MINNESOTA Management & Budget

Office Memorandum

Date: February 28, 2014

To: HR Directors/Designees

Laurie Hansen

From: Laurie Hansen, Director
Human Resource Management

Phone: 651-259-3620

Subject: Revisions to Post-Retirement Option Instructions PERSL #1408

The Post-Retirement Option (PRO) instructions have been updated to provide clarification regarding the calculation of hours for employees who are eligible to receive a contribution to a MSRS Health Care Savings Plan (HCSP). The instructions and the HCSP contribution schedule clarify that when calculating eligible hours for the HCSP contribution, you should include:

- regular hours worked
- vacation leave hours taken
- sick leave hours taken
- holiday hours paid that occur on a scheduled day of work
- overtime but only the actual number of hours worked
- compensatory time taken as time off

These same hours are also used to calculate the number of hours served toward the 1,044 hour maximum within a 12 month period.

In response to this clarification, you will need to verify that the tracking systems you have in place are including the eligible hours above. If you have not included all of these hours in your calculations for BOTH the amount of the HCSP payment and the 1,044 hour limit, you will need to conduct an audit of any PRO appointments your agency entered into to ensure that the HCSP payments and the hours tracked are correct. There are additional tracking considerations for employees who have worked in more than one PRO appointment in a specified period or who have worked for another agency. Turn to the instructions, Q & A #4 which provides additional guidance and describes the agency responsibility for tracking hours.

As you are reviewing these agreements, also verify that any vacation leave, sick leave or holiday benefits the PRO employee is receiving is covered under the employee's collective bargaining agreement or plan. The length of the employee's appointment is one of the factors used to determine whether an employee is eligible for vacation leave, sick leave or holiday benefits and employees working less than 6 months are typically not eligible to receive them.

Refer to the *Employer Contribution Schedule for Post-Retirement Options Employees – 2011* to calculate the employer contribution to the Health Care Savings Plan for employees who were scheduled to work less than 1,044 hours in a 12 month period. A copy of the employer contribution schedule can be found by going to http://www.mmb.state.mn.us/doc/ins/pro.pdf. We have added this schedule as an addendum to the PRO instructions.

If you discover any overpayments or underpayments in our audit review or if you have any questions about this clarification, please feel free to contact Chad Thuet, State Compensation Manager at Chad.Thuet@state.mn.us or 651-259-3759.

AGENCY INSTRUCTIONS FOR POST-RETIREMENT OPTION
(Revised June 2009, March 2011, June 2011, and October 2011)

These materials are specific to the post-retirement employment option established by M.S 43A.346. Agencies should continue to apply existing policies, procedures, benefits, etc. to hiring and employment of state retirees under other provisions (e.g., emergency and temporary appointments).

TABLE OF CONTENTS

ABBREVIATIONS/ACRONYMS

COBRA - Consolidated Omnibus Budget Reconciliation Act
FMLA - Family and Medical Leave Act
HCSP - Health Care Savings Plan
MMB – Minnesota Management & Budget
MSRS - Minnesota State Retirement System
PERA - Public Employees Retirement Association
PRO - Post-Retirement Option
SEGIP - State Employee Group Insurance Program

ELIGIBILITY

Each appointing authority must decide whether to offer the post-retirement option. Appointing authorities have sole discretion to determine if the post-retirement option will be made available in their agencies.

The post-retirement position and the employee's prior employment may be in the same or different agencies. Whether to offer post-retirement employment to a particular individual is at the discretion of the appointing authority. Positions and appointments are in the unclassified service and not subject to posting and bidding, seniority, claiming and other labor agreement/plan requirements for the filling of classified vacancies. The agency chooses the specific individual to whom a post-retirement option (PRO) arrangement will be offered.

Hiring Agency Responsibilities

Before extending an offer, the agency must verify that <u>all</u> of the following criteria are satisfied:

The person occupied a civil service position in the state Executive Branch, the Minnesota State Retirement System, the Office of the Legislative Auditor, or a person who was employed by the Metropolitan Council, on or after July 1, 2005, or occupied a position with the state Legislative Branch or the Public Employees Retirement Association on or after the effective date of May 26, 2007. The Executive Branch includes state agencies, MnSCU and constitutional officers but excludes retirement systems, the legislative and judicial branches, and quasi-state agencies such as the Historical Society (see M.S. 43A.02, subd. 22). Civil service positions include both the classified and unclassified services.

A person under age 62 terminated state employment at least 30 calendar days prior to any verbal offer or agreement being made for a post-retirement position OR a person 62 or older will terminate state employment prior to appointment to the post-retirement position.

An employee with multiple state jobs must have separated from all of them.

For at least the five years immediately preceding the termination date, the employee was regularly scheduled to work at least 1,044 hours per year in a position covered by an MSRS or PERA pension plan.

NOTE: Employees covered under the Teacher's Retirement Association (TRA) are not eligible for post-retirement positions under M.S. 43A.346 but may be eligible under different statutory provisions. Please refer to 2008 Session Laws, Chapter 349.

At the time of the termination of employment, the employee met the requirements for an unreduced retirement annuity. The agency must verify this with MSRS or PERA (whichever is applicable to the employee) as part of the application process.

The employee would not exceed the five year limit on total PRO employment if the agency's offer were accepted.

The agency cannot require an employee to waive any rights under a labor agreement/plan as a condition of participation.

Current Agency Responsibilities

Prior to appointment to the post-retirement position, the person must have terminated all other state employment. The person must be in Retired status in SEMA4.

For someone under age 62: The agency cannot make any offer of a post-retirement option position until at least 30 calendar days **after** the person terminated employment. To count 30 calendar days, day one is the day following the effective date of retirement. For example, if the effective date of retirement was August 1, day one is August 2. Day 30 is August 31, so the earliest date for any offer is September 1. The post-retirement appointment may not begin until the agreement is completed and signed by all required parties (the agreement may not be backdated). The effective date of the agreement must be the first day the person actually starts work. Therefore, the earliest possible effective date will be more than 30 calendar days after retirement. These provisions are necessary for compliance with federal IRS requirements. Failure to comply could lead to serious penalties for both individual pensions and the pension plans.

For someone 62 or older: The agency can make the offer of a post-retirement option position at any time before or after retirement. There must a break of at least one calendar day between the effective date of retirement and the first day of the PRO appointment.

If the employee is eligible for SEGIP retiree continuation coverage, the agency must provide the employee with the usual information and application materials to elect retiree continuation. The agency is also responsible for vacation liquidation, severance pay and any other benefits provided by the labor agreement or plan the employee is under at the time of retirement.

Employee Responsibilities

Terminate state employment (meaning all jobs if the employee has multiple appointments).

*** * * IMPORTANT * * ***

At the time of this separation, eligible employees must decide whether to enroll in SEGIP retiree continuation coverage. Retirees who do not elect retiree continuation coverage within 30 days of initial retirement are not eligible to enroll following their PRO service. See the section on Insurance for additional information.

Satisfy retirement plan requirements to commence an annuity (or, for an employee under the unclassified plan, satisfy requirements to commence an annuity or elect a lump sum payment). The employee should contact the appropriate retirement plan for requirements and instructions.

DEVELOP POSITION

Agencies may utilize their internal recruitment and selection processes to fill post-retirement positions. Persons who have retired from state employment and meet the eligibility requirements may be appointed to post-retirement positions.

Post-retirement positions may be used to provide non permanent employment opportunities with flexible work arrangements to retirees for the purpose of accomplishing project work or other work of a short term nature.

Agencies must have processes in place to document the need for, and purpose of, post-retirement positions.

