

Board Meeting
July 25, 2013

AMEND POLICY ON EMPLOYMENT OF UNIVERSITY OF ILLINOIS RETIREES
AND EMPLOYMENT OF OTHER STATE UNIVERSITIES RETIREMENT SYSTEM
ANNUITANTS

Action: Amend Policy on Employment of University of Illinois Retirees and
Employment of Other State Universities Retirement System Annuitants

Funding: No New Funding Required

At the July 14, 2005, meeting of the Board of Trustees, the Board rescinded its policy enacted June 11, 1993, titled “Reemployment Agreements,” that had delegated to the President authority to enter into agreements for temporary re-employment of University of Illinois retirees. In July 2006, a new policy on “Re-Hiring University of Illinois Retirees” was adopted. In August 2012, revisions to the Illinois Pension Code including PA 097-0968, were enacted to impose limitations for the re-employment of annuitants, beginning August 1, 2013, on employers covered by the State Universities Retirement System (SURS). The new limits establish thresholds on the duration of time a SURS annuitant may work and the amount of compensation a SURS annuitant may receive without penalty to a SURS employer. The limits apply to all SURS annuitants, regardless of pre-retirement and post-retirement position classifications (e.g., faculty, administrative, civil service, and temporary/hourly) and are aggregated between all SURS employers. Once the thresholds outlined in PA 097-0968 are met, the SURS annuitant

becomes an “affected annuitant,” meaning that significant financial penalties are incurred when a SURS employer rehires or continues to employ a SURS annuitant after becoming “affected.” To comply with the new restrictions, revisions to the current policy are set forth in the attached document. The revised policy provides new criteria for employment of SURS annuitants at the University of Illinois, including the new employment, continued employment, or re-employment in a civil service position. The policy requires prior Board of Trustees approval in certain circumstances, and periodic reporting to the Board for other situations of SURS annuitant re-employment.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The policy as stated is effective immediately upon approval by the Board. This policy is not intended to contravene obligations in written legal agreements fully executed between individuals and the University of Illinois executed prior to the effective date of this policy, although such agreements are not exempt from criteria set forth in the Illinois Pension Code (PA 097-0968).

The President of the University recommends approval.

Policy on Employment of University of Illinois Retirees and Employment of Other State Universities Retirement System Annuitants

Retirement from the University of Illinois is at the discretion of the employee. When an employee of the University retires, this action will, in most cases, conclude the person's employment with the University.

Nonetheless, occasional re-employment of University of Illinois retirees or other SURS annuitants is a wise human resource practice for the University. Re-employing such retirees from time to time can help the University achieve quality and valuable objectives in serving students, conducting research, caring for patients, and managing exceptional circumstances and special needs. For example, a retiree may be specially qualified to do important work or perform a specific job at a time when good alternatives are unavailable or are more costly and of lower quality.

The University expects and requires effective succession planning and does not intend to use University retirees or other SURS annuitant re-employment as a substitute for developing well-qualified faculty and staff. The University will not re-hire SURS annuitants for the sole purpose of cost savings attributable to benefits which a retiree receives from the State Universities Retirement System (SURS). The University will not appoint retired senior administrators to positions from which they have retired or to similar positions without prior Board approval which would be based on exceptional circumstances and a clear and compelling benefit to the University. The University complies with applicable State statutes and rules governing the re-employment of SURS annuitants.

The requirements of this policy also apply to re-hiring of SURS annuitants pursuant to statutes and rules established for the State Universities Civil Service System, applicable to all Illinois public universities.

Approval and Reporting of Employment of University of Illinois Retirees and Employment of Other State Universities Retirement System Annuitants

University of Illinois retirees and other SURS annuitants in the following categories may be re-employed for the purposes described without prior Board approval. For purposes of this policy, reporting is required only for University of Illinois retirees and other SURS annuitants who are receiving monthly annuity payments. Reporting is not required for SURS annuitants who are receiving their annuity through the Self-Managed Plan or a lump sum payment. However, all appointments must have prior approval by the appropriate campus and/or central administrator(s):

- Retired faculty re-employed to teach courses or advise students and perform other related services on a part-time occasional basis.
- Retired faculty or staff re-employed to conduct research on appointments funded by grants and contracts.
- Retired clinical faculty or other clinical professionals re-employed to provide patient care on a part-time or occasional basis.
- Retiree re-employed in an hourly academic/research/faculty/clinical capacity.
- Retiree re-employed as extra help on a temporary basis.
- Retiree re-employed into status civil service position.
- Retiree re-employed on a temporary basis other than above to perform staff functions when other options are not feasible.

The Board will be notified of these appointments in writing near the time of each regular Board meeting, and such appointments may have specified end dates.

University of Illinois retirees or other SURS annuitants may be selected for University jobs at competitive salaries through open and competitive search processes. Such appointments, and any other employment of SURS annuitants beyond the circumstances defined in this policy, will remain subject to the Illinois Pension Code, including PA 097-0968, and will require prior approval by the Board of Trustees via an agenda item titled: "Recommendation(s) on Employment of University of Illinois Retirees and Employment of Other SURS Annuitants."

Responsibility for Re-employment Costs and Penalties

The employing unit will have sole responsibility for all costs and penalties incurred due to employment of a University of Illinois retiree or other SURS annuitant exceeding Illinois Pension Code (PA 097-0968) limits. In the event of multiple employing units, responsibility of the employer costs shall be proportional to the re-employment activity. Employing units are expected to make every effort to avoid rehiring or continuing to employ SURS annuitants that will result in assessment of a penalty. Campus/central administration shall have the authority to decline request to hire a SURS annuitant if financial penalties will be incurred.