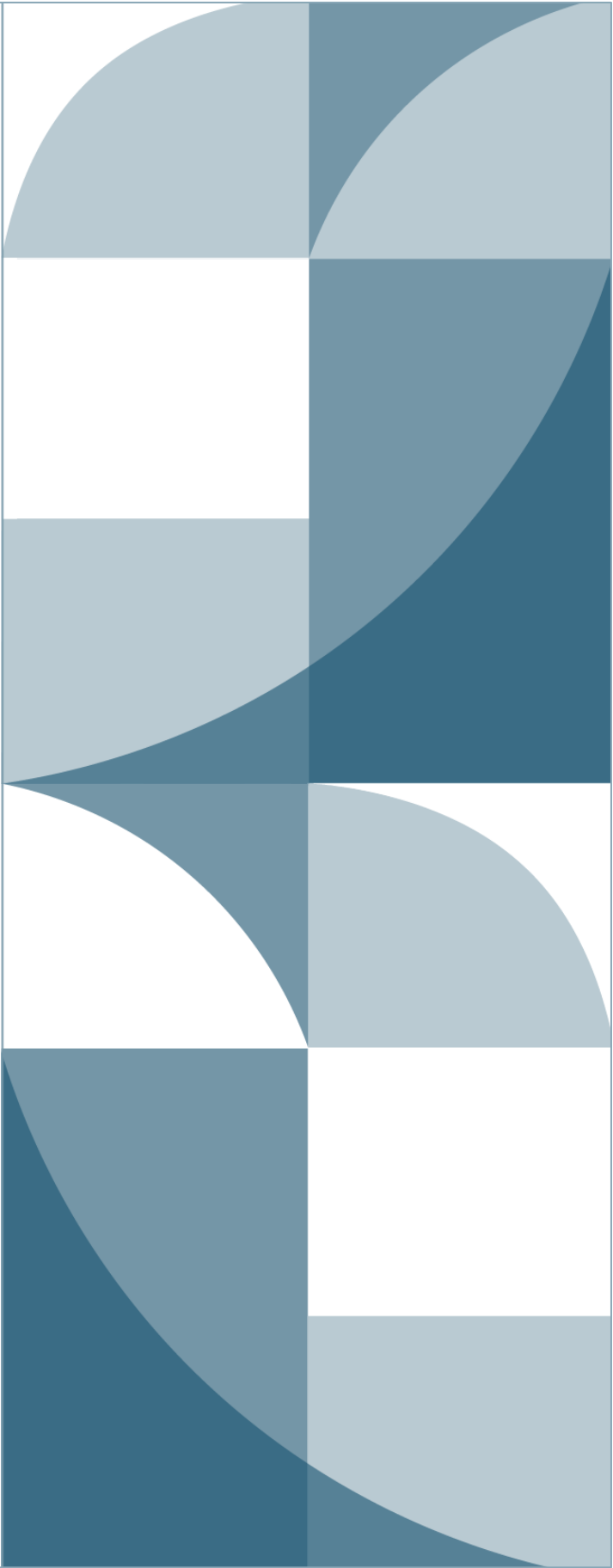# OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

8

Hiring a
PERS Retiree

Employer Reporting Guide

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

**Employer
Service
Center**

Contents

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 are charged your PERS contribution rate on their wages; however, 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 preretirement job and their final hours and wages must be submitted. Their retirement does not have to be fully processed (this can take up to about 90 days), but it must be submitted, including final wages.

Report the retiree new hire 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 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. Be careful not to accidentally use this code and cancel someone's retirement.

Restrictions based on type of retirement

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

Retired from service at early retirement age (before normal retirement age): These retirees must take a complete six-month break from working for all PERS employers before they can work unlimited hours. If they don't take a break, they are limited to working **fewer than 1,040 hours/year** (members of Tier One/Tier Two) or **fewer than 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.

Tier One/Tier Two disability retiree: A disability retiree who has reached normal retirement age is limited to working **fewer than 600 hours/year** for a PERS employer.

