

**SEPT
2010**

**Important Changes to
TRS Employment After Retirement**

Senate Bill 1669, recently passed by the Texas Legislature, changes the TRS Employment After Retirement law for members who plan to retire or who have retired after December 31, 2010. TRS will provide additional information on this bill once it becomes effective sometime in June 2011. Before making any decisions on working after retirement, please watch the TRS website to get the most up-to-date information about employment after retirement.

**Teacher
Retirement
System
of Texas**

**EMPLOYMENT
AFTER
RETIREMENT**

Revised September 17, 2010

TRS Mission Statement

The mission of the Teacher Retirement System of Texas is:

1. to deliver retirement and related benefits authorized by law for members and their beneficiaries; and
2. to prudently invest and manage the assets held in trust for members and beneficiaries in an actuarially sound system administered in accordance with applicable fiduciary principles.

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INTRODUCTION

EMPLOYMENT AFTER RETIREMENT

If you are retired from TRS and thinking about returning to work with an employer covered by TRS, **OR** if you are thinking about retirement and considering possible employment with an employer covered by TRS after you retire, the information in this booklet will help you make the decision that is right for you and avoid any unexpected loss of annuity payments.

This booklet is divided into sections that address the considerations for each of the following situations:

- **NOT YET RETIRED**
- **ALREADY RETIRED**
- **DISABILITY RETIRED**

Each section includes information that you need to make an informed decision. Because the law distinguishes between the opportunities for employment for early age retirees and normal age retirees, considerations for these types of retirees are addressed separately under each section. Also, employers covered by TRS must pay both a pension and health benefit surcharge for hiring certain retirees and some employers may want the retiree to help contribute towards the cost of employing the retiree. Information about employment that may trigger the surcharge is included.

***NOTE:** This brochure has been written in nontechnical terms wherever possible. However, if questions of interpretation arise as a result of the attempt to make the information easier to understand, TRS laws and rules remain the final authority and will determine the disposition of any conflict or question.*

If you still have questions after reading the information in this brochure or you do not find your employment situation addressed, please contact TRS for further information. **Don't rely on information provided to you by another retiree, co-worker, or even your employer.** Your retirement status may not be the same as another retiree or you may have retired at a different time than your fellow retiree. Different laws may apply to different retirees. Your employer is an expert in the business of education; TRS is the expert on your retirement. Call TRS when you have questions about your employment after retirement.

Find the section that matches your current employment or retirement status and find out how the employment after retirement program works for you.

NOT YET RETIRED

If you are not yet retired, but thinking about retiring and wondering if working after you retire for an employer covered by TRS is possible, there are many things to consider. Do you want to work full-time or maybe only part-time? Do you have to resign your employment before you can retire? When can you negotiate an agreement to return to work? Will employment affect your annuity? These questions and others are answered in this section. If your question is not covered by this section, contact TRS for information regarding your situation.

NOT YET RETIRED: *Early Age Retirees*

If you will be an early age retiree, meaning your annuity is reduced because you don't meet the criteria for normal age retirement, the information in this section is for you. Because you are retiring before normal age retirement, you must wait before negotiating for any type of employment with a TRS-covered employer that begins after you retire. Further, some of the types of employment that do not result in the loss of annuity payments are not available to you.

NOTE: *If you do not observe the restrictions on negotiating for future employment, you could lose monthly payments or even revoke your retirement. If you revoke your retirement, you would have to repay all of the annuity payments including any Partial Lump Sum Option (PLSO) payments you received from TRS and also repay any health benefit payments paid on your behalf by TRS-Care.*

On a more positive note, there are many opportunities for employment that are available to you. Here is information for you to consider:

QUESTION	When can you negotiate with the TRS-covered employer about returning to work after retirement?
SHORT ANSWER	You can negotiate with the TRS-covered employer AFTER one full, complete calendar month after you retire.

