

# Early Retirement Factors (Retire-Rehire)

## Issue

Should the SCPP revise the post-retirement (retire-rehire) rules to allow members who retire under the 2008 Early Retirement Factors (ERFs) to return to work before age 65?

## Background

Members who retire early have their monthly benefits reduced to offset the cost of receiving benefits longer. Members with 30 or more years of service qualify for subsidized ERFs, which result in smaller reductions to benefits.

Stakeholders have stated:

- ❖ There is a shortage of substitute teachers.
- ❖ This shortage could be at least partly related to the retire-rehire restriction for the 2008 ERFs.

Members who retire under the 2008 ERFs:

- ❖ Receive a smaller reduction to monthly benefits.
- ❖ Cannot return to work before age 65 without a suspension of benefits.

Members who retire under the other ERFs:

- ❖ Receive a larger reduction to monthly benefits.
- ❖ Do not share the retire-rehire restriction.

## Highlights of Analysis

- ❖ Most retirees who are eligible for subsidized early retirement choose the 2008 ERFs.
- ❖ The retire-rehire policy for the 2008 ERFs is an exception to the general policy that part-time employment is allowed for early retirements and creates an inconsistency between cohorts of retirees.
- ❖ Retire-rehire can serve as a tool for public entities to recruit experienced employees for temporary or part-time work.
- ❖ Some policy makers may be concerned about the public perception of rehiring retirees in general.
- ❖ There are likely ways to address substitute teacher shortages outside of pension policy.

## **Committee Activity**

The SCPP considered this issue at the November and December meetings.

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