

Employer Announcement #57

Tier One/Tier Two Retiree Work-Hour-Limit Change Effective January 1, 2010

Effective January 1, 2010, **all** Tier One/Tier Two retirees who begin working or continue working as retirees for PERS-participating employers will be subject to **the same work hour limitation and the exceptions to that limitation**. The limit applies whether the Tier One/Tier Two retiree chose a monthly allowance payment option, a total lump-sum benefit payment option, or received an aggregate sum (AS) refund at retirement. The restriction that applied to total lump-sum and AS refund recipients designated as a “casual, emergency, or seasonal workers” and working 599 or less hours within the first six months of retirement is eliminated. Total lump-sum and AS refund recipients are now subject to the same limitation as those members who are receiving a monthly allowance.

Unless an exception applies, the total hours that can be worked by a Tier One/Tier Two retiree for one or more PERS-covered employers may not total 1,040 hours in a calendar year. Exceptions to the limitation can be found in ORS 238.082, OAR 459-017-0060, and in table format through the “Working After Retirement: 1040-Hour Exceptions in Table Format (.pdf)” link on the “General Information” page of the PERS employer website, www.oregon.gov/pers/emp/index.shtml

Please Note: The Tier One/Tier Two work hour limit was previously referred to as 1,039 hours/calendar year, but the statutory limitation in ORS 238.082(2) is actually “...may not total 1,040 hours or more in a calendar year.” This distinction had little operational relevance because hours of employment were previously reported in whole hours, not fractions. However, with the implementation of EDX, employers may now report fractions of hours resulting in reported employment hour totals which can marginally exceed 1,039, but not total 1,040. To accommodate this reporting change the limit is now described as “may not total 1,040 hours.”

Retirees who work a total of 1,040 hours or more in a calendar year for one or more PERS-participating employers will become active members on the first of the month after the limitation is met or exceeded, and their monthly retirement benefit will stop. A Tier One/Tier Two total lump-sum benefit recipient receiving the total lump-sum benefit in installment payments will not receive installments after the date active membership is re-established.

The 1,040 work hour limit applies ONLY to Tier One/Tier Two retirees. An OPSRP Pension Program retiree hired into a PERS-covered position with a “qualifying” hire intent becomes an active OPSRP member immediately upon hire. An OPSRP Pension Program retiree hired into a PERS-covered position with a “non-qualifying” hire intent becomes an active OPSRP member if he/she works 600 hours or more in any calendar year while in that “non-qualifying” position.

For more comprehensive information on retiree work limits, see the “Working After Retirement” document and table under the “General Information” link on the employer website, www.oregon.gov/pers/emp/index.shtml or e-mail: pers-employer.info.services@state.or.us if you have further questions.

In compliance with the Americans with Disabilities Act, PERS will provide this document in an alternate format upon request. To request this, contact PERS at 888-320-7377 or TTY 503-603-7766.