

October 18, 2005

PERSL #1392

TO: Agency Heads

Cc: Deputy Commissioners
HR Directors/Designees
Exclusive Representatives

FROM: Cal R. Ludeman 
Commissioner

RE: **Post-Retirement Option – Agency Instructions**

Enclosed is detailed implementation information for the post-retirement employment legislation (M.S. 43A.346). The legislation provides an additional option for agencies to retain critical retiree skills and organizational knowledge but appointing authorities decide individually whether to exercise that option. Please review the enclosed information in light of your agency's own staffing goals and workforce plans. Choosing to make the program available does not obligate you to agree to its use in a particular situation. The appointing authority retains sole authority to determine when an offer of post-retirement employment will be extended.

Expanding the alternatives for addressing skill development, knowledge transfer, mentoring, transition and labor shortages increases our ability to effectively manage the issues expected to result from changing demographics. I encourage you to explore with your executive team how the post-retirement employment initiative might benefit your agency as part of its overall workforce strategy and specific retention needs. Finally, I ask that you inform employees of the agency's plans to make post-retirement employment available and, if so, under what circumstances. Thank you.

Attachment

MEMORANDUM

TO: Campus Community

FROM: Lori Lamb, Director of Human Resources

DATE: December 1, 2005

RE: Post Retirement Employment Option

The Cabinet has met and discussed the implications of the new legislation on the Post Retirement Employment Option. They have also reviewed additional information available from the Department of Employee Relations on this subject. The following is some additional information for everyone's benefit:

1. Each agency has sole discretion to determine if the post-retirement option will be made available to anyone and/or to specific individuals.
2. The Cabinet has decided we will offer this program on a case by case basis. Each request will be considered by the Cabinet independently. The President and Vice Presidents will submit proposals to the Cabinet for consideration.
3. The Cabinet will determine if the particular request complies with the purpose of the legislation "to expand alternatives for addressing skill development, knowledge transfer, mentoring, transition and labor shortages" as a result of changing demographics in our work force. See the memo from Commissioner Cal Ludeman attached hereto.
4. The Cabinet will determine if adequate funding is available to support to the position.
5. Eligibility will be determined based on the criteria established by DOER, which include:
 - The employee occupied a covered civil service position (classified or unclassified). MSU positions are covered civil service positions.
 - The employee will terminate state employment prior to appointment to the post-retirement position. An employee with multiple state jobs must separate from all of them.

- For at least five years immediately preceding the termination date, the employee has been regularly scheduled to work at least 1,044 hours per year in a position covered by an MSRS or PERA pension plan.
 - At the time of the termination of employment, the employee will meet the requirements for an unreduced retirement annuity.
 - The employer cannot require the employee to waive any rights under a labor agreement/plan as a condition of participation.
6. Post retirement employment cannot last for any longer than five years.
 7. The agreement to employ someone post-retirement requires the creation of a new position with a new position number. The position description will have to be classified and salary determined in accordance with ordinary procedures and applicable labor agreements/plans.
 8. All post retirement positions will be in the unclassified service. They are not subject to the bidding, posting and layoff requirements of labor agreements.
 9. The work schedule must be both a reduction of at least 25% from the number of regularly scheduled hours immediately preceding retirement and 1,044 hours (1/2 time) or less in any 12 month period. Specific work schedules will be negotiated between the employee and the agency.
 10. Participants may qualify for one of two insurance benefits: 1) a contribution to the Health Care Savings Plan administered by MSRS or 2) a contribution for participating in the State Employee Group Insurance Program (SEGIP). For more information on insurance issues contact Therese Mullins at 389-6942.
 11. Salary, vacation, sick leave, holidays, and leaves of absence will be determined by the provisions of the applicable labor agreement/plan. Employees may qualify for FMLA if they meet the same eligibility and qualification requirements as other state employees. Worker's compensation benefits are the same as for other employees.
 12. The employee earns no state retirement service credit for post-retirement employment. Neither the employee nor the agency makes contributions to state retirement. Wages are subject to Social Security and Medicare withholding and employees continue to earn credit towards Social Security.
 13. If the position is assigned to a represented bargaining unit, the employee is subject to dues or fair share deductions.
 14. While in the post retirement position, the employee's MSRS or PERA annuity is not subject to reduction. The employee is responsible for knowing the amount of the unreduced annuity and contacting the appropriate retirement system if payments

appear to be incorrect.

15. The agreement to enter into post retirement employment must be reduced in writing on a form provided by DOER. See attached.

If you have further questions about this legislation, please do not hesitate to contact me directly.