OPSRP retiree who was receiving disability benefits: An OPSRP member who was receiving disability benefits and retires at normal retirement age can work for a PERS employer with **no restrictions**.

Normal and early retirement ages for each PERS plan and job classification are listed on the Benefit Component Comparisons webpage. Disability benefits are covered in employer guide 14, *Disability Benefits*.

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 based 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 PERS 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 the annual-hour limitations imposed on retirees depending on what type of retirement they chose. It also explains how to hire a PERS retiree, how to report their wages, and lists normal and early retirement eligibility based on PERS plan and job classification.

Restrictions on annual hours

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 for a PERS-participating employer (1,039.9 hours for Tier One/Tier Two and 599.9 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 employer 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.

*Specifically, the contributions are applied to the employer's liabilities, including pension benefit costs and retiree medical benefit costs. If the employer is a member of a pool, the additional payment is applied to the employer's rate pool's liabilities.

No annual-hour restrictions on "normal" retirees

PERS members who retire at normal retirement age can work unlimited annual hours for a PERS-participating employer. In addition, Tier One/Tier Two retirees who qualify for an exception to the pre-SB 1049 restrictions can also work unlimited hours. See the "PERS retirements" section in this guide for an explanation of a normal retirement.

Annual-hour restrictions on "early" retirees

PERS members who retire early must take a six-month break from working for a PERS-participating employer after retirement before they can work unlimited hours. If they don't take that break, they are limited to the pre-SB 1049 hourly restrictions listed in the Retiree Restrictions Quick-Reference Table. See the "PERS retirements" section for an explanation of an early retirement.

Restrictions on disability retirees

Tier One/Tier Two members who take a disability retirement have three options for returning to work before they reach normal retirement age: part-time work (working up to 599.99 hours/year), 90-day trial period of full-time work, or return to full-time work.

A disability retiree who reaches normal retirement age and returns to work for a PERS-participating employer is limited to working 599.99 hours/year. Learn more in employer reporting guide 14, *Disability Benefits*.

Retiree restrictions quick-reference table

Type of retirement	Restriction	Annual hour limit
Normal retirement at full retirement age.	None. May work unlimited hours for a PERS-participating employer and still receive their PERS retirement benefits.	No limit.
Early retirement + *six-month complete break* from PERS-covered employment after retirement.	None. May work unlimited hours for a PERS-participating employer and still receive their PERS retirement benefits.	No limit.
Early retirement + *no six-month break* from PERS-covered employment after retirement.	Limited in how many hours they can work per year for a PERS-participating employer and still receive their retirement benefits.	Tier One/Tier Two retirees: work up to **1,039.9**. OPSRP retirees: work up to **599.9**.
Canceled retirement (voluntary reemployment) and return to work as a nonretiree "active" member.	None. They no longer receive their PERS retirement benefits, their PERS account is reactivated as of their hire date, and, if working in a qualifying position, they can earn additional service time and IAP deposits.	No hour limit because they are no longer retired.
Disability retirement + *have not reached* normal retirement age.	Restriction depends on which option retiree chooses for returning to work.	Depends.
Disability retirement + *have reached* normal retirement age.	Limited in how many hours they can work per year for a PERS-participating employer.	Work up to 599.9 hours/year.

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 annual 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

If a retiree who has an annual hour limit surpasses that limit, their retirement canceled, they become an active member, and they must pay back to PERS any retirement money they were paid after they became an active member.

IMPORTANT	Working retirees who have an annual hour limit must keep track of the number of hours they work.

PERS (Tier One/Tier Two)

- If working retiree meets or exceeds the 1,040-hour limit **within the first six months** after retirement, their retirement is canceled retroactively. They become an active member as of the **date of hire**. All retirement benefits received by the member must be repaid to PERS in a single payment.

- If working retiree meets or exceeds the 1,040-hour limit **after six months** past retirement, their retirement is canceled prospectively. They become an active member as of the **first of the month** after the month in which the work limit was met or exceeded. Any retirement benefits paid after membership is re-established must be paid back to PERS.

