

Working After Retirement

Both federal and state statutes may significantly affect your retirement benefits should you resume employment after retirement.

Your PERA Pension

A right to a retirement benefit requires a complete and continuous separation from all public employment for 30 days.

There can be no written or verbal agreement prior to termination to provide services to a public employer.

Independent contractors and employees of an independent contractor may not work for their same employer for 30 days.

Public employment includes service to any governmental employer in Minnesota— e.g. school districts, cities, counties, townships, and state.

Failure to abide by these requirements will result in the cancellation of your retirement benefits. You will also be required to repay any benefits you have received and you may be subject to additional contributions to PERA. Finally, you must again apply for benefits, terminate your employment and ensure a break of at least 30 days from public service.

Consult with a PERA representative if you are considering working in a position normally covered by PERA after you retire.

Should you later return to PERA-covered employment, neither you nor your employer will make contributions to the Association. If you are over Social Security's Full Retirement Age (FRA) (*see chart*), there is no restriction on your earnings. However, if you resume employment in a position covered by PERA prior to your full Social

Security retirement age, you must remain within the annual earnings limitations established by the federal agency. If these limits are exceeded, your PERA pension may be reduced or suspended. These limits change on an annual basis.

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

2019 earnings limits

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 \$17,640 before your benefit is affected. If you will reach full retirement age this year, the limit is \$46,920 between January and the month in which you reach full retirement age. In both cases, your benefit will be reduced \$1 for every \$2 you exceed the limit.



PERA subtracts the earnings limit applicable to your age from your annual wages. We then reduce your pension by one half of the difference. As an example, if you exceed the earnings limit by \$2,000, we would reduce your pension by half that amount, or \$1,000.

If it is determined your earnings will exceed the limit to the point where they totally eliminate the remainder of your pension, we will suspend your benefit the first of the month following the day you earn more than your annual limit. The PERA benefit is then suspended until the beginning of the following year or until termination of your employment.

2019 Earnings Limits

	January 1 year you reach full retirement age	Month full Social Security retirement age is reached
Annual Limit	\$17,640	\$46,920
Reduction*	\$1 for every \$2 you exceed the limit or suspension of your benefit	No Reduction

* Your pension is only reduced by income from PERA-covered employment.

Your Social Security benefit

If you are Full Retirement Age (FRA) or older, you can work and claim Social Security benefits at the same time without penalty. If you collect Social Security benefits before your FRA you remain subject to annual earnings limitations.

Here's how it works. If you are under FRA throughout 2019, you can earn \$17,640. If your earnings exceed this, then \$1 of benefits is withheld for every \$2 you earn above \$17,640. If your earnings exceed this limit, some benefits may still be payable. If you attain FRA in 2019, you can earn \$46,920 in the period before the month in which you attain FRA with no reduction in benefits. If your earnings exceed this, then \$1 is withheld for every \$3 you earn above \$46,920.

Social Security Full Retirement Age (FRA)	
Year Born	Full Retirement Age
1943-1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 +	67

Earnings limits only apply to income from employment—not investment income or a PERA pension. (Special rules apply the year an individual begins receiving Social Security benefits and for self-employment. Contact Social Security for details.)

Reductions held in escrow

The amount by which your pension is reduced is held in a non-interest bearing escrow account by PERA. These deductions may be claimed as a lump sum one year after your reemployment ends and can be rolled over to another tax-qualified plan. If your reemployment extends through the end of a calendar year, the deductions from that year may be reclaimed one year later. For example, the earliest you can apply for your deductions from 2019 is January 2024. Should you die prior to claiming the withheld benefits, they may be claimed by your spouse or beneficiaries.

Phased Retirement

If you are receiving your PERA benefits while covered by a Phased Retirement Agreement, also known as a Postretirement Option (PRO), the earnings limits noted earlier do not apply while the agreement is in effect.



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This document is available in alternative formats to individuals with disabilities by calling 1-800-652-9026 or through the Minnesota Relay Service at 1-800-627-3529.

This publication is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this pamphlet, the statutes and regulations shall govern.

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How earnings limits may affect your PERA pension
2019

Public Employees Retirement Association of Minnesota