

Working After Retirement

Know the rules

You can continue to receive your full CalSTRS service 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 (prekindergarten through community college), 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 the separation-from-service requirement if you have reached normal retirement age, your appointment is required to fill a critically needed position, the governing body of your employer approved 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. Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before you begin working.

Cash Balance Benefit Program participants: The separation-from-service requirement also applies to you if you're a Cash Balance Benefit Program participant.

- **If you receive your retirement benefit as an annuity**, your 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**, in most cases 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. The waiting period may vary for participants who are subject to IRS rules for required minimum distribution. Contact us to learn more.

Please note, if you're a retired Defined Benefit Program member and return to work, you cannot contribute to the Cash Balance Benefit Program.



If you belong to another California public retirement system, depending upon the specific circumstances, you may be subject to earnings or hourly limitations under that system.

Postretirement earnings limit

The earnings limit for 2021–22 is \$48,428. 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 2021–22 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 \$48,428 by \$1,572. Assuming your annual retirement benefit is at least \$1,572, CalSTRS will collect the entire \$1,572 from your benefit payments.

Exclusion when working for a third party

You may be excluded from both earnings limits and other postretirement employment requirements if both of these apply to you:

- You return to work in the California public education system, but your employment relationship is with a third-party employer that does not participate in a California public pension system.
- 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 education institution where you're 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, we will send you a letter explaining the deductions that will be made from your retirement benefit.

Volunteering in retirement

If you volunteer in a California public school or county office of education, be aware that an employment arrangement that involves volunteering in a position that would otherwise be creditable to CalSTRS—such as volunteering to serve as a school principal—may be in violation of the postretirement earnings limitations.

Reinstatement and re-retirement

You may terminate your retirement and return to work with no earnings limitations. If you do, you will pay contributions to CalSTRS for the compensation you earn, and you will accrue service credit.

Meet with a CalSTRS benefits specialist to learn how reinstating will affect any option you elected and the calculation for 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, as an employee, independent contractor or as an employee of a third party within five years of retirement with the employer that offered the incentive.
- Receive unemployment benefits within one year of your retirement date.
- Reinstate to active membership.

CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other governing laws. If there is a conflict between the law and this publication, the law prevails.

CalSTRS resources



WEB

CalSTRS.com

Click *Contact Us* to email

myCalSTRS.com

403bCompare.com

Pension2.com

STAY CONNECTED



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Calls from within the U.S.

916-414-1099

Calls from outside the U.S.

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CalSTRS Pension2®

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844-896-9120 (toll free)

CalSTRS Compliance and

Ethics Hotline

CalSTRShotline.ethicspoint.com



WRITE

Postal mail

CalSTRS

P.O. Box 15275

Sacramento, CA

95851-0275

Overnight delivery to

CalSTRS Headquarters

100 Waterfront Place

West Sacramento, CA

95605



VISIT

Find your nearest

CalSTRS office at

CalSTRS.com/localoffices.

The COVID-19 pandemic has affected our hours and services. Call ahead to verify your local office is open.



FAX

916-414-5040