The agency must establish a new position for the PRO appointment. Positions are represented unless excluded as managerial, confidential, insufficient work time or for one of the other reasons specified in Chapter 179A. Normal job audit policies and procedures apply to documentation, review and approval of position classification and bargaining unit designation for PRO positions.

All PRO positions are in the unclassified service. The end date cannot be more than one year after the start date but may be less.

The work schedule must be both a reduction of at least 25% from the number of regularly scheduled hours immediately preceding retirement (the work schedule for former full time unlimited employees may be no more than 60 hours per pay period) and 1,044 hours or less in state service in any 12 month period. A PRO agreement may be less than 12 months so long as the hours worked do not exceed 1,044 hours in any 12 month period. See Question #3 in the attached Q and A to determine how to count the 1044 hours. Note that, by law, the limit of 1,044 hours per year applies to state service and not the PRO position alone. The design of the work schedule may also be affected by the labor agreement or plan applicable to the PRO position and by agency policy (e.g., flextime).

Within those parameters, the agency and employee may agree to whatever schedule best suits accomplishing the position's responsibilities. The employee should have an established work schedule, however, the hours worked may fluctuate within the parameters of the established schedule. If the employee is eligible for the SEGIP employer contribution, agencies should ensure that schedule deviations do not impact such eligibility. If the schedule fluctuates between full and part-time work over the term of the agreement, the agency may need to make corresponding changes in SEMA4 (e.g., the Full/Part Time value) and eligibility for the SEGIP employer contribution may be impacted. (See Q and A document under "Work Schedules").

The work schedule must be reduced to writing as part of the PRO agreement. It should include sufficient detail so that the agency and employee have a clear and mutual understanding of the hours, days and months to be worked. The PRO agreement must be amended to reflect any change in the work schedule (see Modify and Renew PRO Agreements).

PRO positions are not entered into state hiring systems (VacancyBuilder and Resumix). Positions are in the unclassified service and not subject to posting and bidding, seniority, claiming and other labor agreement/plan requirements for the filling of classified vacancies.

INSURANCE

Participants may qualify for one of two PRO insurance benefits: 1) a contribution to the Health Care Savings Plan administered by MSRS or 2) a contribution for participating in the State Employee Group Insurance Program (SEGIP). Eligibility is determined by the scheduled hours and duration of the PRO agreement and whether the individual is receiving any other state-paid employer contribution for insurance. Some participants will not qualify for either PRO benefit.

The participant is eligible for the Health Care Savings Plan (HCSP) contribution if the agreed upon schedule is less than 40 hours per pay period for 12 consecutive months and the individual is not receiving any other state-paid employer contribution to insurance. (Verify this with SEGIP customer service at 651-355-0100 if the person is not employed by your agency.) Ineligibility typically occurs because of a state contribution to retiree insurance under an early retirement incentive or enhanced separation plan (e.g., Corrections Early Retirement). Participants who qualify for a state-paid contribution toward SEGIP coverage as part of a retirement or separation plan may not opt out of that coverage to obtain the HCSP contribution. In addition, an individual whose PRO position is eligible for SEGIP coverage with the partial employer insurance contribution cannot qualify for the HCSP contribution by declining SEGIP health and dental coverage. If the participant qualifies, see Contribution to MSRS Health Care Savings Plan Account below.

The participant is eligible for SEGIP employee coverage with a partial employer contribution if the agreed upon schedule is 40 hours each pay period for a period of 12 consecutive months. If the appointment qualifies, see Contribution to SEGIP Employee Coverage below.

Contribution to MSRS Health Care Savings Plan Account

The amount is determined by the formula specified in law - the employee's percent time (annual hours divided by 2,088) times the employer contribution for employee-only health and dental coverage times 1.5. Rather than calculating this figure, refer to the Employer Contribution Schedule for Post-Retirement Option Employees on the MMB Internet (http://www.mmb.state.mn.us/doc/ins/pro.pdf). The schedule specifies the dollar amount of the employer contribution based on the eligible hours worked in the PRO position. This will include all eligible hours between the start and end dates of the PRO agreement just ended. Eligible hours includes all regular hours worked, all vacation, sick leave, and compensatory time taken, straight time overtime, and holiday hours paid on a regularly scheduled day of work (see Question #24 in the attached Q and A). However, the agency must deduct any periods that the participant was receiving an employer contribution to SEGIP employee coverage or to post-retirement coverage (e.g., under an early retirement incentive).

An HCSP contribution is made at the end of each PRO agreement, whether or not PRO employment is being renewed for additional time. PRO participants may access all contributions to their HCSP accounts at any time after the contribution is made.

PRO participants who have post-retirement coverage through SEGIP follow the same procedures for billing, payment, etc. as other retirees. SEMA4 payroll deduction is not available for employee contributions to continue SEGIP retiree or COBRA coverage.

Contribution to SEGIP Employee Coverage

Participants who elected to continue SEGIP coverage as retirees (including those with coverage under an early retirement incentive) may choose to either continue post-retirement coverage or suspend it while they participate in SEGIP through PRO. Individuals may not enroll in SEGIP as a PRO participant for a benefit that they are continuing as a retiree. They also cannot opt out of SEGIP coverage to obtain the HCSP contribution.

PRO participants have the same enrollment choices, procedures and deadlines as other hires who qualify for SEGIP. All PRO coverage is subject to the same waiting period that applies to other rehires. Generally, coverage is effective 35 days after the date of appointment. COBRA and retiree coverage may be used during the waiting period (if elected within the proper timeframes) but participants need to be careful not to terminate other coverage before the waiting period ends.

Participants will face multiple enrollment choices, deadlines and coverage effective dates for SEGIP employee coverage, retiree continuation and COBRA. They may also have to choose whether to continue or suspend post-retirement SEGIP coverage. Individuals should call SEGIP customer service (651-355-0100) for assistance. Staff will explain the options and help employees make effective choices and take the steps necessary to implement and coordinate their decisions.

The amount of the employer contribution is determined by the labor agreement or plan governing the PRO position. Individuals participating in SEGIP through PRO must pay required contributions for SEGIP benefits through SEMA4 payroll deduction. Payroll deduction is not available to make payments required for SEGIP retiree or COBRA continuation coverage.

The same FMLA and COBRA continuation rules, policies and procedures apply to those enrolled in SEGIP employee coverage through PRO as to other employees enrolled in SEGIP.

PRO participants who suspend retiree coverage will need to reactivate it if they become ineligible to participate in SEGIP employee coverage because of a change in schedule or duration, i.e. the PRO agreement is amended, the PRO employment ends, or a renewed PRO appointment is not eligible for SEGIP coverage. PRO participants will also need to reactivate retiree coverage between the time one PRO appointment ends and another starts, with the exception of renewals (provided that the renewed PRO appointment meets eligibility requirements for SEGIP coverage).

Individuals must contact SEGIP no later than 30 days after the change or separation to reactivate retiree coverage but are encouraged to contact SEGIP in advance to ensure continuous coverage. Participants who continued post-retirement SEGIP coverage under an early retirement incentive should contact SEGIP if the ERI benefit ends during PRO employment. Employees can contact SEGIP customer service at 651-355-0100.

COMPENSATION AND BENEFITS

Please note that eligibility for compensation and benefits is based on each individual PRO agreement. Once a new agreement is put in place (including a renewal) the benefits are based on that agreement alone. The benefits from any previous appointment(s) do not automatically continue.

Salary: Normal policies and procedures for salary setting and approval apply on appointment to the PRO position. There should be no expectation that the individual will earn the same salary upon appointment to a PRO position since PRO positions are temporary project positions and may be at a different classification and compensation level from the employee's pre retirement position. Under no circumstances may an employee be appointed to a PRO position at a salary rate that exceeds the maximum of the range. Salary increases, overtime and other compensation are governed by the labor agreement or plan covering the PRO position.

