

## Recommendation for the rehiring of retired employees on TCRS

### Discussion:

Upon review of the Council's intentions as I understand them, the goal of the early retirement program was twofold:

1. To reduce costs by incentivizing higher paid employees to retire reducing both retirement costs and salaries.
2. To provide upward mobility for employees by opening up senior ranking positions.

Allowing employees who must return under TCRS defeats both the cost savings and the ability for other employees to move up and still remain in the City's employment.

It would be my recommendation as a rule to not allow these employees to return unless there were extraordinary circumstances necessitating their return. In those cases, if they received a retirement buyout, that buyout would have to be paid back over whatever period of time they had to serve to reach the 30 year threshold or five (5) years, whichever is greater. Any other retirement non-buyout incentives received would be deducted from incentives received upon the subsequent separation. Additionally, their pay should be reduced by 5% to put them on equal footing with other employees who now have to pay in 5% to ICMA when the retirees would not be paying that amount. This is the only way I can see to keep the employee from "double dipping" and maintaining some equity with employees now under ICMA. Employees of Police or Fire could have knowledge based testing waived, but would still need to pass the physical testing requirements of new hires.

The other outstanding issue that remains is whether to address the health insurance bridge payments. It was established by the Council in March of 2010 that only employees that were in a ten year window for retirement would be eligible for health care coverage up to the age of 65. Of that original pool of 24 eligible employees, three have already reached 65 and one more will this month. This would be a policy issue for the Council, it is already a committed cost, and so keeping it would not incur additional funding as is the case when rehiring an employee to the TCRS plan.