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.

- For an OPSRP retiree who is receiving a cash-out of a small benefit:
  - If they return to work for a PERS-participating employer **after** they receive the payment, they may work unlimited hours.
  - If they return to work for a PERS-participating employer **before** they receive the payment and they work in a non-qualifying position, they are limited to 599.9 hours/year.
  - If they return to work for a PERS-participating employer **before** they receive the payment and they work in a qualifying position or they exceed 599.9 hours, their retirement is canceled, they must repay the payment, and they return to active membership on the date of hire. They may then work unlimited hours because they are no longer retired.

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.

For more information, go to the Social Security Receiving Benefits While Working webpage and the PERS employers' Work After Retirement webpage.

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 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.

Avoiding errors

Wait until the termination record and final wages record(s) post before hiring

If your organization is hiring back a retiree, wait until the Detail 2 02 – Terminated record has posted and the retiree's final wage records have posted before submitting a retiree new-hire record.

Wait for retirement to process (suspended records), then resave records

It can take up to 90 days for a retirement to process through the PERS system. During this time, you can submit a retiree new-hire record (i.e., a Detail 1 with status code 11) and submit retiree wage records (i.e., Detail 2s with wage code 17), but **they will suspend** and remain suspended until the retirement fully processes.

Once the retirement process is complete — after about three months — you will need to resave the suspended records so they can successfully post.

Use the correct status code

Nearly all retirees are hired with status code 11 – Retiree New Hire with Hour Limit. Status code 12 is for retirees who are not eligible to work unlimited hours under SB 1049 but may be eligible for one of the pre-existing exceptions (View the list of exceptions.) Status code 13 is for retirees who wish to cancel their retirement and return to active membership. Submitting a record with this code will immediately cancel a retiree's retirement and stop their retirement benefits, so be absolutely certain this is what you mean to do before using this code.

Report wages as subject salary

Even though retirees do not earn additional PERS benefits, you need to report their wages as **subject salary.** Reporting their wages with wage code 17 – Retiree Wage - ER Rate tells EDX to credit the employer contributions to the employer's account, not to the retiree. Reporting their wages as non-subject salary leads to inaccurate invoicing.

Remember that early retirees have limits on working after retirement

Remember that early retirees who return to work after retirement for a PERS-participating employer without taking a six-month break are limited in the number of hours they are allowed to work. If they surpass their limit, that will automatically cancel their retirement and return them to active PERS membership.

To check the annual hour limitations, reference the Retiree Restrictions Quick-Reference Table.

Important to know before you begin

Before creating the Detail 1 record, you need to understand some retirement terminology and factors. This will help you fill out the Detail 1 correctly.

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 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.

There are three retiree-hire status codes:

Status code 11 – Retiree New Hire with Hr Limit.

Use for most retiree hires. Even though your retiree hire may not have an annual hour limit, this is still **the correct code** to use. This is because the work after retirement provisions of SB 1049 are temporary (originally planned for four years, then extended to 2034).

Status code 12 - Retiree New Hire without Hour Limit.

Use only to hire a PERS retiree who **qualifies for an exception** to the annual hour limits. View the list of exceptions.

Status code 13 - New Hire - Retiree Return to Service.

Use only when hiring a retiree who chooses to **cancel their retirement** and reestablish active membership. Be sure this is the retiree's intention before using this status code.

Submitting a Detail 1 Member Demographics Record with a status code 13 serves to cancel the retiree's retirement. After this record posts, submit another Detail 1 record with a 01 - Qualifying New Hire status code to hire them.

The retiree will then be an active employee and will earn additional service time and IAP deposits toward their retirement. When they are finished working, they will need to apply for retirement and go through the retirement process again.

Membership plan

This is not a field; it is just information for you to understand how a retiree's membership plan works. Retirees stay in the plan they were in when they retired: either Tier One, Tier Two, or OPSRP. EDX charges contributions on their wages based on their existing PERS membership plan and the job classification of their post-retirement job.

