Working After Retirement

Know the Rules

You can continue to receive your full CalSTRS retirement benefit, with no earnings limitations, if you take a job outside of CalSTRS-covered employment. This includes work in private industry outside the California public school system, private schools, public schools outside of California, and work with the University of California or California State University system.

If you return to work after service retirement in a CalSTRS-covered position, including substitute teaching, as an employee of a public school system, an independent contractor or an employee of a third party, you’re subject to restrictions under state and federal law, including a separation-from-service requirement and a postretirement earnings limit.

Separation-From-Service Requirement

Your retirement benefit will be reduced dollar for dollar by any compensation earned from CalSTRS-covered employment during the first 180 calendar days following your most recent retirement effective date, up to your benefit payable during that period. This requirement also applies to Cash Balance Benefit participants who receive their retirement benefit as an annuity.

There is a very narrow exemption from this requirement if you have reached normal retirement age; your appointment is necessary to fill a critically needed position; the governing body of your employer, such as a school board, approves your appointment by resolution at a public meeting; you did not receive any financial inducement to retire; and your termination of service was not the cause of the need to acquire your services. All of these criteria have to be met, and your employer must submit the required documentation to CalSTRS substantiating your eligibility for this exemption. CalSTRS must receive the exemption request and required documentation before you can begin working. If approved, this exemption only applies to the separation-from-service requirement—the postretirement earnings limit still applies.

New for Cash Balance Benefit participants: If you receive your retirement benefit as a lump-sum payment, your benefit will not be payable until 180 calendar days after the date you terminated employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled and you will not receive your payment.

If you’re a retired Defined Benefit member, you cannot contribute to the Cash Balance Benefit Program.

You may be subject to other earnings limitations if you belong to another public retirement system and depending on the type of work you perform.
Postretirement Earnings Limit

The earnings limit for 2016–17 is $41,732. Any amount you earn in a CalSTRS-covered position during the first 180 calendar days of retirement will also count against the annual postretirement earnings limit for the appropriate fiscal year.

Example

If you return to CalSTRS-covered employment in 2016–17 after the first 180 calendar days of your most recent retirement and earn a total of $50,000, you will exceed the earnings limit of $41,732 by $8,268. If your annual retirement benefit is $8,268 or more, then CalSTRS will collect the entire $8,268 from your benefit payments for that year.

Narrow Exemption for Distressed Schools

Under a narrow exemption effective through June 30, 2017, if you return to work as a trustee, fiscal expert, fiscal adviser, receiver or special trustee in a position appointed by the State Superintendent of Public Instruction, county superintendent of schools, State Board of Education or Board of Governors of the California Community Colleges to assist schools in financial or academic distress, you may be exempt from the postretirement earnings limit.

Reinstatement and Re-Retirement

You may also terminate your retirement and return to work with no earnings limitations. If you do so, you will pay contributions to CalSTRS for the compensation you earn and accrue service credit. If you re-retire within one year of reinstating, you cannot change your retirement option or beneficiaries. If you re-retire after 12 months of reinstating, you may change or cancel your option election before or at retirement, but your benefit will be subject to an assessment, which may reduce your benefit for your lifetime. Once you’re in retirement, you may make a postretirement option change only under limited circumstances.

When you re-retire, you’ll be subject to the separation-from-service requirement and the postretirement earnings limit.

We encourage you to meet with a CalSTRS benefits specialist to learn how reinstating will affect your future retirement benefit before you decide to terminate your retirement and return to active membership.

Exclusion When Working for a Third Party

You may be excluded from both earnings limits and other postretirement employment requirements if:

- You return to work for a third-party employer that does not participate in a California public pension system and
- The activities performed are not normally performed by other employees of a CalSTRS employer, and the assignment is performed for 24 months or less.

Check with your employer and the school district or other CalSTRS-covered employer that you’re performing contracted service for to determine if you’re subject to this exclusion.

Earnings Reports

Employers must report your earnings as a retired member to CalSTRS no later than 45 days after the end of the pay period. CalSTRS sends two letters reminding you how close you are to the postretirement earnings limit. However, you should also track your gross earnings to avoid exceeding the limit because of delays in employer reporting. If you exceed the earnings limit, CalSTRS will send you a letter informing you of the excess earnings deductions from your retirement benefit.

If you retired under the CalSTRS Retirement Incentive Program, you will lose the ongoing increase in your benefit if you take any job within five years of retirement with the employer that offered the incentive, receive unemployment benefits within one year of your retirement date, or reinstate.