But, you may also want to know:

All retirees, both normal age and early age retirees, must wait one full, complete calendar month after retirement before returning to work. However, **early age retirees must also wait the one full, complete calendar month before NEGOTIATING with a TRS-covered employer to return to work -- ANY TYPE OF WORK.** This requirement is based on both state and federal law. At the time you retire, you cannot have a contract or agreement to return to work. Your retirement date and your last day of employment are not always the same day. Your retirement date for TRS purposes is always the *last day* of the month.

QUESTION	What happens if you have a contract or agreement to return to work before you retire or you negotiate a contract or agreement to return to work before the end of the full, complete calendar month after you retired?
SHORT ANSWER	You revoke your retirement and must return all annuity payments, including any PLSO payments and any health benefit payments paid on your behalf by TRS-Care because you have not terminated all employment with a TRS-covered employer and you were not eligible to retire.

But, you may also want to know:

If you revoke your retirement by having a contract or agreement to return to work in place before the end of the one full, complete calendar month after your retirement date, you must return all annuity payments including any PLSO payments you receive from TRS and any health benefit payments paid on your behalf by TRS-Care. You must then submit a new application to TRS to retire and start the retirement process again. TRS cannot pay you any benefits under the new retirement until you pay back all of the benefits you already received. **While you may want to make sure you can return to employment before you submit your resignation and retire, don't risk it.** Wait until after one full, complete calendar month after you retire to talk to the TRS-covered employer about returning to work.

QUESTION	Can working in any other way cause you to revoke your retirement?
SHORT ANSWER	Yes, if you return to work at any time during the one full, complete calendar month following the month of your retirement.

But, you may also want to know:

All retirees must wait one full, complete calendar month after retirement before returning to work. Your retirement date is always the last day of the month in which you retire. If you work a few days into June, but retire May 31st as allowed by law, you have to wait until August 1st to return to work. Remember, you must wait one full, complete calendar month. Because you worked in June, you cannot count the remainder of June towards this requirement. July would be the first full, complete calendar month after you stop working and retire.

If you revoke your retirement by returning to work too soon, you will have to repay any annuity payments including any PLSO payments made by TRS and any health benefit payments paid on your behalf by TRS-Care. You will have to submit a new application to TRS to retire and start the process over again.

QUESTION	How much time can you work without losing any annuity payments?
SHORT ANSWER	You can work as follows without losing any annuity payments: <ul style="list-style-type: none">• as a SUBSTITUTE, without any limit on the number of days;• as much as ONE-HALF TIME, for up to 12 months of the year;• in a COMBINATION OF SUBSTITUTE AND ONE-HALF TIME work, provided the total time worked in each calendar month does not exceed the amount of time available for one-half time employment in that calendar month;• FULL-TIME FOR SIX MONTHS of the year starting in the school year after the year you retire; and• as a FACULTY MEMBER OF A PROFESSIONAL NURSING PROGRAM full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date.

But, you may also want to know:

The school year for all retirees is September 1st to August 31st – every year, for every retiree, and for every employer. It does not matter when the school instructional year begins for your employer.

A **SUBSTITUTE** for TRS purposes is a person who serves on a temporary basis in the place of a current employee and the pay does not exceed the rate of pay for substitute work established by the employer. The position filled by the retiree cannot be vacant and be considered a substitute position. The reason the position is vacant or the length of time the position is expected to be vacant does not change the outcome: **a retiree cannot be considered as a substitute when serving in a vacant position.** As a retiree, you may serve in a vacant position, but you will be considered by TRS under another employment type such as full-time or half-time rather than as a substitute. Also, working any part of a day as a substitute counts as working a full eight-hour day. This is important to know if you combine substitute work with one-half time employment as described below.

