

# PSERS Plan 2 Thinking About Working After Retirement?

Washington State Department of Retirement Systems

This publication describes what could happen to your Public Safety Employees' Retirement System (PSERS) Plan 2 monthly benefit if you return to work for an employer covered by one of the Washington 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 the Department of Retirement Systems (DRS)
- Terminate 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 her employment Aug. 15, 2017. She meets the age and service requirements. Her effective retirement date is Sept. 1, 2017.

### Example 2

Quinn applied for retirement and terminated his employment July 15, 2016. He had enough service credit to meet the requirements for retirement. However, he did not meet the age requirement until March 22, 2017. His effective retirement date, therefore, was April 1, 2017.

### Questions answered inside this publication

*How soon can I return to work?*

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

*What should I do when I return to work?*

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

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

*Which hours count toward the annual limit?*

*Can I return to active membership?*

*What if I am receiving a disability retirement?*

*What if I retired as a dual member?*

*Is there a limit to how much income I can earn?*



## 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 before 30 days have passed, your benefit will be reduced by 5.5% for every eight hours you work in a month — up to a maximum of 160 hours. If the reduction is more than your monthly benefit, the excess will be taken from the next month's benefit 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 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 your employer does not know you are retired, you could be reported as an active member, which might stop your benefit. Contact your employer to determine the eligibility of your position.



## 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.



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

The number of hours you can work and still receive a benefit depends on the position you accept.

If you wait at least 30 consecutive days after your effective retirement date and return to work in a **PSERS-eligible position**, DRS will stop your monthly benefit and your membership will be effective as of the date you return to work.

If you wait at least 30 consecutive days after your effective retirement date and return to work in an eligible **Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS) or Teachers' Retirement System (TRS) position**, you can work up to the annual limit of 867 hours in a calendar year before your monthly benefit is suspended.

If you return to work for an **institution of higher education**, you cannot join a higher education retirement plan (HERP) that institution offers.

If you were hired into a HERP-eligible position before July 1, 2011, you may continue in that position and work up to the annual limit of 867 hours in a calendar year before your monthly benefit is suspended.

If you return to work in an eligible **Law Enforcement Officers' and Fire Fighters' Retirement System or Washington State Patrol Retirement System position**, contact DRS.

If you return to work in a **position that is ineligible for DRS membership**, no limit is placed on your employment. You can work in this position as long as it is classified as ineligible and still receive your full monthly benefit. However, employment in a position that is ineligible for DRS membership might affect a disability retirement benefit.

If you have questions or concerns about how returning to work might affect you and your monthly benefit, contact DRS (see page 4).



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

You can work as many hours as you want in a calendar year. However, 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.

#### Example

Min retires effective Jan. 1, 2017, and returns to work in a PERS-eligible position Feb. 1, 2017. She works for the remainder of the year. On July 11, 2017, she exceeds 867 hours of employment for the calendar year. Her benefit is suspended beginning July 12, 2017. She receives a partial monthly benefit for July 1 through July 11. Min's benefit restarts Jan. 1, 2018.



### 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 lieu 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.



### 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.



### Can I return to active membership?

If you are hired into a PSERS-eligible position, you can return to active membership. However, when you do, your monthly benefit will be stopped. When you again retire, a new monthly benefit will be calculated to reflect the additional service credit you've earned. If you return to work and complete two or more years of uninterrupted service, you may select a new benefit option.

If you are hired into a position that is eligible for other DRS membership, your retirement allowance could be impacted, depending on your new position's system and plan.



### Is there a limit to how much income I can earn?

Washington state law does not limit the amount of income you can earn.

However, if you are receiving a Social Security benefit, returning to work could impact your Social Security income.

To check income limitations under federal Social Security law, refer to the publication *What You Need to Know When You Get Retirement or Survivors Benefits* or visit the Social Security website at [www.ssa.gov](http://www.ssa.gov).

## General information

**Overpayments and underpayments:** If you receive an overpayment of your monthly benefit, you will be required to repay it to DRS. If you receive an underpayment, DRS will correct the error and pay you the amount owed.

**Health care:** If you have retired from state government, a public education institution or a local government employer participating in the Public Employees Benefits Board (PEBB), you have the option to return to PEBB-sponsored coverage when you return to full retirement status.

If you have questions about your health care coverage, contact the Health Care Authority at 800.200.1004 or visit [www.hca.wa.gov](http://www.hca.wa.gov). If you have retired from employment with a local government, you will need to coordinate with your employer and health care provider to determine your health care options.

**DCP:** If you are receiving Deferred Compensation Program (DCP) payments and return to work for an employer offering DCP, your payments will cease. You can restart them after you end employment.

If you aren't yet receiving DCP payments and you return to work, you can keep contributing to your account. If you have questions, contact DCP at 888-327-5596 or [dcpinfo@drs.wa.gov](mailto:dcpinfo@drs.wa.gov).

**Privacy of your information:** We are committed to protecting the privacy of your account information, including your Social Security number, which we use to track your account and submit required reports to the IRS. We will not disclose your information to anyone unless we are required to do so by law. If you have insurance coverage through PEBB, we might share your information with PEBB to better serve you.

## To contact DRS

<p><b>Call</b> </p> <p>360.664.7000 800.547.6657 TTY 711</p>	<p><b>Write</b> </p> <p>Department of Retirement Systems PO Box 48380 Olympia, WA 98504</p>	<p><b>Email</b> </p> <p>General inquiries: <a href="mailto:drs.contact@drs.wa.gov">drs.contact@drs.wa.gov</a></p> <p>Send a secure message through your online account: <a href="https://www.drs.wa.gov/aaa">drs.wa.gov/aaa</a></p>
<p><b>Visit</b> </p> <p>6835 Capitol Blvd. SE Tumwater, WA 98501</p> <p>See the DRS website for directions.</p>	<p><b>Hours</b> </p> <p>Monday - Friday 8 am to 5 pm Pacific Time</p>	<p><b>Website</b> </p> <p><a href="http://drs.wa.gov">drs.wa.gov</a></p> <p>You can also send email through the Contact Us page on the DRS website.</p>

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.