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# MANAGEMENT DIRECTIVE

570.9  
Amended  
Number

## COMMONWEALTH OF PENNSYLVANIA GOVERNOR'S OFFICE

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Subject:

Reinstatement into the State Employees' Retirement System of Employees  
Furloughed or Otherwise Terminated and Reemployed

By Direction Of:



Eric Henry, Executive Director, State Employees' Retirement System

Date:

February 17, 2006

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Furloughees and other terminated employees who are subsequently reemployed by any member agency are to resume active membership in the SERS.

- **1. PURPOSE.** To provide State Employees' Retirement System (SERS) membership guidelines for furloughed and other terminated employees who are subsequently reemployed by any member agency.
- **2. SCOPE.** Applies to employees of member agencies of the State Employees' Retirement System (SERS).
- **3. DEFINITIONS.**
  - **a. Furloughee.** An employee who is terminated from his or her position due to lack of work or lack of funds.
  - **b. Termination of Service.** A break in employment of more than 14 calendar days. The effective date of termination shall be the date the initial break in employment occurred.
- **4. PROCEDURES.**
  - **a. Non-vested members who are furloughed or otherwise terminated and who do not withdraw contributions and interest.** Active membership must be resumed immediately upon re-employment.
  - **b. Furloughed or other terminated members who file Form SERS-251, Application for Refund of Member's Contributions and Interest, State Employees' Retirement System.** Membership is cancelled as provided in the *State Employees' Retirement Code, Section 5302(c)*. Furloughed or other terminated employees who have withdrawn contributions and interest and are subsequently recalled or return to employment will have the same status as a new employee. Eligibility for membership in SERS is specified in *Management Directive 570.1, State Employees' Retirement System, Duties of Departments and Agencies*. However, if a member returns to active employment within 14 calendar days of termination, the withdrawal action will be cancelled, no payment will be forthcoming, membership in SERS will be mandatory, and contributions will resume under the same membership conditions that existed under previous employment. This exception is created because a break in employment of 14 or fewer calendar days is not a bona fide termination of service.

**c. Furloughed or otherwise terminated members who vest pension benefits and subsequently return to service.** Active membership is resumed and contributions must be made as a full coverage member. The employee will be enrolled in SERS using the membership conditions in effect at the time of his or her return to service. Breaks in service of 14 or fewer calendar days will be handled the same as outlined in 3.b.

**d. Furloughed or otherwise terminated members who file an application for retirement allowance and subsequently return to service.** The annuity will be discontinued and the present value frozen upon return. The member must resume active membership and contributions with full coverage. The employee will be enrolled in SERS using the membership conditions in effect at the time of her or his return to service. If a member returns to active employment within 14 days of the effective date of retirement, the retirement action will be cancelled and no payment will be made. If the member returns after 14 days from the date of termination, retirement payments will be made to the date of return and active membership will be resumed immediately upon employment.

**e.** For reinstatements as a result of arbitration awards, civil service adjudications, court orders, or grievance settlements, see Management Directive 570.8, *Reinstatement of Dismissed or Furloughed Employees Into the State Employees' Retirement System*.

**f. General information.** A furlougee or any other member who terminates with less than 5 years of credited service and who reaches normal retirement age after the effective date of the furlough or other termination cannot qualify for annuity payments, unless he or she returns to active employment and qualifies at a subsequent termination date.

**g.** The employing agency should advise all furlougees and terminated employees to contact the appropriate SERS Regional Counseling Center to assist them in making an informed decision concerning their benefits and/or assist in completing the appropriate forms.

**This directive replaces, in its entirety, *Management Directive 570.9* dated June 29, 1993.**