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Hiring a **PERS Retiree**

Employer Reporting Guide

This guide explains the guidelines, restrictions, and instructions for employing a PERS retiree.

**Employer
Service
Center**



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Guide summary

Most PERS retirees can return to work for a PERS-participating employer while continuing to receive their PERS retirement benefits.

Working retirees do not earn further PERS benefits; nonetheless, you do need to report to PERS that you hired them, and you need to report their hours and wages. You will be charged your PERS contribution rate on their wages. Because working retirees don't earn any additional PERS benefits, the contributions you pay are applied to your organization's account.

How to hire a PERS retiree

Before you can hire a retiree, they must be terminated from their previous job and have their final hours and wages reported. Ensure that their previous employer submitted a Detail 1 record with a status code of 02 – Terminated before proceeding.

Report the retiree new hire to PERS by submitting a Detail 1 record with a status code 11 – Retiree New Hire with Hr Limit. Even though the retiree may not have an hour limit, the Senate Bill (SB) 1049 relaxed restrictions are temporary, so employers should use the hour-limit status code.

Exceptions:

- Use status code 12 only when hiring a retiree who qualifies for a [pre-SB 1049 exception](#).
- Use status code 13 only when hiring a retiree who is canceling their retirement and returning to active service.

Restrictions based on type of retirement

Retired from service at normal retirement age: These retirees can return to work immediately after retirement. They have no restrictions on the number of hours they can work.

Retired from service early (before normal retirement age): These retirees must take a complete six-month break from working for a PERS employer before they can work unlimited hours. If they don't take a break, they are limited to 1,040 hours/year (members of Tier One/Tier Two) or 600 hours/year (members of the Oregon Public Service Retirement Plan (OPSRP)). If they surpass that limit, their retirement is canceled, and they are returned to active service.

Disability retirement (Tier One/Tier Two only): A disability retiree who has reached full-retirement age can work for a PERS employer with no restrictions. An OPSRP member who is receiving disability benefits and is not yet retired cannot work. If they wish to return to work, their disability benefits will be discontinued.

Normal and early retirement ages for each PERS plan and job classification are listed on the [Benefit Component Comparisons webpage](#).

Social Security restrictions: Some PERS retirees who are receiving Social Security benefits and have not reached full retirement age under Social Security may have limitations on how much they can earn and still receive full benefits. For more information, go to the [Social Security Receiving Benefits While Working webpage](#) and the employers' [Work After Retirement webpage](#).

Introduction

Most PERS retirees are welcome to return to work temporarily for a PERS-participating employer and continue receiving their retirement benefits. Those who retired early, however, must work within certain guidelines or risk canceling their retirement.

This employer guide explains how to hire a retiree who wants to work and continue receiving their retirement benefit and how to hire a retiree who wishes to come out of retirement and return to active service. It also explains the limitations imposed on retirees depending on what type of retirement they chose.

Senate Bill 1049 changes to working after retirement

Before 2020, most working retirees were only allowed to work up to a certain number of hours per year (1,040 hours for Tier One/Tier Two and 600 for OPSRP). Employers did not pay any contributions on their hours and retirees did not earn any new benefits on those hours.

Starting January 1, 2020, the Work After Retirement section of Senate Bill 1049 made two significant changes to these rules:

- It allowed most retirees to work unlimited hours for a PERS-participating employer while remaining in a retired status and continuing to receive their retirement benefits (without accruing any new benefits).
- It required employers to pay employer contributions on PERS retirees' salaries as if they were active members, excluding IAP (6%) contributions. The contributions would not be applied to retirement benefits for the working retirees; instead, they would be credited to employers' accounts.

The program was originally set for 2020 to 2024. In 2023, the Oregon Legislature extended the program to 2034.

Restrictions on early retirees

PERS members who retire at normal retirement age can work unlimited for a PERS-participating employer.

PERS members who retire early must take a six-month break from working for a PERS-participating employer before they can work unlimited hours. If they don't take that break, the pre-SB 1049 hourly restrictions apply (1,040 hours/year for Tier One/Tier Two; 600 hours/year for OPSRP).

See the "PERS retirements" section for an explanation of early retirement.

HIRING A PERS RETIREE

| Type of retirement | Restriction | Hour limit |
|--|---|--|
| Normal retirement at full retirement age. | None. May work unlimited hours and still receive their PERS retirement benefits. | No limit. |
| Early retirement + return to work after a <i>six-month complete break</i> from PERS-covered employment. | None. May work unlimited hours and still receive their PERS retirement benefits. | No limit. |
| Early retirement + return to work before a <i>six-month complete break</i> from PERS-covered employment. | Limited in how many hours they can work per year and still receive their retirement benefits. | Tier One/Tier Two retirees: work up to 1,039.9 OPSRP retirees: work up to 599.9 |
| Cancel retirement and return to work as an “active” member. | No longer receive their PERS retirement benefits. | No hour limit because they are no longer retired. |

Exceptions

Tier One/Tier Two retirees who are not eligible to work unlimited hours under SB 1049 may be able to work unlimited hours under one of the [exceptions that were available prior to SB 1049](#). These exceptions are not available to OPSRP retirees.

