



Thinking About Working After Retirement? for members of the Public Employees' Retirement System (PERS) Plan I

This publication describes possible impacts to your retirement benefit if you return to work for an employer covered by the Washington State Public Employees' Retirement System (PERS) Plan 1. The Department of Retirement Systems (DRS) has prepared this brochure to help you find answers to many of the questions regarding returning to work after retirement.

When do I become a retiree?

You become a retiree when you:

- Meet the age and service requirements for retirement;
- File an application for retirement with DRS;
- Terminate all employment with a DRS-covered employer(s); and
- Sever all contractual agreements (written or verbal) for future employment with DRS-covered employer(s).

Taking these actions will establish your effective retirement date – the first day of the month following the month in which you meet the conditions for retirement.

EXAMPLES

Sally applied for retirement and terminated employment on July 15, 2012. She met the age and service requirements. Her effective retirement date was August 1, 2012.

Jackson applied for retirement and terminated employment on July 15, 2013 with enough service to meet the requirements for retirement. He does not meet the age requirement until March 23, 2015. His effective retirement date will be April 1, 2015.

When is the earliest I can return to work?

To receive an unreduced retirement benefit, you must wait at least 30 calendar days after your effective retirement date before returning to work. If you return to work for a DRS-covered employer less than 30 days after your effective retirement date, your benefit will be reduced by 5.5 percent for every eight hours worked in a month up to a maximum of 160 hours per month. If the reduction is more than your benefit, the excess is taken from the next month's benefit payment. The reduction continues until you stop working for a full 30 days.

What happens if I return to work before my effective retirement date?

If you terminate employment and file a retirement application, but return to work before your effective retirement date, your application for retirement will be canceled. Because you are not considered retired, you will return to active membership and be required to pay member contributions.



What should I do when I return to work?

When you return to work for a DRS-covered employer, it is important to let your employer know you are a retiree. If you are hired into a position that is eligible for membership in a DRS or higher education retirement plan (HERP) your employer is required to report your hours of employment each month to DRS. HERPs are retirement plans offered by institutions of higher education, such as, University of Washington Retirement Plan (UWRP), and Western Washington University Retirement Plan (WWURP). If you work for a higher education employer, please check with your employer to see if your position is HERP-eligible.

If your employer does not know you are retired, you may be reported as an active member – which may stop your benefit. Contact your employer to determine the eligibility of your position.

How many hours can I work each year and still receive a benefit?

If you return to work in a DRS- or HERP-eligible position, there are limits placed on your employment.

- If you return to work in a DRS-eligible position, you can work up to 867 hours in a calendar year and continue to receive your monthly benefit. If you work more than the maximum number of hours allowed, your retirement benefit will be suspended for the remainder of the calendar year or until you terminate employment.
- If you're a DRS retiree in a position eligible for a HERP, your hours count toward the annual limit of 867 hours.

If you return to work in a position that is ineligible for DRS or HERP membership, the rules above do not apply. You can work in this position as long as it is classified as ineligible and still receive your full retirement benefit.

Which hours count toward the limit?

Only hours for which you receive compensation in a DRS- or HERP-eligible position count toward the limit. This includes paid holidays or compensatory time, sick leave or annual leave taken in lieu of normal work hours. Sick leave or annual leave that is cashed out at the end of an employment period does not count toward the limit. Cashed out compensatory time does count toward the limit.

There is no cumulative limit placed on your employment. You can continue to work up to 867 hours each calendar year for as long as you like.

What if I'm receiving a disability retirement?

If you are a disability retiree, your benefit could be affected by returning to any kind of employment. Your return to work could mean that you are no longer disabled and therefore no longer eligible to receive a disability retirement. If you retired for disability and are considering returning to work, please contact DRS. For more information, please read the *PERS Plan 1 Disability Benefits* brochure.

Is there a limit on the amount of income I can earn?

Under Washington State law, there are no limits on the amount of income you can earn. However, if you are receiving a Social Security benefit, returning to work may impact your Social Security income. To check annual income limitations under Social Security law, refer to the publication called, *What You Need to Know When You Get Retirement or Survivors Benefits*, or visit the Social Security website.

Can I return to active membership?

If you are hired into a PERS-eligible position, you can return to active membership. However, when you do so your benefit will stop. When you again retire, a

new benefit will be calculated to reflect the additional service credit earned. If you have completed two or more years of uninterrupted service after going back to work, you may select a new benefit option.

If you return to active membership in another DRS-covered plan, contact DRS to find out which plan's rules apply. Your benefit may be suspended.

What if I retired as a dual member?

A dual member retiree is someone who has used service credit earned in more than one retirement system to qualify for retirement. If you retired as a dual member and are considering returning to work, please contact DRS to determine the possible impacts on your benefit.

General information

Overpayments and underpayments:

If you receive an overpayment of your retirement benefit, you will be required to repay the amount of the overpayment to DRS. If you receive an underpayment, DRS will correct the error and pay you the amount owed.

Deferred Compensation:

If you are receiving payment from the Deferred Compensation Program (DCP), your payments will not be affected by your return to work. If you are not yet receiving payment and return to work, you can continue making contributions to the plan up to an annual maximum contribution amount depending on your income. If you have questions, contact DCP at 888.327.5596.

Health care:

If you retired from state government, a public education institution or a local government employer participating in the Public Employees Benefits Board (PEBB), your PEBB eligibility will not be affected as long as you are a retiree. Coverage will stop if you return to active membership in a DRS-covered plan. If you have questions about your health care coverage, please contact the Health Care Authority at 800.200.1004. If you retired from a local government employer, you will have to coordinate with your employer and health care provider to determine what you can do.

Other questions?

If you have questions about returning to work after retirement that are not covered in this publication, please contact DRS. Be prepared to provide your name, the last four digits of your Social Security number, and retirement system and plan.

Contacting DRS

For answers to your re-employment questions, visit our website, or contact DRS at:

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Summary Description

The rules that govern working after retirement are contained in state retirement law. This publication is a summary, written in non-legal terms. It is not a complete description of the law. If there are conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.