HRMS Business Process:

Hiring a Retiree

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http://www1.umn.edu/ohr/hrms

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General Statement

Hiring a retiree requires careful consideration when entering the individual’s appointment information into HRMS. To prevent the retiree’s benefits from being adversely affected and to maintain retirement status with the IRS, the appointment must be set up correctly in HRMS.
Retired

R – Retired is a post-retirement appointment for use in hiring a former employee who has retired and separated from University service. These appointments are part-time, less than 20 hours per week (either as a single appointment or combined multiple appointments), and are not eligible for benefits.

Retirement appointments are available to any of the following retired individuals returning to University employment:

1. Those who have retired after accepting the Phased Retirement Program;
2. Those who have retired after accepting the Terminal Agreement Program, including the Federal Terminal Agreement Program;
3. Those who have retired after accepting the Retirement Incentive Options (RIO) offered Spring 2008 (retired no later than June 6, 2009) and Spring 2011 (retired no later than January 12, 2012); and/or
4. Those who have started receiving retirement annuity payments from the Minnesota State Retirement System (MSRS) or Public Employees Retirement Association (PERA).

Retirees not in one of the above categories may also have an additional post-retirement appointment, if appropriate.

Rehiring Process

All subsequent hires of a retiree must follow these basic guidelines:

- If Retirement/Retirement: Hires MUST be on a separate record – Departments MUST NEVER build on top of the Retirement/Retirement row!

  (NOTE: Building on top of a Retirement/Retirement row will have a serious detrimental impact on benefit processing.)

  OR

- If Termination/Retirement: Hires may be built on the Termination/Retirement row or begin a new record.

- In all cases use the Action/Reason of Hire/Retiree Appointment.

Required Break-In-Service

All subsequent hires of a retiree require a break-in-service in order for the system and IRS to recognize the retirement.

NOTE: A retirement may occur if, at the time of retirement, the employer and employee reasonably anticipate that no further services will be performed after a certain date. Pursuant to IRS guidance, if both the employer and employee know at the time of "retirement" that the employee will, with reasonable certainty, continue to perform services for the employer, a termination of employment has not occurred and the employee has not legitimately retired.
• **Regular Retirement**: The break-in-service must include at least one pay period without a paycheck. (MSRS and PERA have additional break-in-service requirements, should the individual expect to start receiving benefits. Employees should verify additional requirements with their respective retirement systems.)

• **Layoff/Non-Renewal**: The break-in-service must be as long as the number of weeks they are being paid out. The individual cannot return to a paid position prior to the expiration of his or her payout.