

3. **Exit Compliance:** The individual strictly adhered to all County exit and offboarding procedures at the time of their original separation.

Bona Fide Separation of Employment

To protect the tax-exempt status of the County's retirement plan, there must be a **bona fide separation of employment**.

Definition: A "bona fide separation" means there is no prior agreement or understanding between Irwin County and the former employee or retiree that they would be rehired after their resignation or retirement.

In accordance with IRS guidelines and state retirement standards, restrictions on re-employment apply regardless of the following:

- Whether the individual is returning to the same or a different department.
- Whether the individual is returning to the same or a different position.
- Changes in employment status (e.g., moving from full-time to part-time).
- Returning as an independent contractor or consultant.

Specific Restrictions for Elected Officials

Newly elected officials who have recently retired from Irwin County are subject to these regulations. If an individual retires with a pre-existing arrangement to return to County service via an elected office, they may be ineligible to draw retirement benefits, as a bona fide separation did not occur.

Legal and Tax Consequences

Any rehired former employee or retiree who fails to establish a bona fide separation may face severe financial penalties, including:

- The requirement to **repay all retirement funds** or monthly payments received during the period of re-employment.
- Liability for additional **IRS excise taxes**.

Note: Abusing these provisions violates Section 401(a) of the Internal Revenue Code. Such violations can jeopardize the qualified status of the County's entire retirement plan, resulting in significant tax consequences for the County, its current members, and its retirees.