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 job for which you are hiring them. For example, if a career police officer retires and seven months later takes a position as a substitute teacher, their new job will have a School Employee job code.

Retirement processing time

It can take up to about 90 days for a retirement to process through the PERS system. However, you can hire a retiree even if their retirement has not fully processed and they have not received their first check.

Until their retirement processes, any records you submit for the employee will suspend and remain suspended until the retirement fully processes. Once the retirement process is complete, you will need to resave the suspended records so they can successfully post.

After about three months, if you are still having trouble getting records to post, contact your ESC account representative.

Filling out the Detail 1 record

SSN: Social Security number with no dashes.

Status Code: Use the same determination as you would have before Senate Bill 1049, which is usually:

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 is returning to full-time employment, canceling their retirement, and reestablishing 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:

Field	Value
SSN	•••••••••
Status Code	11 - Retiree New Hire with Hr Limit
Status Date	11/10/2022 (MM/DD/YYYY)
Last Day Service	(MM/DD/YYYY)
Old SSN	
First Name	JANE
Last Name	DOE
Middle Name	
Name Change Indicator	N
Address - 1	123 4 STREET
Address - 2	
Address - 3	
City	CITY
State	OREGON
Zip - 1	97212
Zip - 2	
Province	
Country Code	USA
Postal Code	

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: This value will not affect the retiree, but the field is required. For a Tier One or Tier Two retiree, enter 0. For an OPSRP retiree, enter the average calendar year overtime hours expected for this position. If the retiree returns to active membership, this value will be applied to place a cap on the number of overtime hours included in the employee's final average salary.

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. It doesn't mean the employee is under contract; it means the number of months the school is open for work. 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.

To see this process demonstrated, watch the video "Reporting a New Employee."

For instructions on creating a DCR, read employer reporting guide 20, *Creating a DCR*.

Required fields quick-reference table

Field name	Required/optional	Example
SSN	Required.	111223333
Status Code	Required.	11 - Retiree New Hire with Hr Limit
Status Date	Required.	11/01/2024
First Name	Required.	HOWARD
Last Name	Required.	JOHNSON
Name Change Indicator	Required.	N
Address – 1	Required.	1234 MAIN ST. UNIT A-1
Address – 2	Use only for very long addresses.	
Address – 3	Avoid using this field.	
City	Required.	TIGARD
State	Required for USA addresses.	OR
Zip – 1	Required for USA addresses.	97224
Zip – 2	Optional.	
Province	Leave blank for USA addresses. When a country other than USA is chosen in the Country Code field, this field becomes required.*	
Country Code	Required.	USA

Continued

Field	Required/optional	Example
Postal Code	When a country other than USA is chosen in the Country Code field, this field becomes required.	
Date of Birth	Required.	07/04/1977
Gender	Required.	Male
PERS Job Class Code	Required. This is the job class of the current job, not the job the retiree had before they retired.	09 School Employee
Average Overtime Hours	Required. Average overtime does not apply to working retirees, but you must choose a number to get the record to post.	0

Reporting retiree wages

When you employ a PERS retiree, you report their wages to PERS with a Detail 2 Wage and Service record, same as with non-retired employees.

Per Senate Bill 1049 (2019), employers are charged their contribution rate on PERS retirees' salaries as if they were active members. The contributions are applied to your organization's account, however, not to the retiree. IAP contributions are not due.

Retiree wage codes

There are three wage codes used for reporting retiree wages.

07 Retired/No Contributions.

Used only to report retiree wages with a pay date prior to January 1, 2020, or wages for members on disability retirement who have not been medically released and who are working in a non-qualifying position. This wage code is rarely used.

17 Retiree Wage – ER Rate.

Used to report wages earned by a service retiree with a pay date of January 1, 2020, or later. This is the most commonly used retiree wage code.

