Post Retirement Employment

Postretirement Earnings Limit Increases

Beginning July 1, 2012, the postretirement earnings limit for retired members increases from $31,020 to $40,011 for the 2012–13 fiscal year. In addition, the postretirement earnings limit formula is now based on one-half of the median final compensation for recently retired members instead of what was approximately one-half the average annual salaries of all active members.

Retired members who exceed the limit will have their retirement earnings reduced dollar for dollar for any amount earned in excess of the limit up to their annual benefit amount.

There is no change to the separation from service requirement limitation applicable to members under age 60 in the first six months after their most recent retirement or until they reach age 60, whichever comes first. Members who retire and return to work in CalSTRS-covered employment will have their retirement benefit reduced dollar for dollar, up to their annual benefit amount, for any compensation earned.

Exclusion When Working for a Third Party

As part of recent legislation, specific retired members who are employed by a third-party employer contracted to work with or performing services for a school district employer are excluded from the postretirement earnings limit if they meet all of the following criteria:

- The activities performed are on a limited-term basis,
- The retired member is employed by 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 the school district employer.
Exemption When Working In Distressed Schools

For the 12 months beginning July 1, 2012, an existing narrow exemption previously available for specific, statutory appointments made by the State Superintendent of Public Instruction, the State Board of Education or a county superintendent of schools is extended and a similar exemption for appointment for specific statutory reasons by the Board of Governors of the California Community Colleges is established to assist schools that are in financial or academic distress as follows:

- Appointment by the State Superintendent as a trustee for a school district that has received an emergency apportionment. (Education Code §41320.1.)
- 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(s). (Education Code §42127, 42127.6.)
- 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. (Education Code §52055.57.)
- Appointment by the Board of Governors as a special trustee for a community college district that fails to achieve fiscal stability or that fails to comply with Board of Governors recommendations. (Education Code §84040.)

Before a retired member performs creditable service under these exemptions, the appointing authority must submit documentation to CalSTRS to substantiate the retired member’s eligibility for the exemption.

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.
Reinstatement and Re-retirement

Members may terminate their retirement and resume working with no earnings limitations. If they do so, they may accrue additional retirement benefits depending on how long they perform service. CalSTRS encourages these members to meet with a CalSTRS benefits counselor before terminating retirement and returning to active membership.

Under recent legislation, reinstated members no longer need to wait one year to re-retire. Beginning July 17, 2012, members who terminate their retirement and reinstate may now re-retire within the same year. However, reinstated members must keep the same retirement option, beneficiaries or member-only benefit for one year.

Earnings Options

Members can still continue to receive their full CalSTRS retirement benefit, with no earnings limit, if they take a job outside of CalSTRS-covered employment. However, if a member belongs to another retirement system, he or she may be subject to additional earnings limitations under that system and depending upon the type of work performed.

Earning Reports

Retiree earnings reports are due to CalSTRS 30 days after the end of the pay period. CalSTRS sends two letters reminding retired members how close they are to the earnings limit. However, retirees should also track their earnings to prevent exceeding the limit. If members exceed the earnings limit, CalSTRS sends a letter informing them that the excess earnings will be deducted from their retirement benefit.