Vacation: Length of service, accrual (including part-time pro-ration) and use are subject to the provisions of the labor agreement/plan covering the PRO position. The labor agreement/plan may also allow or require length of service credit for prior state employment.

Sick Leave: Accrual (including part-time pro-ration) and use are subject to the provisions of the labor agreement/plan covering the PRO position. The labor agreement/plan may also provide restoration of any sick leave hours not liquidated as severance pay at the time of retirement.

Holidays: Eligibility and pro-ration for fixed and floating holidays are in accord with the relevant labor agreement/plan.

Leaves of Absence: Eligibility, duration, application, approval, etc. are as provided in the relevant labor agreement/plan.

FMLA: Employees working in PRO positions may be eligible for FMLA-qualifying leave if they meet the same eligibility and qualification requirements as other state employees. Refer to the Statewide Policy on FMLA if you have questions.

Workers' Compensation: Coverage, policies, procedures, reporting, etc. are the same as for other state employees.

Retirement: The employee earns no state retirement service credit for PRO employment. Neither the employee nor the agency makes contributions to state retirement. However, wages are subject to Social Security and Medicare withholding and employees continue to earn credit towards Social Security.

Union Dues: If the PRO position is assigned to a represented bargaining unit, the employee is subject to dues or fair share deductions.

Pension: While in the PRO position, the employee's MSRS or PERA annuity is not subject to reduction under the provisions regarding reemployed annuitants (M.S. 352.115, subd. 10, for MSRS or M.S. 353.37 for PERA). The employee is responsible for knowing the amount of the unreduced annuity and contacting the appropriate retirement system if payments appear to be incorrect.

AGREEMENT FORM

All PRO agreements must be documented on the specified form and signed by the employee's state retirement system (MSRS or PERA), the employee and the appointing authority prior to the effective date of the appointment. The agreement form is enclosed within this document.

Carefully review the Eligibility and General Conditions on the back of the form. These are statutory and cannot be modified.

To determine the estimated amount to enter if the employee qualifies for a contribution to the MSRS Health Care Savings Plan, calculate the total number of eligible hours (see Question #24 in the attached Q and A) anticipated between the start and end dates of the agreement. Then refer to the Employer Contribution Schedule for Post-Retirement Option Employees available on the MMB Internet (http://www.mmb.state.mn.us/doc/ins/pro.pdf) to identify the dollar amount corresponding to that number of hours.

The agency and employee should each receive a copy of the final agreement. The agency must also provide signed copies of the final agreement to the employee's state retirement system, the MMB Employee Insurance Division and MMB SEMA4 Transactions. Any related documentation (verification of the employee's eligibility, position description, etc.) should be retained by the agency.

NOTE: For persons under age 62, agreement forms must not be signed until after 30 calendar days from the effective date of retirement.

When is a New Agreement Form Required? A new agreement form should be completed whenever a new PRO appointment begins or when a PRO appointment is being renewed. This will provide appropriate documentation for all PRO appointments and their resulting benefits & schedules.

STATE OF MINNESOTA

Post-Retirement Option Agreement

Agency ____

Agency Contact ___________________________________ Phone _________________

Retiree/Employee Name ______________________________ Employee ID _____________

Retirement Plan ☐ MSRS ☐ PERA Retirement Date __________ Daytime Phone _________

MSRS/PERA USE ONLY

Is the retiree/employee eligible for full retirement as of the date above? ☐ No ☐ Yes

MSRS/PERA Signature: _____________________________________Date: _____________

Conditions of the Post-Retirement Position (*Also see General Conditions described on the reverse.*)

Classification ____ Rate of Pay _________

Bargaining Unit _________________ Start Date ______________ End Date _____________

Schedule and Hours (*describe the specific schedule to be worked during this agreement*) ___________
____

Eligible for Holiday, Vacation and Sick Leave Benefits: ____Yes ___No

Employer Contribution to Insurance (*check **one***)

☐ SEGIP coverage with a partial employer contribution. The employee is scheduled to work 40 hours each pay period for a period of 12 consecutive months.

☐ Employer contribution to an MSRS Health Care Savings Plan account. Estimated amount $________
(*Estimate is based on the dates and schedules above and current insurance provisions; subsequent changes may affect the amount contributed.)*

☐ Not eligible for either. Reason: ____

I confirm that I will meet all of the criteria for participation. I understand and accept the conditions of the post-retirement position described in this agreement and in M.S. 43A.346.

Employee Signature: ____________________________________ Date: _____________

I confirm that the agency has verified the employee's eligibility to participate. I understand the conditions of post-retirement employment described in this agreement and in M.S. 43A.346 and agree to ensure that the agency complies.

Appointing Authority Signature: ________________________________ Date: _____________

Agency: Provide a signed copy of this-agreement and any subsequent agreements to the employee's retirement system, the MMB, Insurance Division, (fax 651-797-1313),and MMB SEMA4 Transactions (fax 651-797-1301).

Eligibility: To qualify for participation, a state employee must meet ***all*** of the following criteria:

- Occupied a civil service position in the state Executive Branch *(as defined in MS. 43A.02, subd. 22),* the Minnesota State Retirement System or the Office of the Legislative Auditor on or after July 1, 2005 or occupied a position with the Public Employees Retirement Association on or after May 26, 2007.
- Retire from state employment, *(At the time of this separation, eligible employees must decide whether to elect SEGIP retiree continuation coverage. Retirees who do not elect continuation coverage within 30 day of initial retirement are not eligible to enroll following their PRO service.)*
- For at least the five years immediately preceding the retirement, regularly scheduled to work at least 1,044 hours/year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association
- At the time of the retirement, meet the age and service requirements for an ***unreduced*** retirement annuity from the plan and satisfy requirements for commencement of an annuity *(or, for the unclassified employees plan, elect a lump sum).*
- Agree to accept a post-retirement position working a schedule that is both a reduction of at least 25% from the employee's number of regularly scheduled work hours ***and*** 1,044 hours or less in state service

General Conditions

- The appointing authority may not require a person to waive any rights under a collective bargaining agreement or unrepresented employee compensation plan as a condition of participation.
- During the period of this agreement, the appointing authority may not modify the conditions specified without the employee's consent, except as required by law or by the collective bargaining agreement or compensation plan applicable to the employee.
- The employee must entirely separate from state employment (*all positions/appointments*). This constitutes a break in continuous service. **For persons under age 62, no offer of a post-retirement position may be made until 30 calendar days have lapsed from the effective date of retirement. For persons age 62 and older, there must be a break of at least one calendar day between the effective date of retirement and the effective date of appointment to the post-retirement position.**
- The post-retirement position and appointment are in the unclassified service.
- Eligibility for salary increases and benefits such as vacation, sick leave, and holidays are governed by the provisions of the labor agreement or compensation plan applicable to the post-retirement position.
- If scheduled hours qualify for SEGIP coverage with a partial employer contribution, normal enrollment choices, procedures and deadlines apply. Coverages selected are subject to the usual waiting period following rehire. COBRA and retiree coverage may be used during the waiting period if they are elected within the proper timeframes. However, employees may only be covered under one group (*retiree, COBRA or active employee*); multiple coverages are not allowed.
- If the employee is eligible for the employer contribution to an MSRS Health Care Savings Plan account, the amount will be calculated at the end of this agreement (regardless of whether the position is being renewed for additional time) based on the formula specified in M.S. 43A.346, the eligible hours worked between the start and end dates of this agreement, and the employer contribution for SEGIP employee-only health and dental coverage as of the date the contribution is made.
- Initial duration and any subsequent renewal(s) or appointments cannot exceed one year each; total employment in one or a combination of post-retirement option positions cannot exceed five years.
- The employee is not covered by the state unclassified employee's retirement plan and does not earn MSRS or PERA service credit. The agency does not make state retirement contributions and the employee is not subject to payroll deduction for state retirement.
- While in the post-retirement option position, the employee's MSRS or PERA annuity is not subject to reduction under the provisions regarding reemployed annuitants (*M.S. 352.115, subd. 10 for MSRS or M.S. 353.37 for PERA*).
- At the end of the initial period and each subsequent renewal or appointment, the agency has sole discretion to determine if the position will be renewed or terminated.

