TEACHERS’ RETIREMENT SYSTEM OF ALABAMA
POSTRETIREMENT 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 permanent full-time capacity.

2) The Retiree’s compensation during the 2021 calendar year cannot exceed $32,000.00. 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, consulting fees, contract payments or expenses, other than reimbursement for expenses which are normally reimbursable employee expenses.

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

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 calendar year. For example, a member who retired July 1 would have 50% of the earnings limit for the remainder of the year. ($32,000 x .50 = $16,000). A member who retired October 1 would have 25% of the earnings limit for the remainder of the year. ($32,000 x .25 = $8,000).

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.

Per the Code of Alabama Section 16-25-14, a member must withdraw from service to be eligible to receive a retirement benefit. The RSA has interpreted this to mean that an employee must have a 30 day break in employment from the date of retirement before returning to post retirement employment with an RSA agency.

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.
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.