Approvals and Reporting Requirements***

### 1. Approvals

In order to meet the administrative requirement for approvals, *hiring managers* must fill out the Retired Employee Appointment Approval Form [link] for each appointment of a Retired Employee regardless of whether there are successive appointments of less than the percentage and duration maximum. This form is intended to assist *hiring managers* in meeting the policy requirements and should be submitted to the local Human Resources Office for review and endorsement before it is forwarded to the local Executive Officer for final approval. This is the only form necessary for *hiring managers* and additional attachments are helpful but not required. As a part of the random audit described below, HR Compliance at the Office of the President may request from locations copies of the Retired Employee Appointment Approval Form. HR Compliance will direct these requests to the Human Resources offices at each location.

Reemployment actions for Retired Employees into staff positions (not Senior Management Group or above the Indexed Compensation Level) that are within the policy provisions must be reviewed and endorsed by the Chief Human Resource Officer, or Designee, and approved by the Executive Officer (Chancellor or Lab Director), or Designee.

Reemployment actions for Retired Employees into staff positions (not SMG or above the ICL) that are variations from policy must be reviewed and endorsed by the Chief Human Resource Officer and approved by Executive Officer (Chancellor or Lab Director). The Chief Human Resource Office or Executive Officer may **NOT** designate other individuals for approvals of variations from policy.

Reemployment actions into SMG positions or above the ICL must be endorsed by the President before submission to the Regents for approval.

## 2. Variations from Policy Requiring Approval by Executive Officer

The following is a brief list of examples of actions considered variations from policy. The list is not exhaustive and should not be interpreted to cover all possible variations. If a department is uncertain about whether or not an appointment represents a variation from policy, the local Chief Human Resource Officer should be contacted for guidance.

- Lump Sum Cashout recipient hired into Career (indefinite) Appointment.
- Retiree receiving monthly retirement income hired into Limited Appointment exceeding 12 months duration without suspending retirement income.
- Lump Sum Cashout recipient hired into Limited Appointment exceeding 12 months duration.
- Retiree (either Lump Sum Cashout recipient or Monthly Retirement Income recipient) hired into a position (Limited Appointment, Contract, etc.) that is established with an end date that exceeds 12 months (this is separate from those that are approved for 12 months and processed for another consecutive 12 months through re-approval process).

## 3. Reporting

On a semi-annual basis, due June 30 and December 31, each location must submit a Retired Employee report to Human Resources Compliance. This report is to include **all** Retired Employees and specifically identify those whose appointments represent an exception to policy. HR Compliance will audit a random sample from each location report. However, it is the responsibility of each location to ensure that the report is current, accurate, and thorough, accounting for all Retired Employees and

correctly representing any variation from policy. HR Compliance will use the data submitted by the locations to report to University Leadership on location compliance rates and overall employment practices of the University related to Retired Employees. A template Excel Spreadsheet should be used for all report submissions [link – to be provided in June 2009].

### **III. Grandfathering Provisions**

All reemployed Retired Employees as of December 31, 2008 whose appointments continue into 2009 and beyond are grandfathered under the provisions of the Guidelines for Rehire of UC Retirees:

- Individuals with end dates to their current appointments are subject to the Rehired Retiree guidelines in place prior to implementation of this policy until such time as their appointment end date or a change to their current appointment, whichever occurs first.
- Individuals with indefinite end dates to their current appointments are subject to the Rehired Retiree guidelines in place prior to implementation of this policy until their current appointment ends or there is a change to their current appointment, whichever occurs first. ***These grandfather provisions are temporarily enacted pending review and consideration by University leadership of the feasibility of a Sunset Date for all indefinite appointments.***
- A change to current appointment may be defined as **but not limited to:**
  - Reclassification
  - Promotion
  - Any change in title code
  - Movement to another department
  - Change in Appointment Type such as moving from Limited to Career
- Examples that do NOT constitute a change in appointment:
  - Salary increase
  - Addition of Stipend pay
  - Increase or decrease in appointment percentage

All recipients of the UCRP Lump Sum Cashout who retired on or before December 31, 2008 but were not rehired as of December 31, 2008 are eligible to return to employment with the University during the calendar year 2009 and be immediately grandfathered as indicated above. During calendar year 2009 notices will be sent to all past recipients of the UCRP Lump Sum Cashout regarding the changes to University employment policy. Effective

January 1, 2010, all Lump Sum Cashout recipients not already re-hired will be immediately subject to the full extent of the new Policy on Reemployment of Retired Employees.

