



**ILLINOIS STATE
UNIVERSITY**
Illinois' first public university

Human Resources

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To: Deans, Directors, and Department Heads
From: Human Resources ⁽¹³⁾
Date: August 13, 2024
RE: Hiring and Employment of SURS Annuitants

This communication is regarding the rehiring process for SURS retirees. Currently, the University applies the 60-day rule when rehiring employees after retirement. The rule requires, with limited exception, the employee to be separated from the University, with no oral or written agreement to return to employment after the time of retirement, for a minimum of 60 days.

Although consistent with rules established by the State Universities Retirement System (SURS), this process has created exposure for the University for penalties, potentially in the millions of dollars, under the Affordable Care Act (ACA). When an employee retires from a benefit-eligible position and returns to employment at the University within 26 weeks, the University must report that person as an eligible employee under ACA regulations and include them in the total number of employees to whom the University must make an offer of insurance coverage. The existence of insurance through SURS is irrelevant and does nothing to limit the University's exposure. The larger the number of individuals to whom an offer is required to be made, the greater the risk of penalties for the University. In order to mitigate this risk, the process will now require SURS annuitants to be fully separated from the University for at least 26 weeks before they are eligible for rehire.

As a reminder, in addition to the clear separation from the University, a rehired annuitant cannot earn more than the limitations set by SURS in any given year, measured as September 1 through August 31. SURS members who opt for a lump sum benefit in lieu of becoming an annuitant and members who participated in the Retirement Saving Plan (formerly the Self-Managed Plan) are exempt from this earnings limitation.

This change to the period of separation will apply to anyone retiring or taking a lump sum benefit with SURS, including those in the Retirement Savings Plan, on or after December 31, 2024. This means that anyone who is retiring on December 31, 2024, for example, may not return to employment until at least July 2, 2025. Updates to Policy 3.1.28, Hiring and Employment of SURS Annuitants, will be made prior to the December 31, 2024, effective date of this change.

Questions regarding these changes may be sent to our office at hrbenefits@ilstu.edu.