

Administrative Instructions for the Waiver

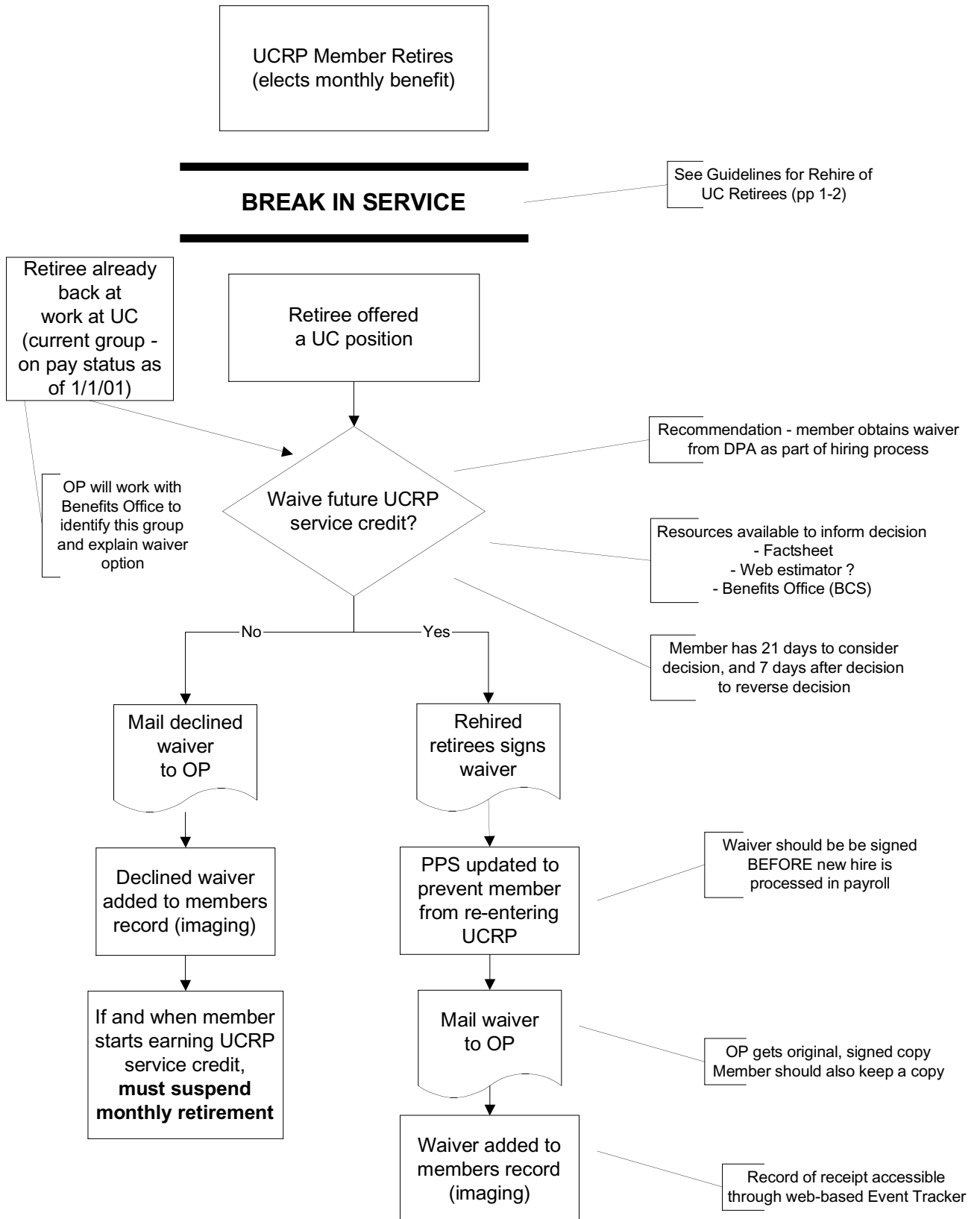
UCRP retirees who return to work should be rehired according to the Guidelines for Rehire of UC Retirees.

1. To allow flexibility and to be consistent with the policies in place prior to January 1, 2001, rehired retirees will have the option to:
 - waive future UCRP service credit and continue to receive monthly retirement income, or
 - suspend monthly retirement income and become an active member of UCRP accruing additional benefits

Note: the waiver applies to benefits eligibility only. Rehired retirees cannot waive future eligibility for a career appointment.

