

Working After Retirement

You can continue to receive your full CalSTRS retirement benefit, with no earnings limitation, 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 position with the California public school system as an employee, an employee of a third party, or an independent contractor, you will be subject to restrictions under state law, except under a very narrow exclusion.

Separation-From-Service Requirement Zero-Dollar Earnings Limit

The California Public Employees' Pension Reform Act of 2013, expands the separation-from-service requirement, also known as the zero-dollar earnings limit, to all CalSTRS members who retire on or after January 1, 2013.

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 on or after January 1, 2013, up to your benefit payable during that period. This requirement also applies to Cash Balance annuitants who are under normal retirement age.

You may be exempt 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 through a resolution adopted 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.

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.

Postretirement Earnings Limit

The earnings limit for the 2012-13 school year is \$40,011, and the earnings limit for the 2013-14 school year is \$39,903. 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 during the 2013-14 fiscal year after the first 180 days of your most recent retirement and earn a total of \$50,000, you will exceed the earnings limit of \$39,903 by \$10,097. If your annual retirement benefit is \$10,097 or more, then CalSTRS will collect the entire \$10,097 from your benefit payments for that year.

Narrow Exemption Distressed Schools

You may be exempt from the annual postretirement earnings limit through June 30, 2014, if you return to work as a trustee, fiscal adviser, fiscal expert, receiver or special trustee and are appointed by a governing authority as follows:

- Appointment by the State Superintendent as a trustee for a school district that has received an emergency apportionment.
- Appointment by a county superintendent as a fiscal adviser or fiscal expert for a school district that must revise its budget or that may or will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.
- Appointment by the State Board of Education as a trustee or a receiver for a local educational agency that has been identified for corrective action under the federal No Child Left Behind Act of 2001.
- Appointment by the Board of Governors of the California Community Colleges as a special trustee for a community college district that fails to achieve fiscal stability or that fails to comply with the board recommendations.

Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive the exemption request and required documentation before you can begin working. You are not eligible for an exemption if you have received a retirement incentive in the previous six months.

The eligibility documentation must include certification that:

- The position was advertised to active or inactive members and no qualified person was available to be appointed.
- The appointing authority made a good faith effort to hire a retired member who would reinstate.
- The salary being paid does not exceed what was advertised or is currently paid for that position.

If approved, this exemption only applies to the annual postretirement earnings limit.

Earnings Options

You can continue to receive your full CalSTRS retirement benefit, with no earnings limit, if you take a job outside of CalSTRS-covered employment. You may be subject to other earnings limitations if you belong to another public retirement system and depending upon the type of work you perform.

Reinstatement and Re-retirement

You may also terminate your retirement and continue working with no earnings limitations. If you do so, you may accrue additional retirement benefits. Upon reinstatement from service retirement beginning July 17, 2012, you no longer need to wait one year to re-retire. However, if you re-retire within a year of reinstatement, 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 you may have to pay an assessment. Once you are in retirement, you may make a postretirement option change only under limited circumstances.

If you reinstated on or before July 16, 2012, your retirement date must be at least one calendar year from the date you reinstated.

When you re-retire, you will be subject to the separation-from-service requirement. CalSTRS encourages you to meet with a CalSTRS benefits counselor before you decide to terminate your retirement and return to active membership.

Exclusion When Working for a Third Party

You may be excluded from the postretirement earnings limit 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.
- The activities performed are not normally performed by other employees of a CalSTRS employer and the activities are performed for a limited term.

Check with your employer to determine if you are 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 earnings limit. However, you should also track your earnings to avoid exceeding the limit. If you exceed the earnings limit, CalSTRS will send you a letter informing you of the excess earnings deductions from your retirement benefit.