

Bona Fide Severance of Employment — Post-Retirement Employment Restrictions for Individuals Covered by any New Jersey State-administered Retirement System

The Office of Human Resources at Kean University would like to inform you of regulations governing bona fide retirement from State-administered retirement plans, and subsequent re-employment.

What is Bona Fide Retirement for members of PERS/PFRS/TPAF?

"'Bona fide severance from employment' means a complete termination of the employee's employment relationship with the employer for a period of at least 180 days.

The following does not constitute a complete termination of the employee's relationship with the employer:

- i. Employment or re-employment in a part-time position;
- ii. Employment or re-employment in a position that is not covered by the Defined Benefit Plan;
- iii. A change in title;
- iv. Employment or re-employment as a contract employee, a leased employee, or an independent contractor; or
- v. Termination of employment with a pre-arranged agreement for re-employment.

Consequences of Invalid Re-employment

If an individual returns to public employment with the former employer prior to satisfying the requirements of a bona fide severance from employment, the employee will be required to repay all retirement benefits received from the date of retirement and may be required to re-enroll in the same or a different retirement system.

The IRS does not consider a pre-arranged return to public employment to be a bona fide severance from employment **no matter how long the break in employment**. If the employer and employee make an arrangement prior to the employee's retirement to return to the same employer in any capacity, including as a volunteer — at any future time, regardless whether the position is covered by the former retirement system — the employer/employee relationship is not completely severed and the retirement will be invalid. Should this occur, the employee will be required to repay all retirement benefits received from the date of retirement and may be required to re-enroll in the same or a different retirement system. All employee/employer pension remittances related to the new enrollment will be retroactive to the date of the employment. This would apply even if he or she waited 180 days before returning to the public employment.

Notification Requirements for New Hires

New Jersey State-administered retirement systems do not permit the payment of retirement benefits without a severance from public employment. As a result, the Division of Pensions and Benefits now requires that a *Notification of Employment after Retirement* form be completed by the Office of Human Resources and submitted to the Division of Pensions and Benefits within 15 calendar days of the date of hire whenever we engage the services of any retired New Jersey public employee. This requirement pertains to Kean University retirees as well as those who retired from another New Jersey public employer.

The notification form will be reviewed by the Division to determine if the returning retiree can continue to receive retirement benefits while re-employed, or if the retirement must be canceled and the employee enrolled in the same or another retirement system.

What about ABP members?

Generally, ABP members follow similar guidelines. You may contact the Office of Human Resources for further details regarding the employment of ABP members post-retirement.

Additional Information

If you have questions, you may also contact Yrelys Tapanes, Managing Assistant Director – Benefits at Kean University, by calling 908-737-3313 or via email at ytapanes@kean.edu.

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