

CITY OF ROCHESTER ORGANIZATIONAL POLICY

POST-RETIREMENT EMPLOYMENT

All requests for the continuation of employment after retirement must be submitted to the Human Resources Director who will consider such requests with the affected Department Head. Employment offers extended outside of the approval Human Resources Department are not official and/or binding to the City.

Policy Guidelines

Phased Retirement Option (PRO) – Initiated Prior To Retirement

The City of Rochester recognizes the benefits of retaining experienced employees to assist with workload and to mentor new and/or existing employees. In accordance with Minnesota Statute 353.371 and the Public Employees Retirement Association (PERA), the City has elected to participate in the Phased Retirement Option (PRO) in cases where a valid business purpose is established. The extension of an employment agreement and the employment terms and conditions under PRO are at the sole discretion of the City; thus, nothing in this policy shall be construed as a guarantee of this option or a contract of employment. *The option for the City to enter into a new PRO agreement is dependent upon MN PERA program availability.*

Eligibility for PRO is limited to current employees age 62 or older who have maintained an average of at least 20 hours for the five years preceding retirement and who are eligible for a monthly PERA retirement benefit. PRO employment agreements cannot exceed a total of five years. Working hours must meet the following criteria as a condition of continued employment in the PRO program:

1. Work hours must be reduced by at least 25 percent of "pre-retirement" hours; **and**
2. Work days cannot exceed 67 days per calendar year **or** the average work hours over the calendar year must be less than 14 hours per week.

At the end of PRO participation, employees must terminate their employment with the City. In the event that a PRO participant exceeds the allowed hours under MN Statute, PERA will suspend the participant's monthly retirement benefit until all public employment has been terminated and a continuous separation of 30 days has occurred.

PRO participants may begin collecting a PERA benefit without the normally required 30-day break in service and prohibition against having any agreement to return to work with the City. Participants are also exempt from PERA's earnings limits that apply prior to full Social Security retirement age. In addition, neither the participant nor the City is required to make any further contributions to PERA. Because the participant is receiving a pension, he or she will cease to earn service credits and there will be no future adjustment to the high-five average salary. Upon the completion of PRO service, the normal requirements applied to employees who terminate public service would be effective.

PRO participants will receive pay commensurate with the classification of the position(s) that they occupy when working under the agreement. PRO participants will not be eligible to receive an increase to their agreed upon wage rate within the effective dates of the PRO agreement.

Participants are not entitled to receive any City provided benefits afforded to active employees, as described within the City's organizational policies. Such benefits include, but are not limited to, vacation leave, sick leave, holi-

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day pay, and insurance benefits; however, eligibility for group insurances will continue under COBRA and applicable state requirements. Employees will be eligible to receive any accrued benefit payouts and/or retiree benefits they qualify for per the organizational policies and/or applicable collective bargaining agreement based on the service credits attained prior to the PRO agreement commences.

Continuation of City Employment (not under PRO) – Initiated 30+ Days After Retirement

Any City employee who has been in a retired status for thirty (30) days or longer may be eligible for temporary employment with the City. Retirees must meet all the minimum qualifications for the position to which they are applying. If offered employment, it is the retiree's obligation to maintain awareness of the earnings impact to other sources of income (i.e. PERA, Social Security benefits) that the retiree may be receiving.

Revised and approved by the City Administrator:



Steve Rymer

Date

