

**YOU MUST COMPLETE THIS SECTION FOR ANY RETIRING EMPLOYEE WHO IS UNDER AGE 59½ OR WHO IS UNDER NORMAL RETIREMENT AGE AT RETIREMENT**

**WHY?**

If your employee retires before 59½ and returns to work for you after retirement without a bona fide termination, that retiree is subject to an IRS 10% early distribution tax on their retirement benefits until they reach age 59½. This is true even if the employee is considered to have met the Normal Retirement Age for their plan.

If your employee retires before reaching the Normal Retirement Age of their plan, there must be a bona fide termination, at least 30 days between the date they terminate employment and the date they return to work after retirement; and then there is a 90 day limit per calendar year that your employee can work. Non-compliance with any of these requirements results in a suspension of benefits.

**A bona fide termination means there can be no explicit understanding or agreement that the employee will return to work for you after retirement.**

- If you had an explicit understanding or agreement with your employee that they would return to work for you after retirement, you will put a check in the box next to DID.
- If there was no explicit understanding or agreement with your employee that they would return to work for you after retirement, you will put a check in the box next to DID NOT.

MainePERS will use this information when reporting to the IRS on the individual's 1099-R and/or to determine whether or not the individual's retirement benefits should be suspended.