CREATE SEMA4 RECORDS

Position Record. You must create new PRO positions. Do not change an existing position, even if it is vacant, to a PRO position.

1. To access Position Data, select Organizational Development > Position Management > Maintain Positions/Budgets > Add/Update Position Info. When the search page appears, click Add a New Value.
2. Enter the correct effective date. Accept the default Reason code **NEW**.
3. Enter the appropriate data on all the Position Data pages.
   - On the Description page, the Reg/Temp value must be **Limited**. Pay special attention to the Standard Hours field; this value *must* be consistent with the PRO agreement.
   - On the Specific Information page, the Classified Indicator must be **Unclassified**. Pay special attention to the FTE field; this value *must* be consistent with the PRO agreement.
   - On the Barg Unit/Cost Projection page, enter the end date for the position in the Not to Exceed Date field. This date must match the end date on the PRO agreement. Select **PROX** in the Unclassified Authorization field.
4. Complete the Position Funding page.
5. Save.

Job Record. For the initial PRO appointment, the employee must be in Retired status.

1. To access Job Data, select Workforce Administration > Job Information > Job Data. Do not add a concurrent job.
2. When the search page appears, enter the employee ID or name of the person you are appointing to the PRO job.
3. On the Work Location page, click to add a new row. Enter the correct effective date. For employees under the age of 62, there must be break of a least 30 calendar days before any verbal offer or agreement is made for a post-retirement position. Therefore, the person cannot be appointed for 30 plus days after the effective date of the retirement. For employees age 62 and older there must be a break of at least one calendar day between the effective date of the retirement and the effective date of the PRO appointment. Select **Rehire** as the Action and **SUN** (Stat Uncl Appt-Non Academic) as the Reason.
4. Enter the appropriate data on all the Job Data pages.
   - On the Job Information page, the Empl Class should be **Not Applic**. The Classified Indicator must be **Unclassified**. Pay special attention to the Standard Hours and FTE fields; these must be the same as the position record and consistent with the PRO agreement.
   - On the Employment Information page enter a date in the Appointment End Date field. This date must correspond with the end date in the PRO agreement.
   - On the Benefit Program Participation page, enter **PR** in the Retirement Code field. (MSRS and PERA use this code to distinguish PRO participants from other retirees who return to state employment, so be sure it is accurate.) Determine whether the employee is eligible for SEGIP coverage with a partial employer contribution and enter the correct code in the Special Elig field.
5. Save.

MODIFY AND RENEW PRO AGREEMENTS

Modification

While a PRO agreement is in effect, the conditions may only be modified with the employee's consent unless a change is required by law or the applicable labor agreement/plan. The agency should notify the employee in writing of any revision resulting from law or labor agreement/plan and explain the reason it is occurring. Modification of a PRO agreement will require a new form. Amendments mutually agreed to by the appointing authority and employee must be documented through completion of a new PRO agreement form. Depending on the nature of the revisions, corresponding changes to SEMA4 position and/or job records may also be necessary (see SEMA4 Entry below).

Renewal

PRO employment may be renewed for a period of up to one year at a time unless the employee's total employment in one or a combination of PRO positions would exceed five years. The appointing authority has sole discretion to determine whether PRO employment will be renewed or terminated on the end date of the current agreement. There must be no break between the end of the current agreement and start of the renewal agreement. If there will be a break between one agreement and the next or if the appointing authority decides not to renew the PRO position, refer to the section on Separation From PRO.

Each PRO appointment, including a renewal, is considered a separate appointment for benefit eligibility including holiday pay, vacation, sick leave and insurance benefits. Therefore, if the employee was eligible for accruals and/or SEGIP coverage in their previous appointment and the renewed appointment does not meet the eligibility requirements for these benefits, the employee will no longer retain them.

If the decision is to renew the PRO position, the agency has the choice to continue or modify the existing provisions. In either case, a new PRO agreement form is required to document the renewal agreement or to document the changes if conditions are being modified from the previous agreement. Both the appointing authority and employee must sign the renewal agreement. The agency also makes the SEMA4 entries described below. Depending on the nature of the modifications, additional SEMA4 changes may be necessary. For example, revising the work schedule may affect Standard Hours and FTE fields in both position and job records.

The agency and employee each receive a copy of the final renewal agreement. The agency is responsible for providing a copy of the signed renewal agreement to the employee's state retirement system, MMB Employee Insurance Division and MMB SEMA4 Transactions.

The Commissioner's and Managerial Plans provide that vacation accruals must be liquidated when the employee moves from a vacation eligible appointment to a vacation ineligible appointment. Therefore, should the renewed appointment be ineligible for vacation accruals, the employee's current vacation balance must be liquidated.

AFSCME and MAPE contract language specify that vacation accruals will not be liquidated when the employee moves from a vacation eligible to a vacation ineligible position unless the new position is covered by a different labor contract or plan.

For employees not covered by the above mentioned labor contracts or plans, the vacation balances are not liquidated when the employee moves from a vacation eligible to a vacation ineligible position.

Employees may not use vacation accruals that remain “on the books” when the employee is in a vacation ineligible position. The balances will be liquidated when the employee separates from state service. Should the employee return to a vacation eligible status without a break in service, the employee may again utilize the accruals.

NOTE: No severance payments will be made due to an employee’s renewal to a sick leave ineligible position. Any severance payments are made only upon separation from state service.

If the employee qualifies for an employer contribution to the MSRS Health Care Savings Plan, the agency must also make the contribution for the agreement that has concluded. See the section on Payment Process for Health Care Accounts.

SEMA4 Entry

<u>Position Record.</u> To renew or make changes to a PRO position, complete these steps:

1. Access the PRO position in Position Data. Click to add a new row.
2. Enter the correct effective date. Enter the correct Reason code: **PEX** (Extend Position End Date) for renewal of an agreement; other codes if the agreement has been modified by mutual consent or as required by law or the applicable contract/plan.
3. On the Barg Unit/Cost Projection page, enter the new end date in the Not to Exceed Date field. Select **PROX** in the Unclassified Authorization field.
4. Make sure that all other fields are consistent with the renewed/modified PRO agreement.
5. Save.

<u>Job Record.</u> For appointment to a renewed PRO agreement when there is <u>no</u> break between the end of one agreement and the beginning of the next, complete these steps:

1. On the Work Location page, click to add another row.
2. On the Work Location page, enter the effective date of the renewed appointment. Select **Movement** as the Action and **SUN** (Stat Uncl Appt-Non Academic) as the Reason.
3. On the Employment Information page, enter a date in the Appointment End Date field. This date must correspond with the end date in the renewed PRO agreement.
4. Save.

If the new agreement alters the PRO job's attributes, make the necessary changes to the Job data fields so they are consistent with the changes to the position record and the PRO agreement.

If the new agreement alters vacation eligibility, process any vacation payouts per above instructions under "Modify and Renew PRO Agreements".

