



Public Employee Retirement System of Idaho  
HELPING YOU BUILD A SECURE RETIREMENT

May 2, 2007

TO: All School Employers  
FROM: Alan Winkle, Executive Director  
SUBJECT: HB 202 – Retired Teacher Returning to Work  
Other PERSI Employer Reporting Changes

During the past Legislative session, HB 202 was passed and will be effective July 1, 2007. The idea of allowing a retiree to return to work AND continue to receive their pension has received considerable discussion, both nationally and locally over the past five years.

The Federal Pension Protection Act of 2006 now allows pension plan provisions to set age 62 as a point at which the pension plan may permit employees to retire in place, remain employed, and receive their retirement benefit. In order to facilitate PERSI school employers' wishes to adopt a retiree return to work program, PERSI helped the Legislature consider several scenarios under the new federal legislation. The result is the addition of a new section to Idaho Code 33-1004H and an amendment to Idaho Code 59-1356.

Here is an outline of HB 202:

Section 1 – Idaho Code 33-1004H

- Only school districts and charter schools MAY re-employ PERSI retirees under this law. It is the choice of the school district whether or not to rehire the retiree;
- The re-employed retiree must be employed in a position of certificated teacher or administrator. PERSI will work with the Department of Education relating to certification questions;

Governor C. L. "Butch" Otter

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Equal Opportunity Employer

- Any retired certificated teacher or administrator who received an Early Retirement Incentive Award under Idaho Code 33-1004G is not eligible for rehire under this program.

Section 2 – Idaho Code 59-1356(4):

- The rehired retiree must have been an Idaho public school teacher or administrator when they retired with PERSI;
- The PERSI member must have been age 62 or older on their date of retirement;
- The member must have met the Rule of 90 or age 65 on their date of retirement. Their retirement benefit must be an “unreduced benefit”;
- A retiree returning to employment under these provisions will not accrue additional PERSI service and will not make contributions to PERSI unless he/she elects to suspend their benefit and accrue additional service;
- PERSI will continue to pay the member’s retirement benefit and the member will receive salary from the school district;
- The school district is required to pay employer contributions for retirees rehired under HB 202. The actuary has determined this bill may change the current retirement patterns of certificated teachers and administrators resulting in earlier retirement than is normally expected. Because members may retire earlier, PERSI will pay them longer which increases the cost of their benefit. The employer contributions are designed to offset that cost;
- HB 202 has a five year “sunset clause”. The provisions of this bill are void after July 1, 2012; upon that date all provisions of Section 4 Idaho Code 59-1356 will no longer exist;
- The provisions of HB 202 will apply to any qualified retiree who is rehired on or after July 1, 2007.

Currently, retirees may return to work under different scenarios that are separate from HB 202; these scenarios already exist in our current plan document and have no connection to HB 202:

- A retiree who does not work 20 hours/week (or less than a half-time contract) or more for five consecutive months may work for an unlimited length of time with no impact on their retirement benefit. A retiree who has not reached service retirement age (age 65) must have a 90-day break in service before returning to the employer from which they retired;

- A retiree may return to work on a 50% contract or greater, stop their current retirement benefit, and accrue an incremental benefit under Idaho Code 59-1356(3). The same break in service rules apply as stated above;
- A retiree who returns to work for 20 hours/week or more (or a half-time contract or more) for five consecutive months must make an irrevocable choice to return under HB 202 or under the current law.

### **Implementation of HB 202:**

PERSI has developed a new form – RS 132A – Certification of Employment of a Retired School Teacher or Administrator. This form must be submitted by a school district whenever a certificated teacher or administrator is hired under the provisions of HB 202. Due to critical timing considerations, this form must be received and processed by PERSI before the rehired retiree information is submitted on transmittal. The retiree must sign this form.

Our transmittal reporting requirements must be modified to accommodate employer reporting of contributions for rehired retirees under HB 202. Attached is a 2-page Summary of Changes and the PERSI Employer Manual Preparing and Reporting Retirement Data which details the necessary changes. If you have any questions relating to HB 202, please contact the PERSI Answer Center at 1 800 451 8228 for assistance.

### **Other PERSI Reporting Changes:**

Future reporting changes not related to HB 202 are also covered in the Summary and the Manual. The changes are necessary to implement the Employer Eligibility Review (old employer audit process) that has been discussed at this year's employer meetings. School districts may want to consider incorporating the future changes along with the current required HB 202 modifications.

Questions relating to your transmittal process and the Employer Eligibility Review should be directed to the Employer Service Center at 1 866 887 9525.

Copies of HB 202, the RS 132A, the Summary of Changes and the PERSI Employer Manual Preparing and Reporting Retirement Data can be accessed at

**[http://www.persi.idaho.gov/2007\\_HB202\\_documents.htm](http://www.persi.idaho.gov/2007_HB202_documents.htm)**

A paper copy of this letter will be mailed to all school district and charter school payroll departments.