

## Know Your Limitations for Postretirement Employment

A retiree of the Employees' Retirement System (ERS) or Teachers' Retirement System (TRS) who is restored to active service with an ERS or TRS member agency may continue to receive full retirement benefits provided that the retired member meets both the following conditions:

1. Retiree must not be employed in a permanent full-time capacity.
2. The retiree's compensation during the 2014 calendar year cannot exceed \$23,000. The earnings limit in calendar year 2014 and each calendar year thereafter shall be increased by the same percentage increase as the increase in the Consumer Price Index.

If a retiree's compensation from an ERS or TRS member agency exceeds the above limit, the retirement benefit will be suspended for the remainder of the calendar year.

During the year in which retirement is effective, retirees are subject to a prorated earnings limit based upon the number of months remaining in the year.

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

An ERS or TRS retiree may serve for compensation in an elected public office with the state, a county, or an incorporated municipality and shall be eligible to continue to receive his or her retirement benefit provided that the public office is not covered by the ERS or TRS. If the office, whether full-time or part-time, is covered by the ERS or TRS, the retiree shall be subject to the earnings limit.

The compensation of retirees who provide services to participating agencies on a contractual basis may be 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 ERS or TRS, it is recommended that the retiree provide a copy of the contract or proposed contract to the ERS or TRS for a determination as to whether or not such contract would affect the retiree's benefit.

Employment with private industry, private education, or a nonparticipating agency will not affect a service retiree's benefit from the ERS.

In addition to the earnings limitations stated above, a disability retiree's earnings are also limited to the difference between his/her average final compensation and annual retirement benefit regardless of whether or not the employer is an ERS or TRS member agency. The average final compensation is the salary used in the computation of the disability retirement benefit.

The State Ethics commission recommends that a retired public official or public employee who desires to come back to work on a part-time basis contact the Ethics Commission for a determination as to whether or not doing so would be prohibited under the Revolving Door provisions of the Ethics Law.

**The retiree should notify the ERS immediately when his/her employment status or compensation does not comply with the above limitations.**

Prepared by the Communications staff of the Retirement Systems of Alabama. To have your questions answered in "Preparing for Retirement", please address them to **Michael Pegues, Communications, Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150**. Please visit our Web site at [www.rsa-al.gov](http://www.rsa-al.gov).