If the employee's SEGIP coverage will terminate because hours are reduced, be sure this is reflected in the Special Eligibility field. Changing the employee from eligible to ineligible in SEMA4 will generate the necessary COBRA information. Employees who elected SEGIP continuation at the time of retirement may elect COBRA or reactivate suspended retiree coverage. To reactivate retiree coverage, individuals must contact SEGIP (651-355-0100) no later than 30 days after the change is effective but are encouraged to call them in advance to ensure continuity of coverage. Employees who did not elect SEGIP continuation within 30 days of their retirement cannot enroll now. They are eligible only for COBRA.

SEPARATION FROM PRO

Employees are considered to have separated from their PRO appointment if they are leaving state service, have not had a current PRO appointment renewed, or have a break between subsequent PRO appointments.

Enter the separation in the employee's SEMA4 job record:

1. On the Work Location page, click to add another row.
2. On the Work Location page, enter the effective date of the separation. Select **Separation** as the Action and **TRM** (Term Without Rights) as the Reason.
3. Save.

Liquidate any vacation balance as provided in the applicable labor agreement/plan. Consult labor contract provisions for eligibility for severance pay as this varies from contract to contract.

If the employee qualifies for an employer contribution to the MSRS Health Care Savings Plan, see the section on Payment Process for Health Care Accounts.

If the employee has SEGIP coverage that terminates, entering the separation in SEMA4 will generate a COBRA notice. Employees who elected SEGIP continuation at the time of retirement may elect COBRA or reactivate suspended retiree coverage. To reactivate retiree coverage, individuals must contact SEGIP (651-355-0100) no later than 30 days after the separation but are encouraged to call them in advance to ensure continuous coverage. Employees who did not elect SEGIP continuation within 30 days of their retirement cannot enroll now. They are eligible only for COBRA.

Provide the employee with information about the provisions regarding subsequent state or Metropolitan Council employment (M.S. 43A.346, subd. 10):

> If a person has been in a post-retirement option position and accepts any other position in state or Metropolitan Council-paid service, in the subsequent state or Metropolitan Council-paid employment the person may not earn service credit in the Minnesota State Retirement System or Public Employees Retirement Association, no employer contributions or payroll deductions for the retirement fund shall be made, and the provisions of section 352.115, subdivision 10, or section 353.37, shall apply.

PAYMENT PROCESS FOR HEALTH CARE ACCOUNTS

These instructions apply only if the employee qualifies for the employer contribution to a Health Care Savings Plan. Refer to the Insurance section and M.S. 43A.346, subd. 9 for eligibility requirements and other information.

Payment is made to MSRS at the end of each written agreement, regardless of whether the employee's PRO position will be renewed for an additional period. An employee may have multiple PRO agreements but each may be no more than one year in length.

The employer contribution to the Health Care Savings Plan (HCSP) is made in mass time entry after the end date of the eligible employee's existing PRO agreement.

1. Agency payroll staff calculates the total number of Eligible Hours Worked. This will be all eligible hours between the start and end dates of the PRO agreement just ended which would include all regular hours worked, all vacation, sick leave, and compensatory time taken, straight time overtime, and holiday hours paid on a regularly scheduled day of work (see Question #24 in the attached Q and A). However, the agency must deduct any time the participant received a state contribution to SEGIP coverage (partial employer contribution, early retirement incentive).

2. Agency payroll staff determines the appropriate contribution amount from the Employer Contribution Schedule for Post-Retirement Option Employees. The schedule lists the dollar amount of the employer contribution, based on the total eligible hours calculated in step 1. The contribution schedule is available on the MMB Internet (http://www.mmb.state.mn.us/doc/ins/pro.pdf)

3. In mass time entry, agency payroll staff enter earn code HCR (ER Contrib. to Health Care Sv.) and the dollar amount found on the contribution schedule for each eligible employee. This earn code does not pay the employee and does not affect taxes.

4. During pay calculation, a deduction for the employer contribution will be taken for the amount of the HCR earnings code entered in mass time entry. On the Paycheck Deductions page in SEMA4, this will appear as deduction code HCSP07 (Post Ret Hlth Svgs Plan 1X ER).

5. On the pay stub, the employee will see the earnings "Post Ret Hlth Svgs Plan 1X ER" for the dollar amount from the schedule and the employer-paid benefit "Hlth Svgs" for the same amount.

Agency payroll or HR staff should contact deductions.mmb@state.mn.us if there are any questions about how to process the employer contribution to MSRS for the Health Care Savings Plan.

IF YOU HAVE QUESTIONS

Insurance: Both agencies and employees should call SEGIP customer service at 651-355-0100.

Other Benefits: Employees should contact their agency human resource office. Agencies should contact their MMB Labor Relations representative.

Retirement: Both agencies and employees should contact the appropriate state retirement system.

Minnesota State Retirement System: 651-296-2761 or toll free 1-800-657-5757

Public Employees Retirement System: 651-296-7460 or toll free 1-800-652-9026

SEMA4:

For questions about job and appointment records, agencies should contact their SEMA4 HR Specialist at MMB.

For questions about processing HCSP contributions, agencies should contact MMB staff at deductions.mmb@state.mn.us.

POST-RETIREMENT OPTION
INFORMATION FOR EMPLOYEES

The post-retirement option (PRO) was developed to encourage employees to delay full retirement and remain in, or return to, state employment. It is not a retirement incentive but a way for agencies to retain the critical skills and organizational knowledge of potential retirees. By offering part-time employment to staff who would otherwise retire, agencies can more effectively manage skill development, knowledge transfer, mentoring, transition, labor shortages and other workforce issues expected to result as baby boomers reach retirement.

The following information is specific to the post-retirement option established by M.S. 43A.346. Agencies may continue to offer employment to state retirees under other provisions, such as emergency and temporary appointments, that have different policies, procedures, benefits, etc. Individual appointing authorities decide whether to make PRO available in their agencies and whether to offer it to a particular individual. Check with your human resource office if you have questions about PRO's availability in your agency.

Before extending an offer of PRO employment, the agency will verify that you qualify to participate. The eligibility criteria are described on the PRO Agreement Form. Review this information carefully since many employees who qualify for retirement will not qualify for PRO.

If you meet all of these requirements and are offered a PRO position, you must:

- Terminate state employment (meaning all jobs if you have multiple appointments). Your current agency is responsible for vacation liquidation, severance pay and any other benefits provided by the labor agreement/plan you are under at the time of retirement. If you are eligible for SEGIP retiree continuation coverage, your human resource office will also provide you with the information and forms needed.

- If you are under age 62, you must have been retired for 30 calendar days before receiving any verbal offer or agreement for a post-retirement position.

- If you are age 62 or older, there must be a break in service of at least one calendar day between the effective date of your retirement and the start of any PRO appointment.

- PRO appointments may be renewed at the discretion of the appointing authority.

*** * * IMPORTANT * * ***

If you are eligible for SEGIP retiree continuation coverage, you must decide whether to enroll at the time of this separation. If you do not elect retiree continuation coverage within 30 days of initial retirement, you are <u>not</u> eligible to enroll at the end of your PRO employment.

- Satisfy retirement plan requirements to commence an annuity (or, for an employee under the unclassified plan, satisfy requirements to commence an annuity or elect a lump sum payment). Contact your state retirement plan for requirements and instructions.

- Accept the agency's written offer of a PRO position. This will be provided on a Post-Retirement Option Agreement form which is verified by your retirement system and signed by both you and the appointing authority. Carefully review the description of the post-retirement position on the front of the form and the General Conditions on the back of the form to be sure you understand and are willing to accept the terms of PRO employment.

INSURANCE

The Post-Retirement Option Agreement form indicates the insurance benefit, if any, that will be provided as part of your PRO employment.

SEGIP coverage with a partial employer contribution.

