

Working After Retirement

Postretirement employment overview

When a CalSTRS retiree returns to work and performs retired member activities within the California public school system as an employee, independent contractor, or employee of a third party, the earnings in those positions are reported to CalSTRS and are subject to postretirement restrictions.

What are retired member activities?

Retired member activities are defined by Education Code section 22164.5 as:

- One or more creditable service activities identified in subdivisions (b), (c) or (d) of Sections 22119.5 or 26113.
- Within the California public school system.
- Performed by a retired member as one of the following:
 - » An employee of an employer.
 - » An employee of a third party, except as specified in subdivision (b).
 - » An independent contractor.

Third-party exclusion

Some third-party employment may be eligible for an exclusion from reporting and limitations if all of the following conditions apply:

- The employee performs an assignment of 24 months or less.
- The third-party employer does not participate in a California public pension system.
- The activities performed by the individual are not normally performed by employees of a CalSTRS employer.

Note: CalSTRS has not identified any examples of service that would meet this criteria.

CalSTRS Retirement Incentive

If a member retires under the CalSTRS Retirement Incentive Program, the member will lose the ongoing increase in their benefit if they:

- 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 their retirement date.
- Reinstate to active membership.

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Restrictions and limits

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Separation-from-service requirement

Retired members cannot earn compensation for retired member activities during the first 180 calendar days after their most recent retirement date without affecting their benefit. There is a dollar for dollar allowance reduction for any earnings in the first 180 calendar days, up to the allowance payable for the 180 calendar day period, per Education Code section 24214.5. This penalty applies to Defined Benefit and Cash Balance annuitants. Lump-sum Cash Balance payments are not payable until 180 calendar days after termination and will be cancelled if the retiree earns compensation for performing retired member activities.

Annual postretirement earnings limit

After the 180 calendar day separation-from-service requirement, members can earn up to the annual fiscal year postretirement earnings limit for retired member activities without penalty. There is a dollar for dollar reduction of any earnings in excess of the annual limit, up to the allowance payable for the fiscal year, after any reduction due to the separation-from-service requirement, per Education Code section 24214.

The postretirement earnings limit is published each Spring in the Employer Directive. For 2019–20, the limit is \$46,451. For 2020–21, the limit is \$47,713.

Exemptions from limits

Separation-from-service requirement

To request an exemption from the separation-from-service requirement:

- File a *Request for Separation-From-Service Requirement Exemption* form (SR-1897).
- Obtain an approved board resolution.
 - » Employer Information Circular 16-3, Volume 32, Issue 3 includes a sample resolution that can be used with this exemption request.

Submit this material by email or mail to the addresses below. The material must be received by CalSTRS prior to the retired member performing any activities in the position to be exempted.

Annual postretirement earnings limit

There currently are no exemptions to the annual postretirement earnings limit.

Employer obligations

When a CalSTRS-covered employer considers hiring a CalSTRS retiree, the employer is under certain obligations, as outlined in Education Code section 22461. The employer must:

- Advise the retired member of the earnings limitations. The member publication *Working After Retirement on CalSTRS.com/publications* is a reference.
- Maintain accurate records of the retired member's earnings and report those earnings monthly to CalSTRS.

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Frequently asked questions

Is superintendent work considered reportable to CalSTRS in postretirement?

Yes. Education Code section 22119.5 includes the work of a superintendent in creditable service activities.

Is work with a third party reportable to CalSTRS?

If the CalSTRS retiree is working with the district under a third party and is performing a retired member activity, the earnings in that position are reported to CalSTRS.

Can a CalSTRS retiree volunteer with the school district?

A CalSTRS retiree may not return and perform retired member activities as a volunteer in a position that would otherwise be creditable to CalSTRS, per Education Code section 24214(b).

How are postretirement earnings reported to CalSTRS?

Use Member Code 2 and Assignment Code 61.

Are there exemptions available for the annual postretirement earnings limit?

No. There currently are no exemptions for the postretirement earnings limit.

Where is the *Request for Separation From Service Exemption form (SR-1897)* located?

The form is in SEW, under Reference Items.

Are employer-paid health benefits reported?

If the health benefits are being paid for the performance of retired member activities, those payments are reported to CalSTRS, per Education Code section 24214(f)(2) and 24214.5(a)(2).