

# 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 the California public school system. This includes work in private industry, private schools, public schools outside of California, and the University of California or California State University system.

If you return to work after service retirement and perform retired member activities in the California public school system, including substitute teaching, as an employee, 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. In addition, you cannot work in a classified position except, under certain circumstances, as a teacher's aide.



### Separation-From-Service Requirement

Your retirement benefit will be reduced dollar for dollar by any compensation earned for performing retired member activities during the first 180 calendar days following your most recent retirement effective date, up to your benefit payable during that period.

There is a very narrow exemption from this requirement if you meet all of the following requirements: 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 did not cause the need to acquire your services. In addition, your employer must submit the required documentation to CalSTRS substantiating your eligibility for this exemption, and we must receive the exemption request and required documentation before you begin working. If approved, this exemption applies only to the separation-from-service requirement—the annual postretirement earnings limit still applies.

**Cash Balance Benefit participants:** The separation-from-service requirement also applies to you if you're a Cash Balance Benefit participant and receive your retirement benefit as an annuity. Your Cash Balance annuity payments will be reduced dollar for dollar by any compensation earned from retired participant activities during the first 180 calendar days following your retirement. 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 perform creditable service during this waiting period, your retirement will be canceled, and you will not receive your benefit 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 2018–19 is \$45,022; for 2019–20, the limit is \$46,451. Any amount you earn from retired member activities 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 perform retired member activities in 2019–20 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 \$46,451 by \$3,549. Assuming your annual retirement benefit is at least \$3,549, CalSTRS will collect the entire \$3,549 from your benefit payments for that year.

## 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 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 California public school where you are working to determine if you're subject to this exclusion.

## Keeping Track of Your Earnings

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.

## Reinstatement and Re-Retirement

You may 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 you will 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 following your reinstatement, 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 retired, 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.

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

## CalSTRS Resources



### WEB

CalSTRS.com  
Click *Contact Us* to email  
myCalSTRS.com  
403bCompare.com  
Pension2.com

STAY CONNECTED



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
916-414-1099  
Calls from outside the U.S.

888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan

855-844-2468 (toll free)  
Pension Abuse Reporting Hotline



### WRITE

CalSTRS  
P.O. Box 15275  
Sacramento, CA  
95851-0275



### VISIT

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605

Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



### FAX

916-414-5040