Charles R. Drew University of Medicine and Science recognizes the value of its employees and faculty, their skills, knowledge, and the time that has been invested in their training. It is, therefore, to the University's advantage to give full consideration to the reemployment of employees and faculty into positions for which they are qualified.

The Internal Revenue Code imposes restrictions on the timing of the distribution of benefits to participants in defined contribution plans. Generally, payments are permitted when an employee retires or attains normal retirement age. Otherwise, retirement benefits should remain in the plan so they will be available to provide support to participants after they cease working. Failure to satisfy the distribution timing restrictions could disqualify the plan, which could cause the vested benefits to members to become immediately taxable.

If an employee retires before reaching the normal retirement age under a pension plan, the Internal Revenue Service (IRS) may question whether the employee’s retirement is a true separation from service or a strategy to access retirement funds that otherwise would not be available to the employee. Normal retirement age under the University’s Defined Contribution Plan is age 59½. Once an employee attains normal retirement age, the IRS no longer is concerned about an employee’s access to retirement funds because those funds were intended to be available at that age.

The following factors support a determination that a true separation from service has occurred for an employee who has not reached normal retirement age:

- The employee and the employer did not engage in discussions regarding reemployment before the employee’s separation from service.
  - The IRS has singled out this factor as critical to support the occurrence of a true separation. Therefore, for employees who have not reached normal retirement age, discussions about reemployment are prohibited until after the employee has received his or her first monthly payment or lump sum cash out or 30 days after separation, whichever is later. (For employees who have reached normal retirement age, the prohibition would end on the date the employee attains normal retirement age.)
retirement age, discussions about reemployment prior to actual separation are not prohibited)

- The length of the break in service before reemployment is reasonable
- Both the employer and the employee intended that a separation from service occur and that it be permanent
- Upon separation from service, the employee surrendered something of value, such as seniority rights or access to benefits available only to active employees
- The employer processed the employee as if he or she were separating from service.
  - For example, a COBRA election or information on retiree health insurance coverage was provided to the employee upon separation, or benefits not available to anyone other than active employees were terminated, or a separation date was entered into the payroll/personnel system
- The employee is reemployed into a position that requires different skills from those used in his or her prior position or is with a different department or supervisor
- The employee was employed by an unrelated employer prior to reemployment

**Phased Retirement**

Full-time faculty who have submitted their retirement forms shall be eligible to receive a transitional part-time leave, with half-time (or greater) duties at proportionate compensation, for up to two years (or three years with the Provost’s approval.) Such a leave is not available beyond the effective date of termination or non-reappointment under other policies, and use of such a leave requires Provost’s approval if formal discipline is pending or under investigation.

At the individual’s option, the individual will use his or her normal academic title during the transition period. A retired faculty member is eligible to be invited to serve on a year-to-year or other fixed term basis for whatever services, compensation, and percentage of effort are agreed between the individual and the Dean with the approval of the Provost. Unless the Provost gives special permission, the percentage of effort must be less than 50% and thus under current policies the individual is not eligible for benefits. As agreed between the individual and the dean with the approval of the Provost, the retired faculty member (whether with or without compensation) may be authorized to continue to be principal investigator of grants and contracts, have research space as allocated, direct graduate students, and continue active participation in departmental and university activities as agreed.

**University Policy Restrictions**

The following restrictions on the reemployment of Retired Employees are based on University policy which has been developed to reflect responsible stewardship of the University related to the perception of individuals drawing a retirement benefit and another CDU income simultaneously, and to provide public accountability, transparency, and sound succession planning. Individuals receiving monthly retirement income who are reemployed into staff and or faculty (includes non-compensated) appointments and suspend their monthly retirement payments are exempted from complying with certain restrictions as delineated in Section 5. below.
1. University Need

Reemployment must be as a result of University need, such as the:

- The retired employee possesses skills and institutional knowledge that the hiring department cannot otherwise obtain with equal cost effectiveness;
- The hiring department anticipates a prolonged process for hiring a replacement, or the hiring department anticipates that the Retired Employee will assist a replacement to acquire necessary skills and knowledge.

