



Human Resources Practices

Employment of Retirees

The City sponsors two qualified retirement plans – the General Employees Retirement Plan and the Police Officers and Firefighters Consolidated Retirement Plan. Regular employees of the City are generally required to participate in one of those plans. In order to ensure protection of the qualified status of the plans, the practice described herein shall be followed in evaluating retired candidates for City job vacancies.

- I. When an employee completes an application for retirement with our Risk Management Department, he or she signs a document stating he or she understands these conditions, and has no intent to continue employment with the City beyond the scheduled retirement date.
- II. When Human Resources becomes aware that a retiree is being considered for a position at the City, whether through an employment application or discussion with a Department Manager, the request to rehire the Retiree shall be forwarded to the Risk Management Director for review.
- III. The Risk Management Director determines whether the Retiree may be rehired and continue to receive a retirement benefit from the City's defined benefit pension plan, or if the retiree is ineligible to be rehired. This shall require consultation with the Retiree, hiring Manager, Department Head and/or Charter Officer.

Adopted: 04/06/2015
Revised: 10/01/2015

NOTICE TO RETIREES REGARDING RE-EMPLOYMENT AFTER RETIREMENT

The City of Gainesville's defined benefit plans (Plans) are qualified pension plans subject to the Internal Revenue Code and Income Tax Regulations. These laws and regulations require actual retirement (i.e., termination of employment) before a member may receive a retirement benefit. In particular, according to the Internal Revenue Service, "if both the employer and employee know at the time of 'retirement' that the employee will, with reasonable certainty, continue to perform services for the employer, a termination of employment has not occurred upon 'retirement' and the employee has not legitimately retired." Therefore, if the City were to provide a retirement benefit under such circumstances (where an employee "retires" one day to qualify for a retirement benefit under the Plans, with the explicit understanding between the employee and the City that upon retirement the employee will immediately return to service with the City), such "retirements" would violate the Code and may result in disqualification of the Plans (i.e., retirement benefits would become taxable). The only exception to this rule is where an employee returns to work for the same employer for less than eight (8) hours per week or the employee is age 62 or older.

To avoid disqualification of the Plans and ensure that retirement benefits are only distributed to members who have legitimately retired in compliance with the Internal Revenue Code and Income Tax Regulations, the City will review all City employees' applications for retirement and any other relevant information to verify that the City employee is legitimately retiring before providing any retirement benefit payment. *Retirement benefit payments will not be issued to City employees who do not legitimately retire.* For example, a City employee who "retires" on a Friday with an agreement in place to return to work with the City on Monday in any capacity (as a regular employee, temporary employee, or independent contractor in any City department even if the department is different than the employee's previously assigned department) will not be eligible to receive retirement benefit payments because the employee has not legitimately retired as required by law or the Plans, except in cases where an employee returns to work for the City for less than eight (8) hours per week or the employee is age 62 or older.

It should be noted that re-employment with an employer other than the City of Gainesville will not affect retirees' ability to continue to receive their retirement benefits.

To be signed by City employees who are under the age of 62 on their retirement date:

I swear or affirm that I have read this Notice to Retirees Regarding Re-Employment after Retirement and that the following statements are true and correct to the best of my knowledge and belief:

- (1) I will terminate my employment with the City of Gainesville on my retirement date;
- (2) There is no understanding or agreement in place at the time of my retirement for me to return to work for the City of Gainesville in any capacity after my retirement date;

- (3) I am not a current applicant for any open regular or temporary position with the City of Gainesville;
- (4) I have not received a verbal or written offer of re-employment as a regular or temporary employee or a verbal or written offer to provide services as an independent contractor after my retirement date from any employee or representative of the City of Gainesville; and
- (5) I understand that re-employment after my retirement with the City of Gainesville may impact my ability to continue to receive my retirement benefit payments during my period of re-employment.

Employee Name: _____

Signature: _____

Date : _____