



# PERS/SERS/TRS Plans 2 and 3 Thinking About Working After Retirement?

Washington State Department of Retirement Systems

This publication describes what could happen to your Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS) or Teachers' Retirement System Plan 2 or Plan 3 benefit if you return to work for an employer covered by one of the state retirement systems. You can return to work for an employer not covered by a Washington state retirement system without impacting your monthly benefit unless you are a disability retiree.

## When do I become a retiree?

You must fully retire before you can be covered under return-to-work laws. To do so, you must:

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

Taking these actions will establish your effective retirement date as the first day of the month following the month in which you left employment.

### Example 1

Maria applies for retirement and terminates employment Aug. 15, 2017. The age and service requirements are met and the effective retirement date is Sept. 1, 2017.

### Example 2

Quinn applies for retirement and terminates employment July 15, 2016. There is enough service credit to meet the requirements for retirement; however, the age requirement won't be met until March 22, 2017. The effective retirement date, therefore, is April 1, 2017.

## What should I do before I return to work?

Before you return to work for a DRS-covered employer, tell the employer you are a retiree. If the employer doesn't know you are retired, you could be reported as an active member, which might stop your benefit. Ask the employer about your eligibility for membership in a DRS or higher education retirement plan. If you have questions, contact DRS.

## How soon can I return to work?

You must wait at least 30 consecutive days after your effective retirement date before returning to work. If you return to work for a DRS-covered employer in any capacity before 30 days have passed, your benefit will be reduced by 5.5% for:

- **PERS or SERS:** Every eight hours you work in a month — up to 160 hours
- **TRS:** Every seven hours you work in a month — up to 140 hours

If the reduction is more than your monthly benefit, the excess will be taken from the next month's payment. The reduction will continue until you stop working for a full 30 days.

## What 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 will not be considered retired, you will return to active membership if you return to an eligible position, and you will be required to pay member contributions.

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

The rules that determine the number of hours you can work while continuing to receive your benefit depend on how you choose to retire.

**Normal retirement or early retirement not using the 2008 Early Retirement Factors (ERFs)<sup>1</sup>:** You will keep receiving your monthly benefit if you wait at least 30 consecutive days after your effective retirement date and work:

- For a DRS-covered employer in a position that is ineligible for membership in a DRS or higher education retirement plan (HERP)
- As a substitute for a school employer
- 867 hours or fewer in a calendar year in an eligible DRS- or HERP-covered position(s) (Your monthly benefit will stop if you work more than 867 hours in a calendar year. Your monthly benefit will resume following your last day of employment or at the beginning of the next calendar year, whichever comes first.)
- As a contractor with a DRS employer

**Early retirement using the 2008 ERFs<sup>2</sup>:** If you retire before age 65 using the 2008 ERFs, the rules are different:

- You can't work in any capacity for a DRS-covered employer and continue to receive your monthly benefit (unless you qualify for the exception described below). If you return to work, you won't receive your monthly benefit for any month in which you work or receive compensation. Your benefit will restart the first of the month after you stop working. Once you turn 65, you can work under the rules previously described.
- You cannot earn compensation from a DRS-covered employer for services performed as a contractor and continue to receive a monthly benefit.

### Normal Retirement Example

Min retires from PERS Plan 2 effective Jan. 1, 2017 with a normal retirement, returns to work in a PERS-eligible position Feb. 1, 2017, and works for the remainder of the year. On July 11, 2017, Min exceeds 867 hours of employment for the calendar year. The benefit is suspended beginning July 12, 2017, and Min receives a partial monthly benefit for July 1 through July 11. The benefit restarts Jan. 1, 2018.

<sup>1</sup> Higher education employers may not offer participation in HERP to retirees (or members who are eligible to retire) from any DRS-administered retirement plan listed in RCW 41.50.030. If you're a rehired retiree who was participating in HERP before July 1, 2011, you may continue to do so.

<sup>2</sup> PERS, SERS and TRS Plan 2 and Plan 3 members hired on or before April 30, 2013, may choose to use the 2008 ERF at retirement. To qualify, members must be at least 55, have at least 30 years of service credit, and retire on or after July 1, 2008, for PERS or Sept. 1, 2008, for SERS or TRS. For more information, see *Thinking About Retiring Early?* available on the DRS website.

