

TEACHERS' RETIREMENT SYSTEM OF ALABAMA POST RETIREMENT EMPLOYMENT RESTRICTIONS

Retirees who are receiving retirement benefits from the TRS and are employed with an agency that participates in the TRS or ERS are subject to limitations on the compensation they can receive without an adverse impact on their retirement benefits. A retiree of the TRS who is restored to active service with a TRS or ERS member agency may continue to receive a full retirement benefit provided that the retired member meets **both of the following conditions**:

- 1) Retiree **must not be employed in a full-time capacity.**
- 2) The Retiree's **compensation during the 2009 calendar year cannot exceed \$22,000.00.** The limit may increase during subsequent calendar years depending on increases in the Consumer Price Index.

Compensation is defined as, but not limited to, **wages, salary, expenses**, other than reimbursement for expenses which are normally reimbursable employee expenses, **consulting fees**, or **contract payments**.

NOTE: Failure to adhere to both of the above restrictions will result in the suspension of retirement benefits.

During the calendar year in which retirement is effective, the retiree's compensation from a TRS member agency, for any month of employment, may not exceed 1/12 of the earnings limitation. For example, a member who retires June 1 may earn up to \$1,833.33 per month for each month of employment during the remainder of the calendar year from a member agency. The \$1,833.33 represents 1/12 of the annual maximum of \$22,000.00.

A **disability retiree's** earnings are subject to the same limitations set out above or the difference between his/her average final salary and annual retirement benefit, whichever is lower, if employed with a TRS or ERS participating agency. However, if employed with a non-participating agency, the retiree's earnings cannot exceed the difference between his/her annual retirement benefit and the average final salary. The average final salary is the salary used in the computation of the disability retirement benefit.

A TRS retiree who is employed with an ERS member agency in a permanent full time position eligible for retirement coverage must begin participation in the ERS and the member's TRS retirement account will be terminated and the remaining funds and creditable service will be transferred and credited to the account established in the ERS.

(see reverse)

The earnings of retirees who provide services to participating agencies on a contractual or consulting basis, or who incorporate a business to provide such services, are also subject to the above stated limitations. If a retiree has entered into or is considering entering into a contract with a participating agency of the TRS or ERS, it is recommended that the retiree provide a copy of the contract or proposed contract to the Retirement System for determination of the effect the contract would have upon the retiree's benefit.

Employment with private industry, private education, or a non-participating agency will not affect a service retiree's benefit from TRS. However, a retiree who is receiving a Social Security benefit may wish to contact the Social Security Administration regarding the effect post retirement employment earnings may have upon his/her Social Security benefit.

A retiree should notify the TRS immediately if his/her earnings from a participating member agency exceed the maximum allowed or he/she is employed on a full time basis so that the appropriate benefit adjustment or benefit suspension may be accomplished. If a retiree has any questions regarding post retirement restrictions, he or she should contact the Teachers' Retirement System at 1-877-517-0020.

AUDIT INFORMATION

The enclosed calculation of retirement benefits provides you with benefit amounts based on information contained in our files as well as projected earnings, service and unused sick leave as certified by your employer.

Any changes in the components used to calculate your benefits will result in an adjustment in your monthly benefit. Ordinarily, your records are audited within six months of your retirement to determine that your benefits have been calculated correctly.

**PLEASE BE REMINDED THAT YOUR RETIREMENT ACCOUNT IS SUBJECT TO
AUDIT BOTH BEFORE AND AFTER RETIREMENT.**

MEMORANDUM

TO: Chief Executive Officers and Payroll Officers,
TRS Participating Agencies

FROM: Donald L. Yancey
Director of TRS Benefits & Associate Counsel

DATE: October 20, 2008

SUBJECT: NEW CONTRIBUTIONS AND EARNINGS LIMITATIONS

Beginning July 1, 2009, the Annual Compensation Limit imposed on members of the Teachers' Retirement System who became members on or after July 1, 1996, will increase from the current level of \$230,000.00 annually to \$245,000.00 annually. Any employees who were members of the Teachers' Retirement System prior to July 1, 1996 are not subject to the cap on earnable compensation subject to TRS contributions and should contribute on total compensation.

The earnings limit for retired individuals who are employed on a part-time basis for a covered institution will increase to \$22,000.00 per year for the 2009 calendar year. Individuals who retire in 2009 will be subject to a monthly earnings limitation equal to one-twelfth of the annual limit which is \$1,833.33. We have enclosed for your reference an updated post-retirement earnings limitation memorandum. A copy should be placed in your agency manual, and should be provided to any retired employee seeking employment with your agency.

Please be reminded that it is the individual's responsibility to inform you that they are retired and it is the agencies' responsibility to make certain that retired individuals **do not exceed** the post-retirement earnings limitation in order that their retirement benefits and health insurance benefits not be jeopardized.

Should you or any of your employees have questions regarding these issues, please contact our office.

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