The following flowchart illustrates how the waiver option is administered.

Rehired Retiree Flowchart



Who is eligible to sign the waiver?

All rehired retirees including:

- A rehired retiree who accepts an appointment that makes the individual an active UCRP member immediately (50% or more for a year or longer).
- A rehired retiree who accepts an appointment which will make the individual an active UCRP member after attaining 1,000 hours on pay status in a 12-month period (such as limited, contract, and certain academic appointments).
- This includes rehired retirees who were rehired prior to January 1, 2001, and who might attain the 1,000 hours in 2001.
- Be aware that time on pay status while an active UCRP member is included in the hours count for benefits eligibility, and the retiree may have earned hours toward the 1,000-hour threshold prior to retirement. In some cases, these hours will result in the retiree being immediately eligible to re-enter UCRP upon re-employment, even if hired into a limited appointment. For example, George works full-time up until his retirement on October 1, 2001. He returns to work in a limited appointment on January 1, 2002. At the time of rehire, George will have 1560 hours on pay status during the previous 12 consecutive months (Jan 2001 — Dec 2001). Those hours will make him immediately eligible to re-enter UCRP as an active member. Unless he signs the waiver, he will start earning UCRP service credit starting the first of the following month. (Reminder: The 1,000-hour count began on January 1, 2001 and hours accrued prior to that date would not be included).

Who should not elect to sign the waiver?

A person who is not receiving UCRP retirement income.

- This includes members who received a lump sum cashout from UCRP. They are not eligible to waive future UCRP membership.

Where does the retiree obtain the waiver form?

- The waiver form must be signed by the rehired retiree at the time of re-employment
- Local procedures may vary, but in general we recommend that the retiree receive the waiver form, along with supporting communication material, from the hiring department personnel assistant (DPA)

What does the retiree have to consider before signing the waiver?

- Retiree must understand the impact of electing the waiver.
- Waiving any and all rights to additional UCRP accruals based on the period of reemployment with the University
- Ineligible for Full Benefits as an employee under the University's health and welfare plans (as described in *Your Group Insurance Plans*)
- Coverage as an annuitant can continue
- May be eligible for Core or Mid-level benefits
- Resources available to inform the retiree's decision:
- The waiver itself includes some basic information about how to calculate the value of future UCRP benefits
- A special web-based UCRP retirement estimator will be developed specifically to allow retirees to estimate the minimum value of future UCRP benefits
- Local Benefits Offices are also available to explain options
- The retiree has 21 days to consider the waiver decision, and the decision is voidable for up to seven days after the waiver is elected. If there is a chance the retiree might waive UCRP membership, the department should delay re-employment actions until the retiree has made a decision on the waiver.

Otherwise, the retiree may go into UCRP when he or she intended to waive future UCRP accruals.

When the retiree signs the waiver form, how should it be processed?

- If the retiree elects to waive future retirement accruals the following actions should be processed in the Payroll/Personnel System (PPS) to prevent the rehired retiree from re-entering UCRP.
- Update the Employee Database (EDB) using the On-line Entry/Update Retirement (ERET) entry screen:
 1. The Retirement/FICA Derivation Indicator must be set to R on the (ERET) screen
 2. The retirement code must be set to H (DCP Safe Harbor)
 3. The FICA code must be set to M (Medicare)

If the retiree declines the waiver no changes need to occur in PPS.

In either situation,

- The original, signed copy of the waiver form should be sent to local Benefits Office for forwarding to UCOP Retirement Services. The waiver form will be imaged, and benefits personnel will be able to confirm receipt through the web-based Event Tracker system.
- The rehired retiree should also keep a copy of the waiver form.

Do retirees have to sign a new waiver form every time they move from one post-retirement position to another?

- Yes, a new waiver form is required each time a retiree starts a new period of re-employment.
- A period of re-employment is considered to have ended when a separation action is processed in the PPS.

Once an R is entered in the Retirement/FICA Derivation Indicator field (to block entry into UCRP), it stays in place until the value is manually changed. Changes to the indicator field should only occur if the retiree revokes the waiver election within the allotted time period, or upon a new rehire, declines the waiver.