/lml
attachments



POST RETIREMENT EMPLOYMENT PROPOSAL

Complete	
1	Division: <input type="checkbox"/> Academic Affairs <input type="checkbox"/> Finance & Admin <input type="checkbox"/> ITS <input type="checkbox"/> Student Affairs <input type="checkbox"/> University Advancement <input type="checkbox"/> President
2	Department:
3	Position Title:
4	Employee:
5	Brief description of New Position:
6	Projected Classification:
7	Pay range:
8	Describe how this proposal addresses "skill development, knowledge transfer, mentoring, transition and labor shortages" as defined by M.S.43A,346:
9	Funding Source:
10	<div style="border-top: 1px solid black; padding-top: 10px;"> <div style="display: flex; justify-content: space-between;"> <i>Requesting Vice President</i> <i>Date</i> </div> </div>
11	Approved by President: <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Signature</i> _____ <i>Date</i> _____

STATE OF MINNESOTA
Post-Retirement Option Agreement



Agency _____

Agency Contact _____ Phone _____

Retiree/Employee Name _____ Employee ID _____

Retirement Plan MSRS PERA Retirement Date _____ Daytime Phone _____

MSRS/PERA USE ONLY

Is the retiree/employee eligible for full retirement as of the date above? No Yes

MSRS/PERA Signature _____

Date _____

Conditions of the Post-Retirement Position *(Also see General Conditions described on the reverse.)*

Classification _____ Rate of Pay _____

Bargaining Unit _____ Start Date _____ End Date _____

Schedule and Hours *(describe the specific schedule to be worked during this agreement)* _____

Employer Contribution to Insurance *(check one)*

SEGIP coverage with a partial employer contribution. The employee is scheduled to work 40 hours each pay period for a period of 12 consecutive months.

Employer contribution to an MSRS Health Care Savings Plan account. Estimated amount: \$ _____
(Estimate is based on the dates and schedule above and current insurance provisions; subsequent changes may affect the amount contributed.)

Not eligible for either. Reason: _____

I confirm that I will meet all of the criteria for participation. I understand and accept the conditions of the post-retirement position described in this agreement and in M.S. 43A.346.

Employee Signature: _____ Date: _____

I confirm that the agency has verified the employee's eligibility to participate. I understand the conditions of post-retirement employment described in this agreement and in M.S. 43A.346 and agree to ensure that the agency complies.

Appointing Authority Signature: _____ Date: _____

Agency: Provide a signed copy of this agreement and any subsequent renewal agreements to the employee's retirement system and the Department of Employee Relations, Employee Insurance Division, (fax 651-296-5445).

Eligibility: To qualify for participation, a state employee must meet *all* of the following criteria:

- Occupied a civil service position in the state Executive Branch (*as defined in M.S. 43A.02, subd. 22*), the Minnesota State Retirement System or the Office of the Legislative Auditor on or after the effective date of the legislation (*July 1, 2005*).
- Retire from state employment. (*At the time of this separation, eligible employees must decide whether to elect SEGIP retiree continuation coverage. Retirees who do not elect continuation coverage within 30 days of initial retirement are not eligible to enroll following their PRO service.*)
- For at least the five years immediately preceding the retirement, regularly scheduled to work at least 1,044 hours/year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association.
- At the time of the retirement, meet the age and service requirements for an *unreduced* retirement annuity from the plan and satisfy requirements for commencement of an annuity (*or, for the unclassified employees plan, elect a lump sum*).
- Agree to accept a post-retirement position working a schedule that is both a reduction of at least 25% from the employee's number of regularly scheduled work hours *and* 1,044 hours or less in state service.

General Conditions

- The appointing authority may not require a person to waive any rights under a collective bargaining agreement or unrepresented employee compensation plan as a condition of participation.
- During the period of this agreement, the appointing authority may not modify the conditions specified without the employee's agreement, except as required by law or by the collective bargaining agreement or compensation plan applicable to the employee.
- The employee must entirely separate from state employment (*all positions/appointments*). This constitutes a break in continuous service. There must be a break of at least one calendar day between the effective date of the employee's retirement and the effective date of appointment to the post-retirement position.
- The post-retirement position and appointment are in the unclassified service.
- Eligibility for salary increases and benefits such as vacation, sick leave and holidays are governed by the provisions of the labor agreement or compensation plan applicable to the post-retirement position.
- If scheduled hours qualify for SEGIP coverage with a partial employer contribution, normal enrollment choices, procedures and deadlines apply. Coverages selected are subject to the usual waiting period following rehire. COBRA and retiree coverage may be used during the waiting period if they are elected within the proper timeframes. However, employees may only be covered under one group (*retiree, COBRA or active employee*); multiple coverages are not allowed.
- If the employee is eligible for the employer contribution to an MSRS Health Care Savings Plan account, the amount will be calculated at the end of this agreement (*regardless of whether the position is being renewed for additional time*) based on the formula specified in M.S. 43A.346, the hours worked between the start and end dates of this agreement, and the employer contribution for SEGIP employee-only health and dental coverage as of the date the contribution is made. The individual cannot access these contributions for reimbursement of eligible medical expenses while employed in state service.
- Initial duration and any subsequent renewal(s) cannot exceed one year each; total employment in one or a combination of post-retirement option positions cannot exceed five years.
- The employee is not covered by the state unclassified employees retirement plan and does not earn MSRS or PERA service credit. The agency does not make state retirement contributions and the employee is not subject to payroll deduction for state retirement.
- While in the post-retirement option position, the employee's MSRS or PERA annuity is not subject to reduction under the provisions regarding reemployed annuitants (*M.S. 352.115, subd. 10, for MSRS or M.S. 353.37 for PERA*).
- At the end of the initial period and each subsequent renewal, the agency has sole discretion to determine if the position will be renewed or terminated.