#### ***IV. Temporary Agencies and/or Contractors***

UC Retirees hired by third party temporary staffing agencies and then assigned to work for UC are not employees of the University and therefore do not fall under these policy provisions. However, UC Retirees hired by UC temporary staffing programs **are** employees of the University and the policy provisions apply.

UC Retirees hired by the University as Contractors (paid not as employees but as vendors) are also not considered employees of the University and therefore do not fall under these provisions. However, provisions governing Contractor arrangements with vendors of the University apply to UC Retirees as well as to anyone not previously affiliated with the University.

***Note: Under no circumstances should either of these approaches be used to circumvent this policy.***

#### **Appendix A – Impact on Health & Welfare Benefits**

If Retired Employees are enrolled in UC's Retiree Insurance Program (only available to those eligible retirees who elected Monthly Retirement Income) and, through reemployment in a percentage equal to or greater than 43.75%, become eligible for UC's Employee Health & Welfare benefits, decisions will need to be made by the Retired Employee regarding their enrollment in Employee Health & Welfare benefits versus their enrollment in the Retiree Insurance Program. UC's regulations prohibit coverage as both an employee and a retiree. If the Retired Employee is eligible for coverage as both an employee and a retiree, forms will need to be completed to opt out or suspend coverage in one program or the other.

In the event a Retired Employee is enrolled in UC's Retiree Insurance Program and is covered by Medicare, additional limitations exist in order for UC to comply with Medicare's rules under the Medicare Secondary Payer law. In addition to UC's regulations which prohibit coverage as both an employee and a retiree, Medicare regulations require that Medicare pay secondary to any Employee **medical** coverage for which a Retired Employee may be eligible.

Due to the Medicare Secondary Payer law and its significant financial risks to the University, under no circumstances may a Medicare covered Retired Employee forgo employee medical coverage if they are eligible unless they opt out of **both** Active and Retiree UC-sponsored **medical** coverage and have Medicare coverage only. Locations that fail to ensure compliance with the Medicare

Secondary Payer Law will be responsible for payment of all claims and fines associated with the violation.

See attached chart for details. The chart assumes that the Retired Employee has chosen to continue some form of University coverage rather than electing Medicare only.

**IMPACT ON BENEFITS  
FOR RETIRED EMPLOYEES AND/OR ELIGIBLE FAMILY MEMBERS**

<b>BELI</b> (assigned and derived) <b>for appointment into which Retired Employee is being hired</b>	<b>Impact on UC Retired Employee's Pension</b>	<b>Retired Employee not in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Retired Employee in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Impact on UC Retired Employee's Other Benefits</b>
<p><b>BELI 1</b> (50% or more &amp; 12 months or more</p> <p>Accumulation of 1,000-eligible hrs – or 750 hrs for Unit 18 – in a rolling 12-month period.)</p>	<p>Retiree pension must be stopped and additional service credit will accrue.</p>	<p>Because retiree pension is stopped, Retired Employee is no longer eligible for coverage through the Retiree Insurance Program. Retiree medical plan deenrollment happens automatically.* Must enroll in medical plan as an employee. Different salary banding may apply</p> <p>*RIP should input suspend code for retiree medical coverage.</p>	<p>Because retiree pension is stopped, Retired Employee is no longer eligible for coverage through the Retiree Insurance Program. Retiree medical plan deenrollment happens automatically and if enrolled in an HMO, must complete HMO paperwork to "unassign" Medicare benefits. When enrolled as an employee, net cost to Retired Employee may increase because enrollment will be under non-Medicare plan. Any reimbursement for Medicare Part B stops but retiree must maintain Part B coverage.</p>	<p>Because retiree pension is stopped, Retired Employee is no longer eligible for coverage through the Retiree Insurance Program. Retiree dental and legal plan deenrollment happens automatically. Retired employees must cancel retiree vision and AD&amp;D directly with vendor. Retired Employee may enroll in health &amp; welfare benefits as an Employee.</p>

