



Working After Retirement

- **New** Rules for Terminating Employment
- **New** Record-keeping Requirements
- How to Work and Avoid Interruptions in Benefits
- **New** Hourly Limits During First School Year



Partners in Your Retirement Security.

Does Working After Retirement Affect My Benefit?

If you want to work after you retire and avoid any interruptions in your monthly PEERS benefit payments, it is important that you abide by Missouri law and PSRS/PEERS Board of Trustees' regulations.

The effect of post-retirement employment on your benefit payments depends on whether your employer is a PEERS-covered employer (an employer participating in PEERS) and the number of hours you work.

For those retiring July 1, 2010 and after, the rules for post-retirement work in the year you retire are different than for all subsequent years. See page 7 of this brochure for more information.

New! Rules for Terminating Employment

The IRS rules state that retirement systems must require a clear separation of service between the termination of employment and post-retirement work.

Those retiring July 1, 2010 and after must terminate all employment with PEERS-covered employers and file an ***Application for Service Retirement*** prior to their effective retirement date.

In order for your employment to be considered terminated, you must meet two requirements.

Termination of employment means you must:

1. End all employment with PEERS-covered employers, and
2. Not volunteer or return to work for a PEERS-covered employer or be under contract for employment at a PEERS-covered employer in any capacity until at least **one month** has lapsed since your effective retirement date.

If you violate these rules, you must repay any benefit payments received while ineligible.

For example, if Jane retires July 1, she can begin working August 1 in a part-time or temporary-substitute position up to the 550-hour limit, and can continue receiving monthly retirement benefits. **She cannot volunteer, work under the critical shortage provision, or in any other capacity during the month of July in the calendar year she retires. She may not sign a contract for employment in any capacity until after she receives her July PEERS benefit.**

New! Record-Keeping Requirements

Effective July 1, 2010, all retirees working for PEERS-covered employers are required to maintain a written record of dates and hours worked, and information on employing school district(s). Employers are also required to maintain such records. Record-keeping forms will be sent to you and your employer each school year when you return to work after retirement. Record-keeping forms are also available on the PEERS Web site, www.psr-peers.org. PEERS may request access to these record forms for review at any time.

Definitions

Full-time employment is defined as:

Employment on a regular basis that meets the employer's full-time criteria for the position. For example, if the employer considers a school bus driver to be a full-time bus driver at 30 hours per week, then hours **for that position** of less than 30 hours per week would be part-time and hours of 30 or more per week would be considered full-time.

Part-time employment is defined as:

Employment that is less than an employer's definition of full-time employment for the position.

Temporary-substitute employment is defined as:

Employment either in a position that is held by a regularly employed person who is temporarily absent or in a position that is temporarily vacant.



Working for Employers *Not* Covered by PEERS

If you choose to work for someone other than a PEERS-covered employer:

- You do not need to inform PEERS.
- You continue to receive your PEERS benefit.
- The number of hours you work has no impact on your PEERS benefit.
- The amount of money you make has no impact on your PEERS benefit.

Working Full-Time for PEERS-Covered Employers

If you choose to work full-time for a PEERS-covered employer in any capacity:

- You must notify PEERS immediately.
- Your benefit is put on hold.
- You are required to start a new PEERS membership.
- You will have PEERS contributions withheld from your salary.
- You earn service credit.

See the exception to these rules explained on pages 8 - 9.

When you terminate your full-time employment for a PEERS-covered employer:

- If you earn a minimum of one year of service credit under your new membership, you are “special vested” and are eligible for a second retirement benefit.
- You cannot elect a PLSO payment on your second membership, and your second benefit cannot be combined with your initial benefit;
- You can choose to take a refund of your contributions and any interest earned under the new membership after termination of your employment and forfeit your right to a second retirement benefit.
- Your previous retirement benefit resumes after you inform PEERS your full-time employment ends.

You are not eligible to receive a retirement benefit for any month in which you earn service credit. If you earn a full year of credit, it is necessary for PEERS to recover any benefits paid during that school year. For example, if you begin working full-time in September and receive a full year of credit for the school year (July 1 through June 30), PEERS must recover your July and August benefit payments that were paid prior to the start date of your full-time employment because they were paid in the same school year a full year of credit was earned.

It is important for you to notify PEERS of the dates your PEERS-covered employment begins and ends. PEERS will verify the dates with your employer, determine the months you are entitled to benefits, and whether you need to reimburse any benefits paid to you.

Working for PEERS-Covered Employers Part-Time or as a Temporary-Substitute

If you choose to work part-time or as temporary-substitute for a PEERS-covered employer in any capacity and continue to receive monthly benefits:

- You can work up to **550 hours** each full school year (July 1 - June 30).
- If you retire in any month other than July, your first school year of post-retirement work eligibility will consist of fewer than 12 months. The 550-hour limit on your work during that **first school year** is pro-rated accordingly. See page 7 for more information.

If you exceed the 550-hour limit:

- You must notify PEERS immediately.
- Your retirement benefit is put on hold effective the month in which the 550-hour limit is exceeded.
- Your benefits resume the month after your employment again ends or a new school year begins.
- You are required to start a new membership and make contributions to PEERS if you meet membership eligibility requirements.

As long as you do not exceed the 550-hour limit or become a full-time, regular employee, you will continue to receive your PEERS benefit.

New! Rules for Post-Retirement Work in the Year You Retire

For those retiring July 1, 2010 and after, the limit on the number of hours you can work part-time or as a temporary-substitute is different during the school year you retire.

