

# University of Illinois at Urbana-Champaign

## Guidelines for Employment of a SURS Annuitant or U of I Retiree

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Amendments to the Illinois State Pension Code implemented provisions under which rehiring an annuitant can cause significant impact to both the annuitant and the employing unit. The following information is being shared and procedures have been implemented to ensure the potential impact is minimized.

### Critical Information:

- Employment of an “affected annuitant” could result in a State Universities Retirement System (SURS) bill to your unit equaling one year’s annuity payments for that individual. See A below for ‘affected annuitant’ definition.
- No service by a SURS annuitant or U of I retiree can be allowed in advance of required approvals.
- An I-9 form must be completed by the retiree and unit upon the initial return to work following retirement.
- Exempt from these guidelines: status Civil Service appointments, retirees appointed to unpaid positions (zero percent time affiliations), and Federal Retirement System retirees who are not also SURS annuitants.

### **Requirements for re-employment of a SURS Annuitant or UI retiree to be completed for each and every appointment or reappointment (except those noted as exempt above):**

1. A “Statement of SURS Annuity Status” form (<http://nessie.uihr.uillinois.edu/pdf/StatementOfAnnuityStatus.pdf>) must be completed by the employment candidate, then attached to a Retiree Rehire Request Form within the Retiree Rehire Enterprise Application (<https://hrnet.uihr.uillinois.edu/UHR/RetireeRehire/index.cfm>).
2. Approval routing includes Department, College, Campus Human Resources (AHR or SHR), with additional pre-approvals as required by the Chancellor’s office, Board of Trustees (if required), and by the campus designee for final approval of appointments, Elyne Cole, Associate Provost for Human Resources. After final campus approval, an e-mail confirmation message will be sent to the form initiator.
3. Following approval of a Request Form for Re-Employment of a SURS Employer Retiree, the HR Front End transaction will need attached:
  - a. the approved Retiree Rehire Request Form
  - b. the Statement of SURS Annuity Status form
  - c. Academic appointments also require an accepted offer letter.
4. **Units are responsible for monitoring retiree earnings to ensure that the 40% pre-retirement highest annual earnings threshold as set by SURS is not exceeded.** The Rehired Retiree Progress Report is available to track non-exempt earnings at: <https://hrnet.uihr.uillinois.edu/uhr/HRSystems/ReportingPortal/HRReports/UHR.cfm>.

### Applicable Legislation and Policies:

#### A. State Legislation – Affected Annuitant

Per amendments to the State’s [Pension Code 40ILCS 5/15-139.5](#), a SURS annuitant employed by any SURS employer(s) will be labeled “affected annuitant” on the first day of the next academic year if the annuitant receives compensation, from non-exempted fund sources, from any/all SURS employer(s) greater than an amount equal to 40% of the pre-retirement highest annual earnings during an academic year beginning with the 2013-14 SURS academic year (09/01/2013). The 40% allowable earnings is not cumulative over multiple academic years and resets each SURS academic year.

Once an annuitant becomes an affected annuitant, he/she remains in this status unless he/she suspends retirement annuity.

- Employing a SURS affected annuitant will result in a SURS bill unless payment for service is solely from exempted funds as defined in the Pension Code. (University of Illinois list of exempted fund types is available at: <http://nessie.uihr.uillinois.edu/pdf/FundTypeDescriptionsDocument.pdf>.) **If any portion of payment to an**

**affected annuitant is from non-exempted funds, then the University will receive a SURS bill equal to twelve times the gross monthly retirement annuity of the annuitant at the time the affected annuitant's service is provided. The employing unit(s) will be held liable for payment of this bill.**

- Units will not be allowed to create employment situations which would result in the University receiving SURS bills for employing an affected annuitant.

### **B. Board of Trustees Policy**

In response to the change in the State's Pension Code, the University of Illinois Board of Trustees Policy on Employment of Illinois Retirees and other SURS Annuitants was amended in July 2013 and is available at:

<http://www.trustees.uillinois.edu/trustees/agenda/July-24-25-2013-BOT/011-jul-Rehire-Retirees-attach-draft.pdf>

Per Board of Trustees policy, the categories of UI retiree or other SURS annuitant re-employment listed in the policy are eligible for consideration for employment after retirement only after a unit obtains campus pre-approval.

### **C. Campus Guidelines for Academic Appointments**

- Failure to follow the guidelines may result in (a) suspension of a unit's ability to hire retirees in the future and (b) the possibility of incurring a bill for twelve times the monthly annuity of a SURS affected annuitant.
  - Academic retiree appointments shall be temporary in nature, generally limited to a year or less of transitional service. (An exception to the time limit may be granted where research or advanced high level instruction requires the specific unique knowledge and skills of the identified retiree.) Approval of the proposed appointment may require a succession plan including exit strategy.
  - Every effort will be made to avoid affected annuitant status.
  - At any point in time, no UI retiree or SURS annuitant should be providing service at a level greater than .5 FTE, or equivalent, overall (all University of Illinois appointments combined). **Note that this .5 FTE equivalent limitation is a separate requirement from the 40% Highest Annual Earnings limitation.**
  - Few exceptions will be granted to re-hire/pay an **affected annuitant** from funds which are not specifically exempted by the State law.
- All UI retiree or other SURS annuitant service must be approved before any service is provided, including service for which a lump sum payment is appropriate.

### **D. Campus Expectations for Civil Service and Extra Help Appointments:**

- The campus expects retiree appointments to be made in accordance with Civil Services Statute and Rules that govern these employment categories.
- Status Civil Service appointments are exempted under [Illinois Pension Code \(40 ILCS 5/15-139.5\(j\)\)](#).
- The employment of retirees must also comply with the Civil Service Rule that limit the total work hours for any Extra Help position.
  - Every effort will be made to avoid affected annuitant status.

### **References:**

[Illinois Pension Code \(40 ILCS 5/15-139.5\)](#)

[Summary of Illinois Pension Code pertinent to re-employment of SURS annuitants](#)

[University of Illinois Board of Trustees Policy, July 25, 2013](#)

[Statement of SURS Annuity Status](#)

[Instructions for submitting a request for Re-employment of a UI Retiree/SURS Annuitant](#)

[Progress toward 40% HAE Report](#)

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