

IRS Releases FAQs on Rehiring Retirees and Retaining Employees After Retirement Age

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As employers around the country struggle with labor shortages, many are turning to former employees who retired to fill in the gaps. The IRS recently released two FAQs on plan distributions related to concerns with the rehiring of retirees and the retention of employees who have reached their retirement age. Generally, for plans that do not permit in-service distributions, benefit distributions to an individual may only commence when the individual has a bona fide retirement. The FAQs state that rehiring an individual who already experienced a bona fide retirement will not cause such retirement to no longer be considered "bona fide" if the rehiring was due to unforeseen circumstances that do not reflect any prearrangement to rehire. Thus, if a plan's terms permit, benefit distributions can continue after the rehire. The FAQs also state that plans may generally permit in-service distributions for employees who have reached age 59½ or the plan's normal retirement age.

The FAQs are available [here](#).