



CITY OF FALLS CHURCH

INTEROFFICE MEMORANDUM

DATE: September 4, 2020

TO: Basic and Police Pension Plan Participants

FROM: Cindy L. Mester, Deputy City Manager/ Pension Plan Administrator

SUBJECT: **Post-retirement Employment/ Pension Plans Code Compliance**

Purpose: To establish parameters that permit the City to rehire retirees (i.e. post-retirement employment) to meet limited organizational service needs, ensure the long term financial sustainability of the Basic and Police Pension Plans (Plans) and retain federal and state code qualifying tax compliance.

Administrative Policy:

- 1) Effective July 15, 2020 to June 30, 2021 for future post-retirement employment. Current retirees that have been rehired and are receiving annuities are grandfathered as long as current rehire terms are maintained but term changes or break in service will terminate grandfathered status.
- 2) Permitted parameters:
 - a. No in-service distributions, i.e. commencement of annuity payments prior to retirement with a bona fide termination of employment;
 - b. No rehiring pre- arrangements made before an employee retirement;
 - c. Employee must be separated/terminated from employment and qualified as a retiree;
 - d. Required minimum of 30-day break in service prior to consideration of rehire in service.
 - e. Retirees shall be rehired only with a substantial change in position, including the following types of positions.
Under employee status, as approved by the Pension Plan Administrator and Human Resources Director, if they are:
 - i. Rehired into a non-benefit accrual position (less than 19 average hours per week) assuming this is different from prior position OR
 - ii. Rehired into a different position and job duties regardless of department; OR
 - iii. Re-hired for a short duration not to exceed 90 days; a one-time extension could be considered for extenuating circumstances (i.e. vacancy recruitment process is pending): OR
 - iv. Re-hired because there are unexpected, unplanned, compelling facts and extenuating circumstance that justify the rehire, OR
 - v. The occurrence of a natural/man-made crisis, or economic revenue crisis, but this exception is: (a) rare, not the general rule; and (b) for a duration not to exceed 12 months.

Under a consultant status, as approved by the Pension Plan Administrator and Human Resources Director, for a period not to exceed 90 days for one of the following needs:

- i. Advisory role to position replacement;
- ii. Serves as a trainer/transfer expert with specific CFC knowledge; or
- iii. Available for as needed/ ad hoc consulting on pre-defined issues/questions.

f. Additional service in a position will not accrue as Credited Service for purposes of future benefit payments and compensation paid during such service will be not taken into account for purposes of determining the retired employee's Final Average Pay.

Pension Plan Amendment: In order for this Administrative Policy to become a permanent and permissive policy the Plans must be amended to permit post-retirement employment. Plan Amendments must be considered and recommended by the City of Falls Church Retirement Board (City Code Chapter 30) and adopted by the City Council by Ordinance.

Next Steps: Retirement Board will be briefed on this Administrative Policy at the September 10, 2020 meeting with request to approve or deny at their next quarterly meeting in November. If approved the amendment to the Plans would be presented to City Council in December.

Cc: City of Falls Church Retirement Board Trustees
Steve Mason, Human Resources Director
Meaghan DeCelle, Human Resources Generalist