RETIREE REHIRING (NON-UNION)

1. Purpose

The City of Port Huron is a member of the Municipal Employees' Retirement System of Michigan (MERS). On May 12, 2004, the Retirement Board revised the plan document to remove the $15,000 annual earnings limit (to age 65) for a retiree who goes back to work for the same MERS employer. As a result, retirees who return to their prior employer will continue to receive their pension regardless of their earnings.

As a further point of clarification, MERS has issued a bulletin with a question and answer document to respond to questions. In that document, MERS emphasized the Internal Revenue Service definition of the term "retirement" as a person who has had a "bona fide termination of employment in which the employer/ employee relationship is completely severed". MERS goes on to state that in order to show "complete severance", the employer should establish a minimum period following termination of employment of not less than 30 days before any formal actions necessary for new employment occur. (Note: Some communities use a period of separation of Two (2) years before a former employee is rehired.)

Where there is no bona fide termination of employment of at least 30 days, payment of a pension benefit would not be consistent with section 501 of the Internal Revenue Code and could imperil MERS qualified plan status.

2. Policy

The City Manager has assigned the outside employment advisory board the additional duties of overseeing the re-hire of retirees. The intention is to assure a consistent policy and practice that meets the spirit of the MERS directives noted above.

The board will consist of the Fire Chief, Police Chief, City Engineer / Public Works Director and the Human Resources Director, who will act as the chair of the board. The board members and the Department Head requesting to hire a retiree will confer and make a decision whether to approve the request.

In order to be rehired to any position with the City of Port Huron as described in this Administrative Regulation, the employee must retire and not be employed for a minimum of Thirty (30) days.

3. **Procedure**

Retirees could be rehired into one of the employment statuses noted below:

- Hired as self-employed independent contractor
- Hired for set hourly wage - intermittent employment as needed (part-time employee)
- Work for private company that is contracting with the City of Port Huron
- Hired full-time
- Hired as part-time or seasonal employee

City of Port Huron retirees that are interested in being rehired will be required to fill out an application for all seasonal, part-time or full-time positions. **All full-time applicants will be part of a competitive hiring process.** The Department Head with the job opening will be given a Request to Rehire Retiree form – Appendix "A", along with the completed application. The Appendix "A" form and application will then be forwarded to Human Resources for review with the advisory board.

Prior to allowing a retiree to work as a self-employed independent contractor or work for a private company who is contracting with the City of Port Huron, the hiring Department Head must complete a Request to Rehire Retiree form (see Appendix "A") and forward to Human Resources. The request will be reviewed with the advisory board.

The advisory board will schedule a meeting which will include the advisory board and the hiring Department Head. A decision will be made on whether or not to approve the request.

Retirees rehired to full-time positions will have an employment contract with the City. The employment relationship will be clearly "at will" and can terminate with a twenty-four hour notice by either party. It is anticipated that the contract will clearly stipulate the salary and any benefits which are included in the agreement. Employment contracts covered under this Administrative Regulation may have a duration of up to Twelve (12) months. Extension of the employment contract will only occur after review and approval of the Advisory Board and will only be approved for increments of up to Twelve (12) months.

Appendix "A"

City of Port Huron
Request to Rehire Retiree

Retiree's Name: _____

Department Worked For: _____

Date Hired: _____ Date Retired: _____

Open Position: _____ Department: _____

Competitive Hiring Process – Yes/No (If no, please explain): _____

_____

_____

Duration Requested: From: _____ To: _____

Recommended Hiring Status:

_____ Independent Contractor _____ Intermittent Hourly Status

_____ Private Contracting Firm _____ Full-time

_____ Part-time / Seasonal

Relatives Working for City:

Name: _____ Relationship: _____

Additional Relevant Information: _____

_____

Signature Requesting Department Head: _____

Advisory Board

Signatures:

Approved: Yes: _____ No: _____

Dated: _____

_____

_____

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