If you retire in any month *other than* July, the 550-hour limit is applied on a pro-rated basis for the rest of that school year.

For example, if Jane retires January 1, she can begin working February 1, but is limited to 275 hours through June 30, the end of the school year. Refer to the chart below.

The pro-rated limits apply only during the school year in which you retire. When the new school year begins July 1, the limit is increased to the full 550-hours, and remains at that level for future school years.

Pro-Rated Limit on Hours Worked During First School Year after Retirement	
Effective date of retirement:	Hours allowed after retirement for school year:
July 1	550
August 1	504
September 1	458
October 1	413
November 1	367
December 1	321
January 1	275
February 1	229
March 1	183
April 1	138
May 1	92
June 1	0

“Critical Shortage” Full-Time Employment Exception

If you work for a PEERS-covered employer who has declared a critical shortage of non-certificated employees, you may be employed for up to two years full-time without losing your PEERS benefits.

An employer can hire up to 10% of the non-certificated staff, not to exceed five individual PEERS retirees, to **work full-time up to two years** without a loss of retirement benefits.

The employer must certify that the following requirements have been met in order to employ retirees full-time under this provision.

The employer must:

- Certify with PEERS that they currently have a shortage of non-certificated employees,
- Make a good faith effort to fill positions with non-retired employees,
- Post the vacancy or vacancies for at least one month,
- Not have offered early retirement incentives for either of the previous two school years,
- Solicit applications through the local newspaper or other media, and
- Determine that there is an insufficient number of eligible applicants for the advertised position(s).



If you work under this provision, during the two years allowed:

- Your employment must be full-time,
- Your benefits continue,
- Employer contributions are made to PEERS,
- Member contributions are not required, and
- You do not earn additional service credit.

Summary of Working After Retirement Guidelines

Note: If you retire in any month other than July, your first school year of post-retirement work will consist of fewer than 12 months. The hourly limit on your post-retirement work during that first year is pro-rated. See page 7 for more information.

If Your Employer Is:	And Your Work Schedule Is:	Impact on Your Benefit:	Impact on Your Membership:
Not PEERS-Covered	Part-time or full-time	None	None
PEERS-Covered	Part-time or temporary-substitute (Work 550 or fewer hours per school year.*)	None	None
PEERS-Covered	Part-time or temporary-substitute (Work more than 550 hours per school year.*)	If you exceed the limit of 550 hours per school year, your benefit is put on hold until employment ends or a new school year* begins.	A new membership is started for employment that meets the criteria for PEERS membership. Once employment terminates, you can withdraw your contributions, or after accruing 1.0 year of credit, you can choose to receive a subsequent benefit under Special Vesting.
PEERS-Covered	Full-time	Benefit is put on hold until employment ends or a new school year* begins.	A new membership is started. Once employment terminates, you can withdraw your contributions, or after accruing 1.0 year of credit, you can choose to receive a subsequent benefit under Special Vesting.
PEERS-Covered and Qualifies Under Critical Shortage Provision	Full-time for up to two years for an employer that declares a critical shortage of non-certificated employees as defined by state law.	None	None. You do not earn additional service credit or remit contributions to PEERS.

*July 1 through June 30.

Employee or Independent Contractor?

What is the difference between employees and independent contractors? Employees can be covered by PEERS and independent contractors are not.

In Missouri, as is the case around the country, the courts have applied a “control test” to determine whether an individual is an employee. Basically, this common law standard is a review of who has the right to control the manner and means of accomplishing the work to be performed. In general, if your employer has the right to control the manner and means of accomplishing the work you are responsible for performing, then you are an employee, not an independent contractor.

This same test is used by the Internal Revenue Service (IRS) to determine whether employment taxes must be paid and income tax must be withheld. Application of other workplace laws, such as workers’ compensation and the Family and Medical Leave Act (FMLA) may also depend on this standard.

Working as a Consultant

Whether a position is referred to as “consulting” does not determine whether the Retirement System covers that person. The critical distinction is between being an employee and being an independent contractor. Employees can be covered by PEERS and independent contractors are not.

Corporations Working as Independent Contractors

While important, whether or not an individual is incorporated does not, by itself, ensure that an individual is considered

an independent contractor with respect to post-retirement employment. Depending on the circumstances, a corporation could be considered as only a shell or alter ego of the individual. If the individual is merely performing a role that ordinarily would be considered an employee, the corporation probably will be considered an alter ego of the person. The central question remains who has the right to control the activities of the individual – the corporation or the employer.

IRS Guidelines

The IRS provides a process for determining whether a person is an employee for purposes of federal employment taxes and income tax withholding. Employers should complete an IRS Form SS-8 and return the form to the IRS.

The IRS has also developed a list of 20 factors that can be used in reviewing work relationships to determine whether an individual is an employee. None of these factors is always more important than others, and the total relationship must be reviewed.

The factors set forth by the IRS and used by the courts fall into three main categories:

- Behavioral control
- Financial control
- Relationship of the parties

If you have questions about how to tell if your post-retirement work status is one of an employee or an independent contractor, you can get more information from the IRS Web site www.irs.gov/faqs/, or by calling your local IRS office, or calling toll free **(800) 829-1040**. You may also refer to IRS Publication 15-A, *Employer’s Supplemental Tax Guide*.

Contact Us

This brochure is not intended to serve as a legal document or a substitute for the law or regulations governing PEERS.

For further information, please refer to the

PEERS Member Handbook,

contact us at our office in Jefferson City

or visit our Web site

www.psr-speers.org



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