EMPLOYMENT AFTER RETIREMENT AND SURCHARGES--OVERVIEW
EMPLOYMENT AFTER RETIREMENT - RULES FOR RETIREES

- All retirees must have had a one full calendar month break in service after their retirement date. Exception – TRS member elects May 31st retirement date and works no later than June 15th. Retiree must sit out the remainder of June and all of July in order not to revoke retirement.

- Retired BEFORE 1/1/11, may work unlimited and receive annuity (surcharges may be due if retired after 9/1/2005)

- Retired AFTER 1/1/11, may work as a substitute or one-half time or less without loss of annuity.
  - May only work full-time and receive annuity if there has been a 12-consecutive month break in service (surcharges may be due)
    - Any work for a TRS-covered employer affects the 12-month break-including substituting
One-half time for Employment After Retirement AND Surcharges is defined as:

Working the equivalent of 4 clock hours for each workday in the calendar month under the one-half time exception.

The total number of hours allowed for that month may be worked in any arrangement or schedule.

Workday is defined as Monday-Friday, regardless of whether reporting entity is open or closed**

When a retiree combines substitute and one half time employment in the same calendar month, the retiree may work only one-half the number of workdays in that calendar month.

**This is for Employment After Retirement and Surcharge purposes ONLY, not Active members
ALL retirees who worked or received pay in a calendar month MUST be reported on the Employment after Retirement report--this includes Substitutes.

Actual hours and actual days worked in the calendar month MUST be reported for all retirees, regardless of retirement date.
Effective September 1, 2017, For purposes of employment after retirement, retirees are considered employees during the first 12 consecutive-calendar-months following retirement, if they are:

- performing duties or providing services for an educational institution that an employee of the institution would otherwise perform, and
- waiving, deferring, or foregoing compensation for those duties or services;
- working as independent contractors; or
- working as a volunteer but performing duties or providing services that the retiree performed immediately before retiring and has an agreement to perform or provide those same services or duties after the first 12 full, consecutive-calendar-months after retirement.

Employers are required to report these retirees as if they were employees each month during the first 12 calendar months after the retiree’s effective date of retirement. This change applies to a retiree who retires after Sept. 1, 2017 and a retiree who on Sept. 1, 2017 is within the first 12 consecutive-calendar-months following the effective date of retirement.
As a reminder, while there are some tasks or projects that could be performed by independent contractors the most common types of jobs held by retirees cannot. Examples of jobs that are unlikely to be suitable for performance by an independent contractor are:

- Superintendent
- Teacher
- Administrator
- Coach
- Principal / Assist. Principal
- Administrative support personnel

Special word of caution: There are entities marketing to TRS retirees and offering them the opportunity to become shareholders in a company or limited partnership that provide services to TRS-covered employers. Retirees are advised that they may contract with a TRS-covered employer as an independent contractor in their capacity as a shareholder of the company and avoid the limits on employment after retirement. Retirees are lead to believe that they are working as independent contractors as they perform the same duties that they had before retiring, including duties as teachers, coaches, principals and superintendents. These duties are often described in the contract as "consulting services." Do not be misled.

TRS determined that these companies are third-party entities providing personnel to TRS-covered employers and retirees providing the services are employees of the third-party entity. Retirees employed by a third-party entity are subject to the limits on employment after retirement and must be reported as employees of the TRS-covered employer.
Applies to retirees who retired after September 1, 2005

Based on same definition of ‘one-half time’ used in Employment After Retirement for retirees Rule §31.14

Surcharges are to be determined on a month to month basis.

Surcharge amounts are due each month a retiree working under the one-half time exception works more than the equivalent of 4 clock hours for each workday in the calendar month.
When are Surcharges Due?

- Retiree retired after September 1, 2005
- Retiree working more than one-half time*
  *Refer to previous slide for definition of one-half time for retirees
If a retiree working under the one-half time exception works MORE than the equivalent of 4 clock hours for each workday in the calendar month, surcharges are due.

If a retiree combines substitute employment and one half time employment in the same calendar month and works MORE than half of the number of available work days in the calendar month, surcharges are due.
WHEN ARE SURCHARGES NOT DUE?

- If a retiree works only as a substitute then surcharges are NOT due.

- If a retiree working under the one-half time exception works EQUAL TO or LESS THAN the equivalent of 4 clock hours for each workday in the calendar month, surcharges are NOT due.

- If a retiree combining substitute and one-half time employment works EQUAL TO or LESS THAN half the number of workdays in the calendar month, surcharges are NOT due.
If the retiree is only working as a one half time or less employee, the retiree would be limited to working no more than 4 clock hours for each available work day in the calendar month. In the example below surcharges would be due if the retiree worked more than 88 clock hours.

<table>
<thead>
<tr>
<th>Report Month</th>
<th>Available work days</th>
<th>Available half-time hours for the calendar month</th>
<th>Full-time clock hours for the calendar month (ER-10 position 86-88)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2017</td>
<td>23</td>
<td>92</td>
<td>184</td>
</tr>
</tbody>
</table>

If the retiree is combining substitute employment and one half time employment in the same calendar month, the retiree would be limited to working no more than half of work days in the calendar month. In the example below, surcharges would apply if the retiree worked more than 11 days.

<table>
<thead>
<tr>
<th>Report Month</th>
<th>Available work days</th>
<th>Allowable number of days to work under one half time</th>
<th>Full-time days for the calendar month (ER-10 position 86-88)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2015</td>
<td>23</td>
<td>11</td>
<td>22</td>
</tr>
</tbody>
</table>
SURCHARGE AMOUNTS

- **Pension Surcharge Rule §31.41**
  - 14.5% of salary paid to retiree in report month retiree exceeds half time
    - Combination of 7.7% member contribution and 6.8% state contribution

- **TRS-Care Surcharge Rule §41.4**
  - Flat rate of $535.00 per month
  - Due only on retirees participating in TRS Care
  - Use ‘View Employee Information’ to determine if retiree is participating in TRS Care
<table>
<thead>
<tr>
<th>Retired BEFORE September 1, 2005</th>
<th>Retired between September 1, 2005-January 1, 2011</th>
<th>Retired AFTER January 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree may work without limit and receive annuity</td>
<td>Retiree may work without limit and receive annuity</td>
<td>Retiree limited to working one-half time or less or substitute UNLESS there has been a 12-consecutive month break in service</td>
</tr>
<tr>
<td>No surcharges due</td>
<td>Surcharges due if retiree works more than amount allowed</td>
<td>Surcharges due if retiree works more than amount allowed</td>
</tr>
</tbody>
</table>
Use to look up new employees to determine:
- If they are already TRS members

If they are retirees:
- Retired before or after 9/1/2005
- Whether the retiree is subject to the Pension Surcharge
- If the retiree is enrolled in TRS Care