WORKING AFTER RETIREMENT

Now that you are retired and collecting your lifetime monthly benefit, you may consider returning to work. Federal and state statutes could affect your retirement benefit, but only if you return to work in a PERA-covered position. This publication provides helpful information on how earnings limits impact your PERA benefit.

**WHAT ARE THE 2023 EARNINGS LIMITS?**

- **$21,240** If you are a PERA retiree employed in a PERA-covered position and will not reach your full Social Security retirement age this year, you can earn up to $21,240 before your benefit is affected.

- **$56,520** If you will reach full retirement age this year, the limit is $56,520 between January and the month in which you reach full retirement age.

<table>
<thead>
<tr>
<th>YEAR BORN</th>
<th>FULL RETIREMENT AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 + 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 + 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 + 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 + 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 + 10 months</td>
</tr>
<tr>
<td>1960+</td>
<td>67</td>
</tr>
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**HOW DO I GET MY REDUCTIONS BACK?**

The withheld amount stays with PERA for at least one year. For example, if you had a total of $5,000 withheld in 2023, this amount stays with PERA for all of 2024 and may be paid out to you in 2025.

- In January of the eligible year, PERA will mail you a letter with the paperwork.
- The amount may be paid to you as a lump-sum and is considered taxable income, or you can defer the taxes and roll it over to another tax-qualified plan.
- If you die prior to claiming the withheld benefits, the eligible amount may be claimed by your spouse or beneficiaries.

**CALL US IF YOU HAVE ANY QUESTIONS ABOUT WORKING IN A PERA-COVERED POSITION AFTER RETIREMENT.**
EARNINGS LIMITS EXAMPLES

UNDER FULL SS RETIREMENT AGE

Pat retired, started benefits October 1, 2022, and receives $1,200 per month.

Pat returns to a PERA-covered position in January 2023. Since Pat is under the full SS retirement age, the $21,240 earnings limit applies to this position.

Pat earns $31,240 annually at work which is $10,000 over the 2023 limit, reducing the monthly benefit by $5,000 ($1 for every $2 over) for the year, or $416 per month.

Therefore, Pat’s benefit will be:

\[
\begin{align*}
$1,200 \\
- $416 ($5,000/12 months) \\
= $784 per month
\end{align*}
\]

THE YEAR YOU REACH FULL SS RETIREMENT AGE

Sam retired, started benefits December 1, 2022, and receives $2,000 per month in benefits.

Sam returned to a PERA-covered position in January 2023 under the full SS retirement age. The $56,520 earnings limit applies to this position, because Sam will reach full SS retirement age in November 2023.

Sam earns $59,640 from January through October, which is $3,120 over the 2023 annual limit. The benefit will be reduced by $1 for every $2 earned over the limit only for the first 10 months ($3,120/2 = $1,560). Then in November when Sam reaches full SS retirement age, the benefit will return to $2,000 per month because the limit no longer applies.

Therefore, Sam’s benefit will be:

\[
\begin{align*}
$2,000 \\
- $156 ($1,560/10 months before full retirement age) \\
= $1,844 per month (Jan-Oct) \\
$2,000 per month (Nov-Dec)
\end{align*}
\]

Q & A

What type of earnings will affect my PERA pension?

Only income from a PERA-covered job will affect your pension benefit. Income earned through private-sector employment, state agency employment, self-employment, investments, and elected service will have no impact on your pension.

My full SS retirement age is 66 + 4 months, but you said my full PERA retirement age is 66. Which is correct?

Full retirement age for PERA’s Coordinated Plan is 66 (65 if hired prior to 7/1/1989). In the P&F and Correctional Plans, full retirement age is 55. Social Security has different full retirement ages based on the year you were born—this age is used for earnings limits. See the chart on page one.

When are escrow funds available to me?

Availability of escrow funds depends on your employment status. If you have terminated re-employment, then funds are available one year after your separation date. If you work through the end of a calendar year (and continue working), then deductions from that year are available one year later. For example, funds placed into escrow throughout calendar year 2023 would be available in January 2025.

Do earnings in the months before retirement count towards my limits?

No. Only earnings that occur after your 30-day separation and return to PERA-covered employment will be counted.

Do I have earnings limits under a PRO Agreement?

Not while the agreement is in effect; however, you cannot work more than 1,044 hours in a year. See the Phased Retirement publication for additional requirements.

If I return to any PERA-covered position after retirement, will I continue to pay contributions to PERA?

No. Neither you nor your employer will make contributions to PERA based on re-employment earnings.