

Reporting Wages of Rehired PERA Annuitants

When an employer hires an individual who may be a PERA annuitant, the employers should follow these steps:

- 1. Research** – Check with PERA to determine if the individual is receiving a benefit from us. An individual receiving a benefit from PERA is excluded from participating in a PERA Defined Benefit Plan*. Therefore, researching the status of someone who states that a benefit is being paid by PERA or there is a possibility that one is being paid is a critical first step in the process. The Employer Reporting and Information System (ERIS) includes a module that enables you to simply enter the Social Security Number of the individual and receive an instant message stating if a benefit is being paid to the holder of that specific SSN. If you do not have access to ERIS, you can also get this information by calling PERA's Employer Response Line, 651-296-3636 or 1-888-892-7372.
- 2. Enrollment** – If the research finds that the person is not a PERA benefit recipient, enroll the individual in the appropriate Defined Benefit Plan if he or she meets PERA-eligibility criteria. If the person is receiving a retirement benefit from PERA, and he or she is age 67 or younger, enroll the individual in PERA's Exempt Plan (99). Enrollment in this plan is necessary because we are required to monitor the earnings of benefit recipients under the Full Retirement Age who return to work for a governmental subdivision. The process for enrolling a person in the Exempt Plan is identical to an enrollment in any other PERA plan.
- 3. Report** – Once an individual is enrolled in the Exempt Plan, the employer is required to report the earnings of that person. However, because the employee is excluded from PERA, contributions should not be withheld and submitted. PERA monitors the earnings you report on retired members using the earnings limit set by the Social Security Administration. Refer to PERA's Web site for the current earnings limit. If an individual exceeds the earnings limit, there is a reduction in his or her PERA benefits. For each \$2 the person's wages go over the limit, there is a \$1 reduction in benefits.

* Drawing a benefit from PERA does not preclude an elected official from participating in PERA's Defined Contribution Plan.

When an annuitant reaches the Full Retirement Age, the employer has the option to stop reporting his or her wages to PERA. Because there is no earnings limit for those over the Full Retirement Age, it is not necessary for PERA to receive this information. If an employer's system dictates that it is easier to continue submitting wage information on all benefit recipients, then that employer can continue doing so. Again, PERA allows that decision to be made by the employer.

4. **Termination** – When a rehired annuitant stops working, the employer should treat it as any other termination of public service. PERA should be notified (through ERIS, a Member Information Change form, or an electronic demographic file) of the termination and its effective date.