

## **Important Information about Employment with Merced County after Retirement**

### Normal Retirement Age and Employment Regulations

The Board of Retirement has adopted resolutions defining normal retirement age as 50 for Safety Employee Members and as age 60 for Miscellaneous Employee members. The resolutions also require that a “bona fide” separation from service must occur before any retired member who is younger than normal retirement age can be employed as a retiree by a MercedCERA employer. A bona fide separation from service is based on two factors: 1) the absence of a predetermined arrangement to return to work with a MercedCERA employer; and 2) a minimum of 60 day break in service from the date of retirement to the date post-retirement employment begins.

**If you are a retiring safety member, 50 years or older or a retiring general member, 60 years or older, these regulations do not apply to you.**

### Why Define Normal Retirement Age?

MercedCERA, as a tax-qualified pension plan under section 401 (a) of the Internal Revenue Code (IRC) has defined normal retirement age for two reasons:

1. The Internal Revenue Service (IRS) has stated that a pension plan may not permit the distribution of employer-provided benefits to a member who is also employed by a MercedCERA employer who has not attained the normal retirement age as defined in the plan unless the participant has a “bona fide” separation from employment.
2. The \$3,000.00 tax deduction provided by the Pension Protection Act of 2006, for pension income paid directly for medical health or long term care insurance, is available only to those retired safety employees who retire at or after “normal age of retirement.”

### Why propose ages 50 and 60?

IRS regulations provide that “normal retirement age cannot be earlier than the earliest age that is reasonably representative of a typical retirement age for the covered workforce.” After reviewing the retirement ages of MercedCERA members, the Board determined that 50 and 60 were retirement ages typically representative of MercedCERA members.

### How does this affect Post-Retirement Employment?

For members who retire younger than “normal retirement age,” the member must:

1. have a minimum of 60 day break in service from the date of retirement to the date post-retirement employment begins; and
2. the absence of any pre-determined arrangement with an MercedCERA employer for the member to return to work after retirement.

If a member who retires below normal retirement age returns to work without complying with conditions #1 and #2, they will be asked to terminate employment within 30 days of notification by MercedCERA and may not return to work for 365 days or until they reach normal retirement age whichever occurs first. Members who fail to terminate employment may be subject to having retirement benefits terminated.

**I hereby acknowledge that I have been advised of the regulations related to normal retirement age and post retirement employment and I verify that I do not have any predetermined arrangement with a MercedCERA employer to return to work.**

\_\_\_\_\_ Date

\_\_\_\_\_ Signature