

Postretirement Employment Restrictions

Retirement Systems of Alabama
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A retiree of the Employees' Retirement System (ERS) or Teachers' Retirement System (TRS) who is employed by or performs services for an ERS or TRS member agency as an employee or as an independent contractor may continue to receive full retirement benefits provided that the retired member meets **all of the following conditions**:

1. Retiree **must not be employed in a permanent full-time capacity.**
2. **The Retiree's compensation during the 2026 calendar year cannot exceed \$40,000.00.**
The limit may increase during subsequent calendar years depending on increases in the Consumer Price Index.
3. Retiree must have at least a 30 day break in employment from the effective date of retirement before being reemployed with an ERS or TRS member agency.

If a retiree's compensation for the services performed for 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.

Effective June 1, 2024, an elected/appointed official eligible to participate in the ERS who is a retiree of the ERS or the TRS may continue to receive retirement benefits while in office without an earnings limitation. The retiree shall not participate in or accrue additional benefits under the ERS or the TRS for this service. Under no circumstances shall a retiree whose retirement benefit was based upon service as an elected/appointed official continue in or return to the office and receive both pension benefits and salary. An elected/appointed official who is eligible to participate in the ERS as an elected/appointed official can elect to continue receiving retirement benefits or have the retirement benefit suspended so that they could rejoin the Retirement System upon reaching eligibility to rejoin.

The compensation of retirees who provide services to participating agencies on a contractual basis is 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, or with an entity providing services to an ERS or TRS agency, 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 if the employment does not entail providing services to an ERS or TRS participating agency.

In addition to the earnings limitations stated above, a disability retiree's earnings are also limited to the difference between their average final compensation and annual retirement benefit regardless of whether 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/TRS immediately when their employment status or compensation does not comply with the above limitations.

The responsibility for compliance with these limitations is placed on the ERS or TRS agency who is employing or receiving services from a retiree. The agency should contact ERS immediately when a retiree who is performing services for the agency is not in compliance with these provisions.