You are eligible for this benefit if you will work 40 hours per pay period for one year (your PRO agreement indicates a schedule of 40 hours every pay period with employment of 12 consecutive months from Start Date to End Date). If you elected to continue SEGIP coverage as a retiree (including coverage under an early retirement incentive or ERI), you may either continue this post-retirement coverage or suspend it while participating in SEGIP through your PRO employment. You have the same enrollment choices, procedures and deadlines as other hires who qualify for SEGIP. However, you may not enroll in SEGIP as a PRO participant for a benefit that you are continuing as a retiree. If you qualify for SEGIP coverage with a partial employer contribution, you cannot decline health and dental coverage in order to qualify for the Health Care Savings Plan contribution.

All PRO coverage is subject to the same waiting period that applies to other rehires. Generally coverage is effective 35 days after the date of your appointment. COBRA and retiree coverage may be used during the waiting period (if you elect it within the proper timeframes). To ensure continuous coverage, be careful not to terminate other coverage before the waiting period ends.

The amounts you and the employer contribute are determined by the labor agreement or plan for the bargaining unit of your PRO position. (The unit to which your position is assigned appears on the Post-Retirement Option Agreement form.) Your required contributions for SEGIP employee benefits are made through SEMA4 payroll deduction. However, payroll deduction is not available to pay for your SEGIP retiree or COBRA continuation coverage.

You are likely to face multiple enrollment choices, deadlines and coverage effective dates for SEGIP employee coverage, retiree continuation and/or COBRA. You may also have to decide whether to continue or suspend post-retirement SEGIP coverage. For help understanding your options, making effective choices and taking the steps necessary to implement and coordinate your decisions, contact SEGIP customer service staff at 651-355-0100.

If you suspend retiree coverage, you will need to reactivate it if you become ineligible to participate in SEGIP employee coverage. This may occur because your schedule changes or your PRO employment ends. To reactivate retiree coverage, you must contact SEGIP customer service at 651-355-0100 no later than 30 days after the date you become ineligible. You are encouraged to call them in advance of the schedule change or separation to ensure continuous coverage. You should also contact SEGIP customer service if you have SEGIP coverage under an early retirement incentive and the ERI benefit ends during your PRO employment.

Employer contribution to an MSRS Health Care Savings Plan account

You are eligible for this benefit if you are scheduled for anything other than 40 hours per pay period for 12 consecutive months and you are not receiving any state-paid employer insurance contribution. The Post-Retirement Option Agreement indicates the estimated amount of the Health Care Savings Plan (HCSP) contribution based on the schedule and length of time you will work.

You will not be able to access money contributed to the HCSP under the PRO agreement until after the contribution is made. However, you are able to use prior HCSP contributions, such as severance and vacation hours paid at the time of retirement, for reimbursement of eligible medical expenses.

PRO participants who have post-retirement coverage through SEGIP follow the same procedures for billing, payment, etc. as other retirees. SEMA4 payroll deduction is not available to pay the costs of your SEGIP retiree or COBRA continuation coverage.

Not eligible for either.

The agency will indicate the reason for ineligibility. Typically this occurs because you receive a state contribution to post-retirement insurance under an early retirement incentive. Participants who qualify for a state-paid contribution toward SEGIP coverage as part of a retirement or enhanced separation plan may not opt out of SEGIP coverage to obtain the HCSP contribution.

COMPENSATION AND BENEFITS

Most pay and benefit provisions are established by the labor agreement or plan covering your PRO position. (The agreement form indicates the unit to which your position is assigned.)

Salary: Your initial salary is indicated on the agreement form. Future increases, overtime and other compensation are governed by the labor agreement/plan covering your PRO position.

Vacation: Length of service, accrual (including part-time pro-ration) and use are subject to the provisions of the labor agreement/plan covering your PRO position. The labor agreement/plan may also allow or require length of service credit for your previous state employment.

Sick Leave: Accrual (including part-time pro-ration) and use are subject to the provisions of the labor agreement/plan covering your PRO position. The labor agreement/plan may also provide restoration of any sick leave hours not liquidated as severance pay at the time of retirement.

Holidays: Eligibility and pro-ration for fixed and floating holidays are in accord with the relevant labor agreement/plan.

Leaves of Absence: Eligibility, duration, application, approval, etc. are as provided in the relevant labor agreement/plan.

Retirement: You earn no state retirement service credit for PRO employment and neither you nor the agency makes contributions to state retirement. However, you continue to earn credit towards Social Security and both you and the agency pay Social Security and Medicare.

Union Dues: If your PRO position is assigned to a represented bargaining unit, dues or a fair share fee will be deducted from your wages.

Pension: While in the PRO position, your MSRS or PERA annuity is not subject to reduction under the provisions regarding reemployed annuitants (M.S. 352.115, subd. 10, for MSRS or M.S. 353.37 for PERA). You are responsible for knowing the amount of the unreduced annuity and contacting the appropriate retirement system if payments appear to be incorrect.

Contact your human resource office if you have questions about specific pay or benefit provisions.

Q & A FOR POST RETIREMENT OPTION (PRO) APPOINTMENTS

January 26, 2009 (Revised June, 2009, December, 2009, March, 2011, June, 2011 & October 2011

TIME LIMITS AND HOURS CALCULATIONS

1. Q. Is there a maximum length of time for a PRO appointment?

   A. Yes. The maximum length of time for a single PRO appointment is one year.

2. Q. Does the aggregate 5 year limit on PRO appointments include time between PRO appointments?

   A. No. Only the actual time period of the PRO agreement counts towards the 5 year limit.

3. Q. Post retirement positions are limited to no more than 1044 hours in any 12 month period. What is included in the 1044 hours?

   A. Hours worked or paid are included in the 1044 hours. Premium pay is **not** included.

   <u>Regular hours:</u> All regular hours worked are included in the 1044 hours.

   <u>Vacation and Sick Leave:</u> Hours taken as vacation or sick leave are included in the 1044 hours.

   <u>Overtime/Comp Time:</u> If the employee incurs overtime and is eligible for time and one half pay, only the straight time hours are included, not the half time. Example: An employee works 3 hours of overtime and is eligible for time and one half. The 3 hours are included in the 1044 hours but the 1.5 hours of premium pay (whether paid in cash or places in a compensatory time off bank) are not. However, once the compensatory time bank hours are used as time off, they then count.

   <u>Holiday Pay:</u> Holiday pay on a day the employee was scheduled to work is included in the 1044 hours. Holiday hours on a day off which may be converted to vacation leave or paid in cash are not included. Again, if they are subsequently used as time off, they would count.

4. Q. Are the 1044 hours cumulative over more than one PRO appointment?

   A. Yes, the 1044 hours includes all hours worked in all PRO appointments within any 12 month period. This is a rolling 12 month period. Therefore, if an employee is on more than one PRO appointment within state service during a single 12 month period, regardless of agency or division, all hours worked in all PRO appointments are included in the 1044 total.

   Example: An employee served in a PRO appointment beginning January 1st for 6 months and worked 520 hours. They then begin another PRO appointment for 8 months beginning

August 5th. They are limited to 524 hours between August 5th and January 1st (1044 - 520 = 524).

Therefore, agencies must track all hours that are included in the 1044 maximum for employees on PRO appointments (see Question #3 above). When an employee is hired on a PRO appointment, you must check to see if they have had any previous PRO appointments within the preceding 12 month period.

5. Q. Are hours worked in NON PRO appointments included in the 1044 hours?

   A. No. While employees may move back and forth between PRO and NON PRO appointments, only hours worked in PRO appointments count towards the 1044 hours. Example: An employee is on a PRO appointment that ends after 8 months (600 hours). The employee then immediately accepts a 3 month temporary unclassified position (NON PRO so only one calendar day break required) and works 400 hours, then accepts another PRO position (again only one calendar day break required). The new PRO position does not need to account for the 400 NON PRO hours. The hours worked in the NON PRO appointment have no effect on the hours that the employee can work in the new PRO appointment.