Hours that count against a retiree who has annual work-hour limits

- All hours worked for any PERS-participating employer count against the limit for the year in which they were worked.
- Paid leave offered to retirees counts against annual work limits, if taken.
- Compensatory time counts against the annual work limit in the year earned, not in the year taken.

Consequences of surpassing the hour limit (when applicable)

PERS (Tier One/Tier Two)

- If working retiree meets or exceeds the 1,040-hour limit in **less than six months** after retirement, their retirement is canceled. They become an active member as of the **date of hire** as a working retiree.
- If working retiree meets or exceeds the 1,040-hour limit **six months or more** after retirement, their retirement is canceled. They become an active member as of the **first of the month** after the month in which the work limit was met or exceeded.

OPSRP

- If the working retiree meets or exceeds the 600-hour limit, their retirement is canceled. They become an active member as of whichever of the following comes later:
 - The first of the year in which they met or exceeded 600 hours as a working retiree.
 - The date of hire in the year in which they met or exceeded 600 hours as a working retiree.

Possible additional consequences of becoming an active member

- Any retirement benefits paid after active membership is re-established must be paid back to PERS.
- The retiree's employer must begin making 6% member contributions to the employee's IAP account and start deducting voluntary contributions (if applicable) on the date the employee's active membership is re-established.

Retirees serving as elected or appointed officials

A Tier One or Tier Two retiree who is elected or appointed to a position *other than as a legislator* cannot work under the 1,040-hour rule. The retiree becomes an active member at the time they take office, and all retirement benefits cease.

If the retiree did not retire early under the provisions outlined in [ORS 238.280\(1\)\(2\) or \(3\)](#) and they are elected or appointed to serve as a sheriff, county judge, or commissioner in a county with fewer than 75,000 inhabitants, the retiree will continue to receive retirement benefits during their term in office unless they elect to become an active member.

Working retiree Social Security limitations

Tier One/Tier Two retirees (never OPSRP retirees) who **have reached full Social Security retirement age** (age 65–67, based upon [Social Security full retirement age](#)) have no work limit beginning the first of the month after their full retirement age birthday month.

If a retiree is receiving Social Security benefits and **has not reached full retirement age under Social Security**, the Social Security Administration and PERS have additional limitations on their employment. They may need to limit their hours to stay within the income allowed under the annual Social Security income limits.

Reporting a PERS-retiree new hire

When you hire a retired public employee on a part-time basis, whether they retired from your agency or any other public employer, you must submit a retiree new-hire record.

If you hire them soon after retirement, make sure the new-hire record is not in the same report as the retiree's final wages or Detail 1 02 - Termination record (see "Retirement Date" tip below).

Submitting a new-hire record

Before creating the Detail 1 record, you need to understand the terms below.

Retirement date

PERS retirement dates are always on the first of a month. Retirees can return to work as a PERS retiree on or after their effective PERS retirement date.

Status code

Choosing the right status code is very important to avoid accidentally returning a retiree to active service and stopping their retirement benefits.

Use status code 11 – Retiree New Hire with Hr Limit.

Exceptions:

- Use status code 12 when hiring a retiree who qualifies for a pre-SB 1049 exception.
- Use status code 13 when hiring a retiree who is canceling their retirement and reestablishing active membership.

Membership plan

Retirees stay in the plan they were in when they retired: Tier One, Tier Two, or OPSRP. EDX calculates your employer contributions on their wages based on their existing PERS membership plan and current job class (see next tip about job class).

Job class

No matter what kind of work a retiree did before they retired, their new-hire record has a job code that matches the current job. For example, if a career police officer retires and seven months later takes a position at a school district, their new job will have a school-employee job code.

If record "suspends" (i.e., fails to post)

If a Detail 1 new-hire record and any subsequent Detail 2 status code 17 wage records suspend, wait about 90 days to re-save the records. Post-retirement employment segments and associated wages will not post until PERS staff have processed the retirement, which takes about 90 days.

If you are still having trouble getting records to post, contact your [ESC account representative](#).

Required fields

SSN: Social Security Number with no dashes.

Status Code: Use the same determination as you would have before Senate Bill 1049 (discussed in next section).

11 – Retiree New Hire with Hr Limit.

Exceptions:

- Only use 12 when hiring a retiree who qualifies for a pre-SB 1049 exception.
- Only use 13 when hiring a retiree who returns to full-time employment, cancels their retirement, and reestablishes active membership.

Status Date: Their first day on this post-retirement job. Can be on or after the retiree’s first-of-the-month retirement date, but never before.

Name: Auto populated.

Address: Write in all caps.