18 Negative Adjustment Retiree Wage - ER Rate.

Used only to negatively adjust (i.e., subtract) Retiree Wage - ER Rate wages for a service retiree with a pay date of January 1, 2020, or later. Used occasionally to back out overpaid wages.

Retiree wages are subject salary

Report retiree wages in the Subject Salary field. Even though the retiree is not earning benefits, this is the correct field. Reporting the wages as non-subject salary will necessitate manual correction to ensure proper invoicing.

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 members who qualify).

The amount of a PERS member's retirement benefits (i.e., their pension and IAP) is generally based on their age, if they take a normal or early retirement, how long they worked (i.e., service time), how much they earned, and what retirement options they chose.

Normal retirement

Retiring at normal retirement age (or 30 years of service time) provides full, unreduced benefits. The tables below list normal retirement ages for each tier.

General Service and School Employee normal retirement eligibility

Plan/Tier	Service time	Normal retirement age
Tier One	30 years	any
	Less than 30 years	58
Tier Two	30 years	any
	Less than 30 years	60
OPSRP	30 years	58
	Less than 30 years	65

Police and Fire normal retirement eligibility

Plan/Tier	Service time	Normal retirement age
Tier One	30 years	any
	25–29 years	50
	Less than 25 years	55
Tier Two	30 years	any
	25–29 years	50
	Less than 25 years	55
OPSRP	30 years	any
	25–29 years	53*
	Less than 25 years	55*

An OPSRP employee's last 60 months of retirement credit before retirement must be in the Police and Fire job classification 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.

General Service (including 911 operator) and School Employee early retirement eligibility

Plan/Tier	Service time	Early retirement age
Tier One	Less than 30 years*	55–57
Tier Two	Less than 30 years*	55–59
OPSRP	Less than 30 years*	55–64
Any tier 911 operator**	25 years of 911 operator service	Any age once they achieve 25 years
	Less than 25 years of 911 operator service	Same as early retirement ages above

*30 or more years of service qualifies for normal retirement.

**911 operators are classified as General Service but have a special provision that enables them to qualify for early retirement once they achieve 25 years of service as a 911 operator. If they retire before General Service normal retirement age and return to work for a PERS-participating employer, they are subject to the restrictions listed in the Retiree Restrictions Quick-Reference Table.

Police and Fire early retirement eligibility

Plan/Tier	Service time	Early retirement age
Tier One	Less than 25 years*	50–54
Tier Two	Less than 25 years*	50–54
OPSRP	Less than 25 years*	50–54**

*25 or more years of service qualifies for normal retirement.

**An OPSRP employee's last 60 months of retirement credit before retirement must be in the Police and Fire job classification to qualify for early retirement in this age range.

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.

Special considerations for Police and Fire retirement eligibility

- Police and Fire members qualify for retirement at earlier ages than other job classes.

- In order to qualify to retire at the earlier ages, Police and Fire members in the OPSRP plan must have their last 60 months of retirement credit before they retire be for work in the Police and Fire job classification.

  If they do not have 60 months of Police and Fire retirement credit, they can continue working until they do have 60 months or reach the General Service retirement age, whichever comes first.

- Once a Police and Fire member qualifies for normal or early retirement, they maintain that qualification even if they stop working in the Police and Fire job class.

  For example, a police sergeant who achieves early or normal retirement eligibility could accept a teaching job and change to the School Employee job class. They would still be eligible to retire at Police and Fire early or normal retirement age with Police and Fire retirement benefits (although those benefits would be reduced if they chose an early retirement). If they were an OPSRP member, they would not only need to qualify by age or years of service, but also by having 60 months of retirement credit in the Police and Fire job classification.

Learn more

Employers

For more information about employing PERS retiree, read the Work After Retirement webpage for employers.

Disability retirement: employer reporting guide 14, *Disability Benefits*.

PERS retirement: employer reporting guide 16, *Reporting a Retirement*.

Members

For more information on retirement eligibility, direct your employees to the following webpages:

- Eligibility to Retire: Tier One/Tier Two webpage.
- Eligibility to Retire: OPSRP webpage.