6. Q. Are employees able to work on a PRO appointment and a NON PRO appointment simultaneously?

   A. No

7. Q. What are the PRO appointment hour limitations for employees who retire from less than full time positions?

   A. The PRO appointment must be BOTH a reduction of at least 25% from the number of regularly scheduled hours immediately preceding the employee's retirement and a maximum of 1044 hours in any 12 month period. For example, an employee who was part time and regularly scheduled for 40 hours per pay period prior to retirement, may work no more than 30 hours per pay period (25% reduction from 40 hours) and 783 hours (25% reduction from 1044 hours) in any 12 month period in a PRO appointment. Since these employees would not be working 40 hours per pay period in a 12 month period, they would not be eligible for any employer contribution to SEGIP. They would, however, be eligible for the contribution to the HCSP.

WORK SCHEDULES

8. Q. Are employees able to work full time for a period of time during their PRO appointment and then not work at all for a period of time?

   A. No. An employee may work no more than 60 hours per pay period. It is possible for an employee to average the 60 hours among 2 or 3 pay periods for example, work 80 hours one pay period and 50 hours in each of the next two pay periods, however, the average of 60 hours per pay period must be maintained. Averaging hours should occur only over 2-3 pay periods.

Appointment end dates should reflect the point in time when the employee stops work. Therefore, there should not be long periods (over one pay period) of no work within the time frame of one PRO appointment.

9. Q. What if there is a significant period of time (over 2 pay periods without any intent to average) that a PRO appointment varies from the agreed number of hours to be worked?

   A. PRO appointment insurance eligibility (HCSP or SEGIP) relies on the scheduled hours of the PRO agreement for eligibility. PRO agreements that experience changes in the agreed upon scheduled hours (over 2 pay periods) should either be amended to reflect the new schedule or terminated with a subsequent agreement made that reflects the proper schedule (see Required Breaks in Service section). Insurance eligibility needs to be re-evaluated based on the new schedule.

   Employees whose PRO agreements are amended would never be eligible for SEGIP coverage. If the current agreement was for less than 40 hours per pay period and the new scheduled hours result in a pattern of 40 hours per pay period and the agency desires to offer SEGIP coverage and can guarantee a new 12 month agreement, the agency should not do an amendment but should terminate the existing agreement and begin a new 12 month agreement (see Required Breaks in Service section).

   REMINDER: you cannot create a 12 month agreement at 40 hours per pay period if the prior agreement had more than 40 hours per pay period unless there is a break between agreements. This would violate the 1044 hour limit over any rolling 12 month period of time requirement.

10. Q. What if a PRO appointment started off with SEGIP eligibility but needed to change due to fluctuations or changes in scheduled hours to the point where the appointment is no longer eligible for SEGIP?

    A. In order to reflect the proper scheduled hours, a new agreement should be written. The eligibility for SEGIP would no longer exist. The employee would be eligible to revert to their retiree SEGIP coverage and would be responsible for the retiree premiums. The employee would most likely be eligible for the HCSP contribution based on the scheduled hours under the new agreement.

11. Q. What if a PRO appointment requires a continual fluctuating schedule or is based on fluctuating needs of the agency?

    A. PRO appointments that cannot maintain a consistent 40 hours per period over a 12 month period of time should be constructed to allow the HCSP. This can be done by scheduling 1043 hours or less or making the agreement less than 12 months in length. However, keep in mind the restrictions referred to in Question #8. PRO appointments with fluctuating schedules receiving SEGIP insurance would be in violation of labor contract provisions.

REQUIRED BREAKS IN SERVICE

12. Q. Must employees have a break in service between retirement and a subsequent PRO appointment?

    A. For employees under age 62, no written or verbal offer for a PRO appointment may be made until 30 calendar days after the employee's effective date of retirement.

    Employees age 62 and older must have a one calendar day break between their effective date of retirement and any subsequent PRO appointment.

13. Q. Must there be a break in service between PRO appointments?

    A. Employees may be eligible for a renewal of their PRO appointment if they are continuing their PRO appointment in the same agency. For renewals, there must be **no** break between the PRO appointments (see PERSL #1408 - PRO instructions on Renewal).

    Employees who are starting a new PRO appointment that is not a renewal (for example going to another division or agency) must have a one calendar day break between appointments.

14. Q. Is a break in service required between a PRO appointment and a NON PRO appointment?

    A. There must be at least a one calendar day break between a PRO appointment and NON PRO appointment or visa versa. Further, any employee under age 62 who begins a PRO appointment must have had a 30 day break at some point in time after their effective date of retirement and prior to the PRO appointment.

15. Q. Are workers returning to work on NON PRO appointments subject to the 30 calendar day break between their retirement and the beginning of any subsequent appointment?

    A. Effective January 1, 2009, **regardless of age**, workers must have a 30 calendar day break in service before returning to employment in a NON PRO MSRS eligible position (this does not apply to NON PRO appointments that are not eligible for retirement deductions, e.g. temporary classified).

    NOTE: See the matrix at the end of this document pertaining to required breaks in service.

BENEFITS

NOTE: Each PRO appointment stands on its own regarding eligibility for benefits (insurance or HCSP, vacation, sick leave, and holiday pay). This includes renewal appointments. For example if a renewal appointment is for less than six months the employee is not eligible for holiday pay or vacation and sick leave accruals. If a renewal appointment does not meet the eligibility requirements for SEGIP coverage, the employee is eligible for only the HCSP benefit. Therefore, if they had been receiving SEGIP in a previous appointment and the new appointment is ineligible for this benefit, the SEGIP coverage must be terminated. See PRO instructions under "Modify and Renew PRO Agreements" and see Q. and A. # 18 below.

16. Q. How is holiday pay computed for employees on PRO appointments?

A. Holiday pay is computed according to the applicable labor contract or plan. Employees should have a base work schedule so that you can determine when to invoke the "holiday pay on a scheduled day of work" provisions or the "holiday on a scheduled day off" provisions.

17. Q. Are employees on PRO appointments eligible for severance pay at the end of their PRO appointment?

A. The severance pay provisions of the applicable labor contract or plan apply. For example, several contracts and plans provide that employees who were eligible for severance pay when they previously left state service are again eligible for severance pay at the end of any subsequent appointment*. This would apply to PRO appointments.

Keep in mind:
- as outlined in labor contracts and plans, only those hours earned since the previous severance payment was made can be used to calculate any subsequent severance payments.
-severance pay (if applicable) is only paid when the employee actually separates from state service.

*NOTE: As of the 2009-2011 contract year, the MAPE contract was revised to provide for payment of severance pay to employees who have previously received severance pay upon separation and then subsequently been rehired. Therefore, PRO appointments covered by the MAPE contract became eligible for severance pay as of July 1, 2009.

18. Q. Must employees on PRO appointments have their vacation accruals liquidated and severance pay (if applicable) paid at the end of a PRO appointment if they anticipate starting a new PRO appointment?

A. Yes, these benefits must be paid at the end of every PRO appointment with the exception of renewals (see exception below for renewals to vacation and sick leave ineligible positions). If a PRO appointment is being renewed as described in the PRO instructions, the benefits are not paid until the end of any renewal period(s).

Exception: If a renewal appointment is for less than six months the employee is not eligible for vacation and sick leave accruals.

Commissioner's and Managerial Plan language requires that the vacation balance be paid off when the employee goes from a vacation eligible position to a vacation ineligible position.

Therefore, for PRO employees covered by these plans, the vacation balance should be paid off.

