



In April 2025, the Tennessee General Assembly passed, and the Governor signed into law, legislation impacting Return to Work program requirements and optional membership in the Tennessee Consolidated Retirement System (TCRS). We want to share important guidance now on these updates while we are updating RetireReadyTN.gov, forms and publications as these changes take effect. Below is a summary of what to expect.

Public Chapter 159 – (SB251/HB313) introduces 1. a new return to work program for hard to fill position, 2. defines the term Bona Fide Separation from Service for consistency with federal law, and 3. eliminates the ability to waive the 60-day waiting period for 120-day temporary employment. Public Chapter 159 becomes effective on July 1, 2025.

1. **New 70% Benefit Return to Work Program for Hard to Fill Positions**

Beginning July 1, 2025, state agencies and higher education institutions may utilize this new return-to-work program for reemploying TCRS retirees. This program is being offered in addition to the existing 120-day Temporary Employment program, which will remain in place but with clarified requirements. The new Return to Work for Hard to Fill positions is designed to help you hire TCRS retirees for open positions that you may have difficulty recruiting and retaining qualified employees.

Additional details about the new program, including a complete list of eligibility criteria, and a comparison to the existing 120-Day Temporary Employment program, can be found on the [State and Higher Education Return to Work Comparison Guide](#).

2. **Defines the term Bona Fide Separation from Service**

For consistency with federal law, Public Chapter 159 clarifies that a retired TCRS member **must** have a “bona fide separation of service” before reemployment under a return to work program. A **bona fide separation from service** occurs when both of the following conditions are met:

- a) Prior to the member’s effective date of retirement*, there must be **no prearranged agreement**—either verbal or written—between the retiring member and any participating employer in the retirement system for the member to return to work after retirement.
- b) The member experiences a **complete break in service** from all positions covered by the retirement system for **at least 60 calendar days**, starting from the member’s official retirement date to their first day of re-employment as a retiree.

*The effective date of retirement is not the last day the member is physically present in the workplace. The effective date of retirement is the official date of retirement as determined by TCRS and communicated in the member’s TCRS Notice of Retirement Letter.

3. **Waiver of the 60-day waiting period will no longer be allowed**

Consistent with the requirements for a bona fide separation from service, any return to work

contracts executed on or after July 1, 2025 will require a 60-day break in service between the employee's effective date of retirement and their first day of work as a retiree and no prearrangement for future employment. **There will be no impact to previously executed agreements.**

The bona fide separation applies only in the year a retiree first reenters employment under a return-to-work program after separating from active service. The 60-day waiting period begins the day after the retiree's last paid date. It does not apply to future reemployment periods unless the retiree has returned to full-time active employment.

Public Chapter 367- (SB0510/HB0535) updates the eligibility and application of TCRS Optional Membership

Current State of TCRS Optional Membership

Historically, the following positions have been covered by optional membership in TCRS unless the employee previously participated in TCRS in another capacity:

- Part-time state, higher education and LEA employees
- Part-time political subdivision employees where the governing body has authorized membership
- Tennessee General Assembly Members
- State Judges
- County Judges
- County Officials
- Commissioners
- County Chair
- District and Assistant District Attorney General
- State Election Commission Members
- Appointed/Elected Board Members
- City Judges
- City Attorney
- Elected Purchasing Agent
- Appointed Administrator of Elections

Beginning July 1, 2025

- Full-time employees hired on or after this date will be required to participate in the TCRS, unless they are FLSA-exempt higher education employees who choose to enroll in the Optional Retirement Program (ORP) instead.
- Part-time employees will be automatically enrolled in TCRS, but they may opt out by submitting a written, irrevocable election within 30 calendar days of their first day of employment. If eligible, they may also choose to enroll in the ORP instead.

A new optional membership form for part-time employees hired on or after July 1, 2025 will be published to the Forms and Guides Page at RetireReadyTN.gov. Employers should prepare to stop using any previous optional membership forms beginning July 1.

Part-time employees opting out of participation may still voluntarily participate in the State of TN 401(k), 457(b), and 403(b) plans but are ineligible for Hybrid Plan-related employer contributions.