## 2008 ERF Example

Pat retires from SERS Plan 2 effective July 1, 2019 with a 2008 ERF, and returns to work in a SERS nonadministrative position on Feb. 1, 2020. On June 11, 2020, they exceed 867 hours of employment for the calendar year and the benefit is suspended beginning June 12, 2020. Pat receives a partial monthly benefit for June 1 through June 11 and terminates employment as a retiree July 31, 2020. The benefit restarts Aug. 1, 2020.

### Exceptions to having your 2008 ERF benefit suspended

TRS and SERS Plan 2 and 3 retirees can continue to work up to 867 hours in a calendar year without suspending your benefit in a nonadministrative position.

To determine your eligibility, refer to this definition:

For 2008 ERF retirees returning to work a nonadministrative position or nonadministrative capacity means a position at a

- school district,
- charter school,
- educational service district,
- state school for the deaf,
- state school for the blind, or
- tribal school

which:

a. does not require an Administrative Certification, as defined by the Office of the Superintendent of Public Instruction, which currently includes

- Principal,
- Vice Principal,
- Program Administrator,
- Conditional Administrator,
- Superintendent or
- Program Administrator Certifications or

b. does not evaluate staff.

## What happens if I work more than the annual limit?

If you are employed in a PERS-, SERS- or TRS-eligible position and work more than the allowed 867 hours, your monthly benefit will be suspended for the remainder of the calendar year or until you terminate your employment. In the month you exceed the limit, your benefit will be prorated.

PERS, SERS and TRS Plan 2 and Plan 3 members hired on or before April 30, 2013, may choose to use the 2008 ERF at retirement. To qualify, members must be at least 55, have at least 30 years of service credit, and retire on or after July 1, 2008, for PERS or Sept. 1, 2008, for SERS or TRS. For more information, see *Thinking About Retiring Early?* available on the DRS website at [drs.wa.gov](http://drs.wa.gov).

## What if I am receiving a disability retirement?

If you are a disability retiree, returning to any kind of employment could affect your monthly benefit.

Your return to work could mean you are no longer disabled and, therefore, no longer eligible to receive a disability retirement.

If you retired because of a disability and are considering returning to work, contact DRS.

## What if I retired as a dual member?

A dual member retiree is someone who has combined service credit earned in more than one retirement system to qualify for retirement.

If you retired as a dual member, contact DRS to find out the impacts returning to work will have on your monthly benefit.

## Can I return to active membership in another system?

You are not required to return to PERS, SERS or TRS membership, but you may choose to do so if you are employed in an eligible position. If you retired from PERS, SERS or TRS with fewer than 15 years of service credit, you may become a contributing member of PERS; SERS; TRS; Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF); Public Safety Employees' Retirement System (PSERS); or Seattle's, Spokane's or Tacoma's first-class city retirement systems.; however, your PERS, SERS or TRS benefit could be stopped, pending termination of your employment.

### **Recalculating your benefit**

If you return to active PERS, SERS or TRS membership, your future retirement could be impacted. If your retirement status is terminated because you return to membership, your monthly benefit will be recalculated when you reapply.

If you first retired early, the actuarial value of the monthly benefit you received might be assessed against your second retirement. Contact DRS for an estimate before resuming membership.

## Which hours count toward the annual limit?

All hours for which you receive compensation count toward the annual limit. This includes paid holidays or compensatory time, sick leave, and annual leave taken in place of normal work hours.

Sick leave or annual leave that is cashed out at the end of an employment period doesn't count toward the limit. Cashed out compensatory time does count toward the limit.

### **To contact DRS**

**Call** 360.664.7000 or 800.547.6657

TTY users dial 711

**Visit** 6835 Capitol Boulevard SE  
Tumwater WA 98501

### **Mailing address**

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**Hours** Monday-Friday: 8 am to 5 pm Pacific Time

State Holidays: Closed

This document is a summary. It is not a complete description of working after retirement. State retirement laws govern your benefit. If a conflict exists between the information in this document and what is contained in current law, the law governs.