Under AFSCME and MAPE, the contract language provides that the vacation balance is paid off only when the new appointment is to a different bargaining unit. If the bargaining unit remains the same, the vacation balance is not paid off until the employee separates from state service.
For all other PRO employees the vacation balance is not paid off until the employee separates from state service.

When the vacation balance is not paid off and stays "on the books" after the employee has moved to a vacation ineligible position, the employee may not use any of the accrued time until such time as they would again be placed in a vacation eligible position without a break in service.

19. Q. Are all PRO appointees eligible for either a HCSP contribution or an employer contribution to SEGIP?

    A. No. Employees who qualify for an employer contribution to SEGIP as a result of a retirement or enhanced separation plan (for example, Corrections, State Patrol, or Faculty early retirement plan) are not eligible for either a HCSP contribution or an employer contribution to SEGIP while on a PRO appointment. These provisions apply to a limited group of employees.

20. Q. May employees who qualify for an employer contribution to SEGIP as a result of a retirement or enhanced separation plan (as described in Question #19) opt out of that insurance coverage in order to receive an HCSP contribution as a result of a PRO appointment?

    A. No.

21. Q. Does the PRO appointment have to be for 12 consecutive months in order for the employee to be eligible for the employer contribution to SEGIP?

    A. Yes, the employee must be scheduled for 40 hours per pay period for 12 consecutive months in order to be eligible for the employer contribution to SEGIP. Each PRO appointment, including renewals, must be evaluated separately for SEGIP eligibility.

22. Q. Is an employee whose PRO appointment is eligible for an employer contribution to SEGIP but, who declines that contribution, eligible for the HCSP contribution? For example, the employee has insurance coverage through their spouse or other means so they decline the state contribution.

    A. No. Only employees whose PRO appointments don't qualify for the employer contribution to SEGIP are eligible for the HCSP contribution.

23. Q. Are PRO appointees eligible for a HCSP contribution if their PRO appointment is for less than 12 months?

    A. Yes. Employees whose appointments are for less than 12 months (even if they work 1044 hours), are eligible for a HCSP contribution. They are not eligible for an employer contribution to SEGIP since they are not on a 12 month appointment.

24. Q. How is the amount of the HCSP contribution calculated?

    A. Refer to the Employer Contribution Schedule for Post Retirement Option Employees on the MMB SEMA4 site. http://www.mmb.state.mn.us/doc/ins/pro.pdf Eligible hours worked are calculated the same as stated in Question #3 above for calculation of the 1044 hours.

25. Q. When is the HCSP contribution paid?

    A. At the end of each PRO agreement, whether or not PRO employment is to be renewed for additional time.

26. Q. When are employees able to access their HCSP contributions?

    A. Employees on PRO appointments may access any HCSP contributions they received at the time of their retirement. They are able to access any HCSP contributions received as a result of their PRO appointment at any time after the contribution is made.

27. Q. Are employees who are eligible for a HCSP contribution as part of their PRO appointment able to use their retiree insurance benefits while on the PRO appointment?

    A. Yes. Employees who are eligible to receive a HCSP contribution can continue to receive SEGIP benefits as a retiree. However, retiree elections need to be made within 30 days of retirement.

28. Q. Do labor contract or plan provisions providing for a 1% earnings contribution to the HCSP apply to employees on PRO appointments?

    A. If the employee is under a labor contract or plan that has the 1% earnings contribution provision and the employee meets the requirement for the contribution, it does apply. For example, under the MAPE provision, there is a 5 year service requirement for the contribution. Since all persons must have either a one day or 30 day break between their retirement and a PRO appointment, employees covered by the MAPE contract would not be eligible for the 1% contribution because they would not meet the 5 year service requirement. However, under the Commissioner's and Managerial Plans, there is no service requirement so employees covered by these provisions would have the contribution deducted.

    Employees are able to access the 1% HCSP contributions at any time after the contribution is made.

29. Q. Do employees need to make their retiree insurance election at the time of their retirement even if they plan on securing a PRO appointment after their retirement date?

    A. Yes. Any employee who plans to use the retiree benefits to provide coverage during any breaks or after their PRO appointments terminate needs to make that election within 30 days of retirement. Even employees who receive SEGIP coverage while on PRO need to make their retiree elections immediately upon retirement. All PRO participants should contact the SEGIP service center when they retire, start PRO, stop PRO or have questions about how to coordinate paying for premiums while on breaks. The SEGIP service center can be reached at (651) 355-0100.

30. Q. Is there an insurance coverage waiting period for employees on PRO appointments who are eligible for SEGIP coverage?

    A. Yes. Because PRO appointments are considered a new hire, there is a required 35 day waiting period. For employees under age 62 this means there is a minimal lapse in coverage of 65 plus days (35 day waiting period plus a 30 plus calendar day break after their retirement date). Employees have the choice to elect their retiree coverage to bridge this gap. As noted above, the retiree insurance must be elected within 30 days of retirement. Employees should contact the SEGIP service center (651-355-0100) when coordinating between PRO and retiree insurance.

31. Q. Should employees contact SEGIP when on a required 1 calendar day separation involving PRO or NON PRO appointments?

    A. Yes. The one day break requires separation of state service which means any return (even as little as a one day break) will require subsequent positions to be considered a rehire. This requires a 35 day waiting period for SEGIP insurance which means a one day break results in a 36 day gap in insurance coverage. As noted above, employees who elect retiree coverage would be able to continue coverage at their own expense during this break in coverage. Members should contact the SEGIP service center (651-355-0100) to avoid any lapse in coverage and premium payment.

32. Q. Retiree insurance has no employer contribution, but insurance for PRO appointments does. How do the premiums work?

    A. Employees who are covered under retiree insurance will be billed for the complete insurance premium for the time as a retiree. Employees who are covered by SEGIP insurance under PRO appointments will have their insurance premium taken pretax as a payroll deduction. Premiums and enrollment need to be kept separate between retiree and PRO insurance. Employees should contact the SEGIP service center (651-355-0100) to coordinate enrollment and premium payments between PRO and NON PRO appointments.

RELATED Q & A

33. Q. Are workers who have retired from state government able to return to work for state government in other than PRO appointments?

    A. Yes. Retired workers may return to work in any type of position, however, their pension benefits may be affected.

    Workers who return to work in NON PRO positions are subject to an earnings cap after which their pension annuity will cease and the monetary amount will be placed in abeyance and will earn 6% interest compounded annually. The annuity will restart when MSRS is notified by the worker that they are no longer working. The exact point in time when the annuity will restart is dependent on MSRS law and rules. The holdings will be paid out according to MSRS rules.

    NOTE: Retired workers who return to work in non MSRS positions (positions that normally are not eligible for a retirement contribution, e.g. temporary classified) are not subject to the earnings cap.

    NOTE: Retired workers who return to work in a NON PRO position and who are eligible for SEGIP coverage are not able to access any HCSP contributions until they again separate from state service.

Retired workers receiving an annuity should always consult with MSRS (or PERA if applicable) before making any decision to return to work after retirement in either PRO or NON PRO appointments.

PRO Matrix – Required Breaks in Service

Transaction	No Break	At least one calendar day break	At least 30 calendar day break before employment offer
Under age 62 -between retirement date and PRO appointment			X
Between PRO and NON PRO appointments and visa versa		X	
Age 62 and over - between retirement and PRO appointment		X	
Upon renewals*	X		
Between PRO appointments that are not renewals regardless of age		X	
Between retirement and NON PRO appointment regardless of age			X
Between NON PRO appointments after retirement regardless of age		X	

*Renewals are discussed on page 11 of the PRO instructions in PERSL #1408. A renewal is when a PRO appointment is extended within the same agency with substantially the same duties although the working conditions may change. With renewals, there can be no break in service.