



How returning to work can impact your benefits

Retirement, for many, does not mean the end of work. There's always a chance you may return to a job covered by a PEBA retirement system. If so, an earnings limitation and other rules can affect your monthly retirement benefit. You should understand these rules before retiring.¹

These rules govern service retirees working jobs covered by a state retirement system. Pursuing employment outside of the systems has no effect on service retirement benefits. The rules are different for disability retirees who return to gainful employment.¹

¹ Further rules apply to Teacher and Employee Retention Incentive (TERI) program participants. Learn more in the *South Carolina Retirement System Member Handbook* at www.peba.sc.gov.

You must be retired for at least 30 days

To retire, you must first completely terminate from all covered employment, no matter how soon you want to go back to work. To receive your retirement benefits, you must remain retired for at least 30 consecutive days before returning to covered employment. If you return to covered employment sooner than this, PEBA will suspend your monthly retirement benefit and you will not be eligible to receive benefits again until you terminate from all covered employment.

This 30-day requirement relates to retirement benefits only, not health insurance coverage. Contact PEBA for questions about how your retirement will affect your insurance coverage.

What could happen to your monthly retirement benefit?

\$10,000 earnings limitation

This rule does not limit the amount you can earn from covered employment. Rather, it only limits your retirement benefits once your earnings exceed the limit. The limitation can still have a large impact on your income. It applies to South Carolina Retirement System (SCRS) retirees who retire before age 62. Teachers identified as filling a critical need can be exempt from the rule. For retirees of the Police Officers Retirement System (PORS), it applies to those who retire before reaching age 57.

You will receive your benefit payment until you earn \$10,000 from employment in a covered position during a calendar year. Once you earn \$10,000, your monthly retirement benefit stops

for the rest of the year. The limit will reset the following year, so you will receive payments again before earning \$10,000.

Returning to active membership

In some cases, you may be eligible to cancel your retirement and return to active membership. You must work 48 continuous months, or the equivalent of four years. In this time, you must have annual earnings greater than 75 percent of your average final compensation, or AFC. PEBA calculates your AFC when you retire to determine your retirement benefit amount. If you return to active membership, you will have the option to repay benefits you received to establish additional credit. You may then later retire with a recalculated benefit. Learn more in your retirement system member handbook.

How does returning to work affect retirement system contributions?

If you return to work, you will contribute a percentage of your pay to into the system. The contribution rate will be the same as it is for active employees. However, you will no longer earn service credit or receive interest on your account.

What will happen to your insurance?

When you return to work, you may be eligible for State Health Plan insurance through PEBA. If this is the case and you are enrolled in retiree group insurance currently, you will need to enroll in active employee insurance. If you are on Medicare while working, the State Health Plan will be your primary payer. Medicare will be secondary. If your employer does not participate in the State Health Plan, then any other coverage it offers will determine your options.

Learn more about coverage and premiums in the Retiree group insurance chapter of the *Insurance Benefits Guide* and the *Insurance Coverage for the Medicare-eligible Member*.

Learn more

- www.peba.sc.gov
- Find insurance forms
- Read the member handbook for your retirement system
- Read the *Insurance Benefits Guide*
- Learn about return-to-work provisions at www.peba.sc.gov/returntowork.html
- PEBA Customer Contact Center (803.737.6800 or 888.260.9430)
- Medicare (www.medicare.gov or 800.633.4227)