

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System

RETURN-TO-WORK PROVISIONS REFORMED

Public Chapter 203, Acts of 2005, has reformed the exceptions under which retired employees may return to work for a TCRS covered employer without loss of benefits.

Generally, when a retiree returns to a covered employer, the TCRS benefit is suspended unless the re-employment meets one of the exceptions set out in retirement law. The Return to Work Reform Act eliminates five of the ten exceptions for members who retire after December 31, 2005. Details of these changes will be communicated to employers and in the Fall newsletter to active members.

The Act's only impact on current retirees is an expansion of the temporary return provisions. The number of days a retiree may work for a TCRS employer without loss of benefits has now increased from 100 to 120. Likewise, the credit hours a retiree may teach within the higher education system has been increased from 15 semester hours to 18. This was done to give employers greater flexibility to manage fluctuating workloads or other issues of a temporary nature.

As with the prior temporary work provisions, the following conditions apply:

- ❖ The retiree must be retired for 60 days before accepting temporary employment with a TCRS employer. If not retired for at least 60 days, the retiree may return earlier if the appointing authority certifies that no one else is available. Even with this special need certification, the retiree is not permitted to work more than 50% during the 60-day separation period.
- ❖ Compensation is limited to 60% of the final year's salary indexed by 5% per year thereafter.
- ❖ A temporary employment form must be filed with TCRS. More details and a compensation limit table are on this form.
- ❖ The 120 days is an equivalent limit. For example, one could work 240 half days or, if a full day is eight hours, the limit has now increased from 800 hours to 960 hours.
- ❖ To avoid benefit repayment situations, you and your employer should maintain a record of hours worked.

For more information, contact your employer, visit the TCRS website at www.treasury.state.tn.us/tcrs or call a counselor at (615) 741-1971.

Cost-of-Living Adjustment

Retired teachers and state employees who have been on TCRS retired payroll for at least 12 consecutive months as of July 1, 2005 will receive a 3% cost-of-living adjustment. Retirees of local governments that have authorized COLAs will receive this increase also.



This adjustment is based on changes in the Consumer Price Index (CPI) for the 2004 calendar year and is applied to the benefit of each eligible retiree. If there is an increase in the CPI of 1% or more in any year, retirement law provides that eligible retirees will receive an adjustment on their retirement benefit equal to the change, not to exceed 3%.



The *Retiree Advisor* is a publication of TCRS, 10th Floor Andrew Jackson Building, Nashville, TN 37243, (615) 741-4913 or 1-800-770-8277.

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AGAIN ... PLEASE ... DON'T RISK IT!

In 2001, TCRS ran an article about some employees' return-to-work strategies in an attempt to qualify for benefits and full salary with a covered employer. The information in that article is worth repeating.

Recently, TCRS has had a number of cases where a member applies for benefits and continues to work under a contract. In other cases, retirees have returned to employment and worked under a contract to attempt to avoid suspension of benefits.

These members/retirees have placed their financial welfare at risk because, when discovered, they have been required to repay the benefits they received while they were working. In some cases, the amounts repaid have been enormous.

The existence of a contract does not provide a loophole to permit a retiree to receive benefits and work for a covered employer.

If you are ever in a position to consider an appointment with a covered employer after retirement, you should limit yourself to 120 days of temporary employment per year and the appropriate salary limitations (or 18 semester hours of higher education instruction), direct TCRS to suspend your benefit, or decline the opportunity.

Please do not risk your financial future! The TCRS mission is to provide lifetime benefits to retirees, not collect benefit payments already made.

Editor's Note: The guidelines for disability retirees are different. In addition, surviving beneficiaries are exempt from work limitations and certain other exceptions exist. For more information, you may request a booklet or visit the TCRS website at www.treasury.state.tn.us/tcrs.

Coming this Fall: Medicare Part D

The federal government will be mailing information to you concerning new prescription drug coverage in Medicare. Although the Medicare Part D coverage will be optional, initial reviews indicate this program offers significant benefits at a modest price. Read the materials you receive carefully, paying specific attention to the list of covered drugs offered by companies providing prescription drug plans in your area.

If you need more information about the new Medicare Part D coverage, please call 1-800-MEDICARE or visit <http://www.medicare.gov/>.

CALLING TCRS

For your convenience, TCRS has an automated system. When you call our toll-free number (1-800-770-8277), you have these options:



Selection

<u>Number</u>	<u>Service Area Desired</u>
1	Financial Services Including Retired Payroll, Refunds, Account Balance
2	Retirement Insurance
3	Appointments, Beneficiary Changes, Counseling, or Field Services
4	Benefit Computations and Prior Service Questions
7	Report the Death of a TCRS Retiree or Active Member

If you call from a touch-tone phone, you do not have to listen to the menu. Press your selection after the automated attendant answers your call. If you call from Davidson or surrounding counties, you may reach the system locally by dialing 242-6554.

The TCRS website is full of useful information and forms. Access the site at www.state.tn.us/tcrs.