For situations in which a Retired Employee is reemployed on a temporary basis into a regular position (such as the same position held before retirement or another vacant regular position), the job must be posted and a search begun within 30 days of the vacancy being created and a minimum 30-day recruitment period must be held.

Written documentation on “University Need” must be provided for all reemployment actions, including specification of the duration of the appointment in order to support the existence of “University Need”.

The Provost must endorse a request based on “University Need” before submission to The President for approval for retired faculty reemployed into faculty positions. The Director of Human Resources must review and sign off on a request based on “University Need” before submission to the President for approval for retired employees reemployed into regular positions.

2. Break in Service

A retired employee must not be reemployed until there has been a break in service of at least 90 days, but preferably 180 days. The break in service restriction is not required to preserve the tax-qualified status of Defined Contribution Plan if the retired employee has reached normal retirement age at the time of separation from service; however, this policy requires that the break in service restriction be applied to all Retired Employees. In addition, employees who have not reached normal retirement age must not engage in discussions concerning reemployment until after they have received their first monthly payment or lump sum cash out or 30 days after separation, whichever is later.

3. Appointment Percentage

Due to potential Medicare complications and to minimize situations where individuals draw a retirement benefit and another CDU income simultaneously, this policy requires that retired employees be reemployed with an appointment of no more than 43% during any 12 month period. Appointments may not normally exceed 12 - 36 months. Appointments in excess of 43% time may be requested by following the process outlined later in this section. Extensions beyond 12 - 36 months may be requested by following the process outlined in Section 4. below. Appointments at 43.75% time or more provide eligibility to retired employees for CDU sponsored employee health and welfare medical coverage, which makes Medicare become the secondary payer. It is the intent of this policy that retired employees be reemployed with limited
appointments that do not qualify them for active employee health and welfare benefits, regardless of whether the retired employee has elected monthly retirement income or a lump sum cash out.

4. Duration of Reemployment

Reemployment in one or multiple positions must not exceed a total of 12 – 36 months. If reemployment is necessary after 12 months has expired, the request must be approved as follows:

- The Provost must endorse the request prior to submission to The President for approval for retired employees reemployed into faculty positions.
- The Director of Human Resources must review and sign off on the request prior to submission to the President for approval for retired employees reemployed into regular positions.

5. Reemployment and Suspension of Monthly Retirement Income

A retired employee who is receiving Defined Contribution Plan monthly retirement income, but agrees to suspend the payments, may be reemployed temporarily, or reemployed in a regular appointment subsequent to an appropriate recruitment and break in service, subject to Section 2 policy restrictions but not Sections 1, 3 and 4 above.

A retired employee who took a lump sum cash out may not be reemployed into a regular appointment and is subject to the above Sections 1, 2, 3 and 4 above.

PROCEDURE I.E.00790 Rehire After Retirement

Reporting Requirements and Disclosure

1. Reporting Requirements

For each retired employee/faculty reemployed into a regular/faculty position, the hiring locations must submit a completed Retired Employee Election Form [not required for Retired Employees who received a lump sum cash out] to the Department of Human Resources at the time the retired employee/faculty is reemployed.

In addition, the local department must submit a summary report semi-annually by June 30 and December 31 of each year to the Director of Human Resources that incorporates a list of all reemployed retired employees, with identification of appointments greater than 43% within a 12-month period, and appointments for which other types of variations from policy have been approved; the local department must also provide documentation that required approvals were obtained.
2. Disclosure

In accordance with University policy, individuals inside or outside the University are entitled to have access to information in employees' personnel records (CDU Policy I.E. 00650) in conformance with State of California statutes and University records policies. The Department of Human Resources is to establish procedures for the release of information.

Applicability: All Staff and Faculty Members