Continued

DETAIL 1 - MEMBER DEMOGRAPHICS:

| | |
|------------------------------|--|
| SSN | <input type="text" value="*****"/> |
| Status Code | 11 - Retiree New Hire with Hr Limit ▼ |
| Status Date | 11/10/2022 <small>(MM/DD/YYYY)</small> |
| Last Day Service | <input type="text"/> <small>(MM/DD/YYYY)</small> |
| Old SSN | <input type="text"/> |
| First Name | JANE |
| Last Name | DOE |
| Middle Name | <input type="text"/> |
| Name Change Indicator | N |
| Address - 1 | 123 4 STREET |
| Address - 2 | <input type="text"/> |
| Address - 3 | <input type="text"/> |
| City | CITY |
| State | OREGON ▼ |
| Zip - 1 | 97212 |
| Zip - 2 | <input type="text"/> |
| Province | <input type="text"/> |
| Country Code | USA ▼ |
| Postal Code | <input type="text"/> |

HIRING A PERS RETIREE

Date of birth: MM/DD/YYYY.

Gender: Their current legal gender.*

PERS Job Class Code: This is the job class for which they are currently being hired, which may or may not be the same job class that they were in when they retired. Most employees are 01 - General Service, 02 - Police and Fire, or 09 - School Employee.

Average Overtime Hours: The average calendar year overtime hours expected for this position. This value affects only OPSRP members, but if you hire a Tier One/Tier Two member, you must enter a value just to get the Detail 1 new-hire record to post.

| | |
|---|---|
| Date Of Birth | <input type="text" value="07/31/1955"/> (MM/DD/YYYY) |
| Gender | <input type="text" value="Male"/> |
| PERS Job Class Code | <input type="text" value="09 - School Employee"/> |
| Average Overtime Hours | <input type="text" value="100"/> |
| Unused Sick Leave Hours | <input type="text"/> |
| Contract No. of Months | <input type="text" value="00"/> |
| Employer Site Distribution Code | <input type="text"/> |
| Non PERS Data Memo | <input type="text"/> |
| <input type="button" value="Save"/> <input type="button" value="Cancel"/> | |

Contract No. of Months (for school employees): How many months in a year a school employee (job class 09) is expected to work for their education employer. The options are 09, 10, 11, and 12. An employee whose job class is other than 09 *always* has the 00 default.

*For employees who do not identify as female or male, follow this process.

1. In the Gender field, select Female or Male. It's a required field, so you must select something to get the record to post.
2. Once the record posts, create a Demographic Correction Request (DCR) for that employee.
3. In the Employer Comments box, ask PERS staff change the gender to Non-Binary/Other.

For DCR instructions, read [employer reporting guide 20, Creating a DCR](#).

To see this process demonstrated, watch the video "[Reporting a New Employee](#)."

PERS retirements

PERS offers three different types of retirement: normal (full benefit), early (reduced benefit), and disability (only available for Tier One and Tier Two).

The age at which a PERS member is eligible for a normal or early retirement depends on their PERS plan, their job class, and their years of service.

Normal retirement

Retirement benefits are generally based on how long you work (i.e., service time), how much you earn, and what type of retirement option you choose (i.e., how long benefits will be paid out). A normal retirement benefit usually provides the maximum benefit.

Employees who have been working in a PERS-qualifying position for at least 25 years may qualify for normal retirement at a younger age.

Retirement eligibility based on service time

| Job class | Retirement age | | | PERS service time |
|----------------------------|----------------|----------|-------|-------------------|
| | Tier One | Tier Two | OPSRP | |
| General Service and School | any | any | 58 | 30 years |
| Police and Fire | 50 | 50 | 53* | 25 years |

*An OPSRP employee's last 60 months of retirement credit preceding retirement eligibility must be Police and Fire to qualify for normal retirement at this age.

Retirement eligibility based on age, plan, and service time

| Job class | Retirement age | | | PERS service time |
|----------------------------|----------------|----------|-------|--------------------|
| | Tier One | Tier Two | OPSRP | |
| General Service and School | 58 | 60 | 65 | Less than 30 years |
| Police and Fire | 55 | 55 | 60* | Less than 25 years |

*An OPSRP employee's last 60 months of retirement credit preceding retirement eligibility must be Police and Fire to qualify for normal retirement at this age.

Early retirement

Retiring early reduces an employee’s potential benefits compared to normal retirement benefits. It also adds restrictions on those who return to work for a PERS employer.

Retirement eligibility based on age

A member who does not have enough service time to qualify for normal retirement may qualify for early retirement for general service, school, and police and fire employees based upon reaching a minimum age.

| Job class | Age | | | PERS service time |
|----------------------------|----------|----------|-------|--------------------|
| | Tier One | Tier Two | OPSRP | |
| General Service and School | 55 | 55 | 55 | Less than 30 years |
| Police and Fire | 50 | 50 | 50* | Less than 25 years |

*An OPSRP employee’s last 60 months of retirement credit preceding retirement eligibility must be Police and Fire to qualify for normal retirement at this age.

Disability retirement

Tier One and Tier Two employees who become too sick or injured to work may be eligible for a disability retirement. (OPSRP employees who become too sick or injured to work can receive disability benefits, but it’s not technically a retirement.)

See [employer reporting guide 14, Disability Benefits](#), for complete information.

Learn more

For a detailed explanation of the rules around hiring a PERS retiree, read the [Work After Retirement webpage](#) for employers. The following webpages provide information for PERS members.

[Eligibility to Retire: Tier One/Tier Two webpage](#)

[Eligibility to Retire: OPSRP webpage](#)