What if the rehired retiree chooses to decline the waiver?

- If a rehired retiree chooses to decline the waiver, he or she is subject to the same UCRP membership provisions as all other employees. Those who are subject to the 1,000-hour rule for UCRP eligibility will appear on the local payroll monthly maintenance reports along with other temporary employees (the local payroll systems do not differentiate employees receiving UCRP retirement).
- UCRP requires that monthly retirement benefits be suspended if a retiree again becomes an active UCRP member.
- If the rehired retiree falls under the 1,000-hour rule for UCRP eligibility, the rehired retiree may continue to receive monthly retirement income until the 1,000 hours are reached.
- Beginning the first of the month after 1,000 hours are reached, the rehired retiree will start earning UCRP service credit and monthly retirement income must stop.
- The rehired retiree should contact their local departmental or benefit representative to inquire on the status of when the 1,000-hour threshold is reached. Once the 1,000-hour threshold is reached, the rehired retiree should self-identify by notifying UC Retirement Service to stop UCRP retirement income payments to avoid overpayment of retirement income.
- If the rehired retiree forgets to tell UC Retirement Services, UC Retirement Services receives a report showing current retirees who receive UCRP service credit. If this occurs UC Retirement Services will manually adjust UCRP records and retrieve from the rehired retiree any overpayment of retirement income.
- The rehired retiree will have an option to repay the overpayment immediately in a lump sum, arrange installment payments, or upon re-retirement the UCRP retirement income will be offset to account for the overpayment.

- For those rehired retirees who suspend monthly retirement and re-enter UCRP as an active employee, the UCRP rules and regulations for reinstatement apply.

What if a rehired retiree chooses to suspend retirement income and subsequently, as an active employee, desires to elect the waiver?

- The Waiver is only to be offered to re-hired retirees at the time of hire.
- The re-hired retiree's employment would need to be terminated and re-hired according to the Guidelines for Rehire of UC Retirees.

What if a retiree is rehired within a 12-month period?

- If a retiree is rehired within 12 months of termination, PPS will automatically review the number of hours the employee worked during the prior 12-month period (starting no earlier than January 1, 2001).
- Any hours worked within the 12-month period will count toward satisfying the 1,000-hour eligibility rule for UCRP. If the rehired retiree has worked the required hours for UCRP membership, he or she will be eligible to participate in UCRP upon rehire.
- The location should review the report for Employees Approaching 1,000 Hours Toward Benefits Eligibility for timely processing of the waiver form for rehired retirees that are re-employed and wish to sign the waiver.

Addendum

The following announcement was issued by HR/Benefits Workforce Planning-Health and Welfare Benefits Planning and Analysis on May 1, 2001

Health and Welfare Coverage Options for Rehired Retirees

Current policy for rehired retirees under Administrative Supplement #11 in the Group Insurance Regulations (GIRs) states that UC retirees who are re-appointed to an appointment, may enroll in any benefit plans for which their appointment qualifies them, if not enrolled already as an annuitant. This policy would allow rehired retirees to mix and match employee and annuitant plans as long as they were not enrolled as an employee and annuitant in the same plan. However, a survey of current campus and laboratory practice shows that benefit-eligible rehired retirees are either covered as an employee or as a retiree.

To be consistent with local practice and simplify both policy and administration, effective May^o 1, 2001, UC retirees who are re-appointed to an appointment that qualifies them for benefits can only be covered as an employee or as a retiree. They will have a choice of either the employee benefits package or the annuitant benefits package. Rehired retirees who decide to continue their annuitant coverage must opt-out of the employee benefits package to avoid the automatic default into Core coverage. This change will be prospective. If there are any rehired retirees currently enrolled in mix and match employee and annuitant coverage, they will not be required to change their current coverage.

The UC Retirement Handbook and the Administrative Supplement #11 of the Group Insurance Regulations will be updated to reflect this policy change.

Implications of Waiver on Health and Welfare Coverage

As you may know, a recent announcement was made to offer rehired retirees the option to waive future UCRP service credit. Upon return to UC employment, all must either accept or decline a waiver to forfeit future accrual of UCRP service credit. Rehired retiree should understand the impact of the waiver on their health and welfare benefits.