3.06 EMPLOYMENT OF RETIREES

Rule

A <u>Public Employee Retirement System (PERS)</u> retiree who has applied for and is eligible to receive a service retirement allowance and who has submitted the appropriate paperwork documenting their intention to retire as of a specific date from the City of Portland may be reemployed by the City of Portland. Reemployment of such employees is solely at the request of the appointing authority and approval of the Director of Human Resources and subject to the following conditions:

- 1. Reemployment shall be to a classification in which the retiree previously held status or to another classification providing the employee is qualified to perform the work.
- 2. The retiree shall not have the benefit of any previously acquired seniority.
- 3. No permanently appointed employee shall be displaced by reemployment of a retiree.
- 4. Must be approved by the Bureau Director or designee.
- 5. No reemployed retiree may work for the City for more than 2078 hours or two years, whichever results in the longer period of employment for the reemployed retiree, without approval by the Director of Human Resources.

NOTE: A PERS retiree may not be paid for more than 1040 hours in a calendar year for a covered employer without negatively impacting their retirement benefits. An OPRSRP Pension Program retiree may not be paid for more than 600 hours in a calendar year for a covered employer without negatively impacting their retirement benefits. Returning retirees are responsible for ensuring they do not exceed this limit in a calendar year.

Salary of Retiree Appointments

The salary rate of retirees shall be at the step or position on the salary range for the classification of the position they previously held, or if they are hired into a new classification, to the step or place in the salary range for the classification that affords them the least reduction in pay from the rate at retirement.

Retirees are not eligible for annual salary increases other than Cost of Living (COLA) increases granted to all employees in the particular classification.

Limitations of Retiree Status

Working after retirement for the City of Portland constitutes a new employment relationship. (See attachment) Any employee returning as a retiree appointment shall not accrue or be eligible to receive paid vacation and sick leave, or additional retirement benefits, nor are they eligible for management leave or any

other form of paid leave such as jury duty or funeral leave. Retirees may receive holiday pay if they are in pay status their scheduled work day before and their scheduled work day following the holiday. In addition, if an FLSA exempt retiree is required to work on a City observed holiday they are entitled to a postponed holiday with pay to be taken at the mutual convenience of the retiree and the bureau.

FLSA covered retirees who work overtime hours must be paid for those hours Retirees may not accrue compensatory time off.

Retirees have no seniority rights for purposes of layoff and recall and do not require "just cause" for discipline or removal from a position.

Retiree Health Benefits

Retirees who continue to work without a break in service at the time of retirement are eligible for City paid insurance benefits for a maximum of six months from the date of reemployment by the City, if the employee retired from a benefits eligible position. If there is a break in service, a retiree is no longer eligible for City paid benefits.

Administrative Rule History

Adopted by Council March 6, 2002, Ordinance No. 176302 Effective April 5, 2002 Revised July 28, 2003 Revised September 16, 2005 Revised October 19, 2010 Revised November 4, 2011

Guidance for HR Administrative Rule 3.06

Employment of Retirees

Updated: November 4, 2011

Issues

- The definition of a break in service. (A City employee returning to work as a retiree receives
 City-paid healthcare benefits for a maximum of six months from the date of reemployment by
 the City if he or she returns without a break in service, less the percentage part-time employees
 must pay and the premium share effective 7/1/03, and providing eligibility requirements are
 met.)
- Time off for returning retirees. (A returning retiree does not accrue vacation or sick leave hours.)
- Employee Group (EG) and corresponding Employee Sub-Group (ESG) designation. (A returning retiree whose regular work schedule is less than 72 hours may not be hired as a fulltime employee.)

Break in Service for Benefits Eligibility

- An employee may not retire and then use accrued vacation before returning to work. Returning
 as a retiree is a new employment relationship - all accrued but unused vacation and
 compensatory time must be used or paid out before the employee retires. Returning retirees
 are not eligible to accrue City-paid vacation or sick leave hours. The appointment of a retiree is
 considered a temporary appointment.
- A retiree is not benefits eligible, and has had a break in service if:
 - They do not return to work on their scheduled workday after retirement. For example, in order for an employee who retirees on a Friday to be eligible for full-time benefits as a retiree, he/she must report to work the next scheduled workday (in most cases the following Monday, unless Monday is a holiday).
 - They take time off exceeding the allowable unpaid time off specified below. For example, an employee who retires and returns to temporary City service as Working Retiree Benefit Eligible is no longer benefits eligible if he/she takes more than two weeks off in a six month period. A personnel action should be submitted to change their EG to Working Retiree Non-Benefit Eligible to reflect this break in service.

Unpaid Time Off for Returning Benefits Eligible Retirees

- BHR recommends that returning retirees be limited to no more than the equivalent of two weeks
 off (unpaid time) per six months, except in cases of family emergency or illness. This is
 consistent with the amount of vacation a 20-year employee would accrue over one-half year
 and does not jeopardize the agreed upon EG and ESG designation. Any unpaid time off
 exceeding this constitutes a break in service.
- At the discretion of the hiring bureau a returning retiree may be allowed unpaid time off in keeping with the returning retiree's EG and ESG designation. However, the actual hours worked per pay period by the employee should always be reflected in the Positive Standard Hrs/Wk (SPTH) switch in SAP. For example, if a returning retiree appointed as a full-time benefits eligible changes their schedule and works only 3 days each week, a personnel action must be submitted to change their ESG and SPTH switch. This will affect their benefit eligibility. Likewise, if a retiree returns as a part-time, pro-rated benefits eligibility and switches to a full-time schedule, a personnel action should be submitted to change their ESG and SPTH switch.

Process for Hiring a PERS Retiree

 The bureau must submit a BHR Personnel Action Request form to BHR requesting an appointment of a PERS Retiree before the retiree is rehired. When the retiree is approved for hire by BHR, bureau must submit a personnel action and a request to the Central Time Administrator to set up the SPTH switch.

- The Employee Group, Employee Sub-Group and SPTH switch must match in SAP.
- Submit an "Employee to WR Benefit Eligible" personnel action to appoint a returning retiree without a break in service.
- Submit a "Retirement" and a "Rehire" personnel action to appoint a returning retiree with a break in service.
- Submit a "Status Change" personnel action with the reason code of "WRBE to WRNBE" to change a returning retiree employee group from benefits eligible to benefits not-eligible.