

Working After Retirement

Know the rules

You can continue to receive your full CalSTRS service retirement benefit, with no earnings limitations, if you take a job outside the California public school system. This includes work in private industry, private schools, public schools outside of California, and the University of California or California State University system.

If you return to work after service retirement and perform retired member activities in the California public school system (prekindergarten through community college), including substitute teaching, as an employee, an independent contractor or an employee of a third party, you're subject to restrictions under state and federal law, including a separation-from-service requirement and an annual postretirement earnings limit. In addition, you cannot work in a classified position except, under certain circumstances, as a teacher's aide.



Separation-from-service requirement

Your retirement benefit will be reduced dollar for dollar by any compensation earned for performing retired member activities during the first 180 calendar days following your most recent retirement effective date, up to your benefit payable during that period.

There is a very narrow exemption from the separation-from-service requirement if you have reached normal retirement age, your appointment is required to fill a critically needed position, you did not receive any financial inducement to retire, and your termination of service was not the cause of the need to acquire your services. For exemption requests submitted from July 1, 2024, through June 30, 2026, your employer must not have had reduction-in-force layoffs within the prior 18 months. Before July 1, 2024, and after June 30, 2026, different requirements apply.

Your employer must submit the required documentation to us substantiating your eligibility for the exemption. We must receive an exemption request before you

begin working. We will send a written response within 30 days of receiving the separation-from-service request to both the employer and the retiree to notify both parties whether the activities performed will be subject to or exempt from the 180-calendar day separation-from-service requirement.

Cash Balance Benefit Program participants: The separation-from-service requirement also applies to you if you're a Cash Balance Benefit Program participant.

- **If you receive your retirement benefit as an annuity**, your payments will be reduced dollar for dollar by any compensation earned from retired participant activities during the first 180 calendar days following your retirement.
- **If you receive your retirement benefit as a lump-sum payment**, in most cases your benefit will not be payable until 180 calendar days after the date you terminated employment. If you perform creditable service during this waiting period, your retirement will be canceled, and you will not receive your benefit payment. The waiting period may vary for participants who are subject to the federal required minimum distribution rule. Contact us to learn more.

NOTE: If you're a retired Defined Benefit Program member and return to work, you cannot contribute to the Cash Balance Benefit Program.

- If you belong to another California public retirement system, depending upon the specific circumstances, you may be subject to earnings or hourly limitations under that system.

Postretirement earnings limit

The earnings limit for 2024–25 is \$74,733. Any amount you earn from retired member activities during the first 180 calendar days of retirement will also count against the annual postretirement earnings limit for the appropriate fiscal year.

Example

If you perform retired member activities in 2024–25 after the first 180 calendar days of your most recent retirement and earn a total of \$75,000, you will exceed the earnings limit of \$74,733 by \$267. Assuming your annual retirement benefit is at least \$267, CalSTRS will collect the entire \$267 from your benefit payments.

Exclusion when working for a third party

You may be excluded from both earnings limits and other postretirement employment requirements if both of these apply to you:

- You return to work in the California public education system, but your employment relationship is with a third-party employer that does not participate in a California public pension system.
- The activities performed are not normally performed by employees of a CalSTRS employer, and the assignment is performed for 24 months or less.

Check with your employer and the school district or other California public education institution where you're working to determine if you're subject to this exclusion.

Keeping track of your earnings

Employers must report your earnings as a retired member to CalSTRS no later than 45 days after the end of the pay period. We will send two letters reminding you how close you are to

the postretirement earnings limit. However, you should also track your gross earnings to avoid exceeding the limit because of delays in employer reporting. If you exceed the earnings limit, we'll send you a letter explaining the deductions that will be made from your retirement benefit.

Volunteering in retirement

If you volunteer in a California public school or county office of education, be aware that an employment arrangement that involves volunteering in a position that would otherwise be creditable to CalSTRS—such as volunteering to serve as a school principal—may be in violation of the postretirement earnings limitations.

Reinstatement and reretirement

You may terminate your retirement and return to work with no earnings limitations. If you do, you'll pay contributions to CalSTRS for the compensation you earn, and you'll accrue service credit.

Meet with a CalSTRS benefits specialist to learn how reinstating will affect any option you elected and the calculation for your future retirement benefit before you decide to terminate your retirement and return to active membership.

If you retired under the CalSTRS Retirement Incentive Program, you will lose the ongoing increase in your benefit if you:

- Take any job, including substitute teaching, as an employee, as an independent contractor or as an employee of a third party within five years of retirement with the employer that offered the incentive.
- Receive unemployment benefits within one year of your retirement date.
- Reinstated to active membership.

CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](https://www.calstrs.com), and other governing laws. If there is a conflict between the law and this publication, the law prevails.

CalSTRS resources



WEB

[CalSTRS.com](https://www.calstrs.com)
[myCalSTRS.com](https://www.myCalSTRS.com)
[403bCompare.com](https://www.403bCompare.com)
[Pension2.com](https://www.Pension2.com)

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