<b>BELI</b> (assigned and derived) <b>for appointment into which Retired Employee is being hired</b>	<b>Impact on UC Retired Employee's Pension</b>	<b>Retired Employee not in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Retired Employee in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Impact on UC Retired Employee's Other Benefits</b>
<b>BELI 2 or 3</b> (50% or more & 12 months or more; 100% & 3 months or more, but less than 12 months)	Retiree pension continues.	<p>Retiree medical plan may continue. Retired Employee must opt out of medical as an employee to prevent automatic enrollment in Core Medical.</p> <p>If Retired Employee does not want retiree medical to continue, must "suspend" retiree medical and enroll as an employee in the same medical plan.</p>	Retiree medical plan must be suspended and if enrolled in an HMO, must complete HMO paperwork to "unassign" Medicare benefits. Must enroll in medical plan as an employee. When enrolled as an employee, net cost to Retired Employee may increase because enrollment will be under non-Medicare plan and different salary banding may apply. Any reimbursement for Medicare Part B stops but retiree must maintain Part B coverage.	Retiree dental and legal may continue through Retiree Insurance Program. Retiree vision and AD&D may continue directly through vendor. Retired Employee may choose to enroll in various Life and FSA plans and Auto/Homeowner as an employee during PIE. If not enrolled in Retiree legal or Retiree AD&D, may enroll as an employee during PIE.

<b>BELI</b> (assigned and derived) <b>for appointment into which Retired Employee is being hired</b>	<b>Impact on UC Retired Employee's Pension</b>	<b>Retired Employee not in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Retired Employee in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Impact on UC Retired Employee's Other Benefits</b>
<b>BELI 4</b> (43.75% or more but does not satisfy % and duration for BELI 1, 2, or 3)	Retiree pension continues.	<p>Retiree medical plan may continue. Retired Employee must opt out of medical as an employee to prevent automatic enrollment in Core Medical.</p> <p>If Retired Employee does not want retiree medical to continue, must "suspend" retiree medical and enroll as an employee in Core or default into single party Core.</p>	<p>Retiree medical plan may continue but Retired Employee must complete UC form to move to the non-Medicare version of the plan. If enrolled in an HMO, Retired Employee must complete HMO paperwork to "unassign" Medicare benefits. Net cost to Retired Employee may increase because enrollment will be under non-Medicare plan. Any reimbursement for Medicare Part B stops but retiree must maintain Part B coverage. Retired Employee must opt out of medical as an employee to prevent automatic enrollment in Core Medical.</p> <p>If Retired Employee does not want retiree medical to continue, must</p>	<p>Retiree dental and legal may continue through Retiree Insurance Program. Retiree vision and AD&amp;D may continue directly through vendor. Retired Employee may choose to enroll in FSA plans as an employee during PIE. If not enrolled in Retiree legal or Retiree AD&amp;D, may enroll as an employee during PIE.</p>

<b>BELI</b> (assigned and derived) <b>for appointment into which Retired Employee is being hired</b>	<b>Impact on UC Retired Employee's Pension</b>	<b>Retired Employee not in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Retired Employee in Medicare:Impact on UC Retired Employee's Medical Plan</b>	<b>Impact on UC Retired Employee's Other Benefits</b>
			"suspend" retiree medical and enroll as an employee in Core or default into single party Core. If enrolled in Retiree HMO, must complete HMO paperwork to "unassign" Medicare benefits.	
<b>BELI 5</b> (Less than 43.75% at any duration; Less than 43% is in compliance with this policy)	Retiree pension continues.	Retiree medical plan may continue.	Retiree medical plan may continue with no changes. May remain in and receive Medicare benefits. Any reimbursement for Medicare Part B continues. No changes to salary banding.	Retiree dental and legal may continue through Retiree Insurance Program. Retiree vision and AD&D may continue directly through vendor. No change to retiree insurance, if enrolled.