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Circular Letter

TO: ALL STATE AGENCIES, AGRICULTURAL DISTRICTS, PUBLIC AGENCIES, STATE COLLEGES & UNIVERSITIES, EMPLOYEE REPRESENTATIVES

SUBJECT: RETIRED ANNUITANTS

Change Limit from 960 Hours in Calendar Year to 960 Hours in Fiscal Year

Effective January 1, 2006, the Legislature has changed the law (Statutes of 2005, Chapter 328, Assembly Bill 1166) that allows a state agency or public agency covered by the California Public Employees' Retirement System (CalPERS) to employ a retired person without reinstatement from retirement or loss or interruption of benefits. Currently, a retired person may be temporarily employed for 960 hours in any *calendar year* without reinstatement. The change allows a retired person to be temporarily employed for 960 hours in any *fiscal year* without reinstatement. The Public Employees' Retirement Law defines fiscal year to mean any year commencing on July 1st and ending with June 30th next following.

The change will take effect on January 1, 2006, midway through the fiscal year. The following provides the maximum hours a state agency or public agency may temporarily employ a retired person without reinstatement from retirement or loss or interruption of benefits:

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|---|-------------------|
| • January 1, 2006 through June 30, 2006 | 960 hours maximum |
| • July 1, 2006 through June 30, 2007 | 960 hours maximum |
| • Future fiscal years | 960 hours maximum |

Other Recent Changes in the Law

Unemployment Insurance

Effective January 1, 2005, Government Code section 21224 (Statutes of 2004, Chapter 398, Senate Bill 1439) was amended to preclude a retired annuitant from returning to employment if, during the 12-month period prior to the appointment, the retired annuitant received unemployment insurance based on employment as a retired annuitant.

A retired person who accepts a temporary appointment within 12 months of receiving unemployment insurance as described, must terminate employment on the last day of the current pay period. Further, that person will not be eligible for reappointment as a retired annuitant for 12 months following the last day of employment. A violation of this provision does not require mandatory reinstatement from retirement nor reimbursement of the system.

Requirement for Bona Fide Separation in Service

Effective January 1, 2004, Government Code section 21220.5 was added to the Public Employees' Retirement Law to require that a person who has not attained normal retirement age is required to have a bona fide separation in service before working after retirement without reinstatement or loss or interruption of benefits. The CalPERS Board of Administration subsequently adopted regulations which defined "normal retirement age" and "bona fide separation in service." Those regulations are at California Code of Regulations, title 2, sections 586 – 586.2. Please see Circular Letter 200-181-04 for details about the bona fide separation in service requirements.

For additional information concerning retiree employment, please review the information under **Employment after Retirement** available on the CalPERS Web site at www.calpers.ca.gov. If you have additional questions, please telephone the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division