ONE-HALF TIME EMPLOYMENT is working no more than one-half of the time required for a similar full-time position. If the work is measured in clock hours, the work can never exceed 92 hours in a calendar month. If the one-half time work is driving a bus, you cannot work more than one-half the number of days available to drive in that calendar month without losing an annuity payment. Even if for some reason, the number of days available to drive is more than usual, you can never drive more than 12 days in any calendar month. On the days that you drive the bus, you may perform any other duties required of you without limit. If your employment is measured in class hours or semester hours, you cannot work more than one-half the full-time load set by your employer. For example, if your employer considers 15 semester or class hours per semester full-time employment, you cannot teach more than seven semester or class hours per semester without losing an annuity payment. If your employer considers five classes per semester a full-time load, you cannot teach more than two classes without losing an annuity payment.

You can **COMBINE EMPLOYMENT AS A SUBSTITUTE AND ONE-HALF TIME EMPLOYMENT** during the same school year or even the same calendar month. For instance, you may work one month as a substitute and the next month work one-half time. You may also combine substitute work and one-half time work in the same calendar month, but you cannot work more than the amount of time available for one-half time employment for that month without losing an annuity payment. If you combine substitute work and one-half time work in the same calendar month, you cannot substitute an unlimited number of days in that month. If you combine substitute work and one-half time work in the same calendar month, you are under the one-half time exception for that month. Also, working any part of a day as a substitute counts as working a full, eight-hour day when calculating the amount of combined time you can work. This is important to know if you combine substitute work with one-half time work in the same calendar month.

FULL-TIME EMPLOYMENT of any type cannot begin in the same school year in which you retire. Remember that for TRS purposes the school year is always September 1st to August 31st. If

you retire in May, you cannot begin working full-time until September 1st. If you work in a full-time position in any month in the same school year in which you retire, you forfeit the annuity for that month. Full-time employment is limited to six months of the year. Working full-time in excess of six months results in you losing an annuity payment for any additional month in which you work or take paid leave in that school year.

Beginning on September 1st of the school year **following** the year you retire, you may work full-time for up to six months of the year without forfeiting your annuity. This is commonly referred to as the six-month exception. Once you begin working in a full-time position, working **any** amount of time in another month counts as working full-time and counts toward the six-month limit. This is true even if you work only one-half time one month or serve as a substitute one month. If you begin working in a full-time position in September and decide that you don't want to continue working full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) worked full-time and then continue working the remainder of the school year under another exception such as substitute or one-half time without losing an additional annuity payment.

If you continue working past the sixth month in the school year, you will forfeit your annuity payment for each month that you perform any amount of work, no matter how little or what kind. If you do not work in the remaining months, your annuity payments for the remaining months will be paid to you. If you begin working again in a new instructional school year that begins in August, you will forfeit the annuity payment for August because August is in the same TRS school year and you have already worked the six months allowed for the TRS school year – September 1st through August 31st.

For example, if you retire in May and then in August negotiate a return to employment in a full-time position, you most likely will begin your employment in August. While the new instructional year for your employer may begin in August, for TRS purposes the school year does not end until August 31st. If you work in a full-time position in August, you will lose your annuity for August. Beginning in September, you may work up to six months full-time and receive your annuity. In this example, you will receive your annuity from September through February. Beginning in March, you will lose your annuity payment for any month you work during the remainder of the school year which ends on August 31st.

If you are working under the six-month exception and your contract or work agreement requires that you must continue working in June, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement. If you do not work in July, you will not lose your annuity for July. If you begin work in August of the new instructional year, you will again forfeit the August annuity because for TRS purposes, the school year runs through August 31st and you will have already worked six months full-time in the current school year. Effectively under this example, you receive eight annuity payments while working full-time rather than six annuity payments.

As another example, if you work September through November either as a substitute or one-half time and then begin working full-time in December, the work you performed in September through November would be considered as part of the six months allowed under the six-month exception.

If you are employed as a **FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM** as defined in Section 54.221, Tex. Educ. Code, you may work up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time after your retirement date. Your employer must submit form TRS 581N (*Certification For Employment After Retirement As Faculty Member of Nursing Program*) to TRS.

QUESTION	Can you work full-time without losing your annuity?
SHORT ANSWER	Yes, but you can only work up to six months full-time without forfeiting your annuity unless you are employed as a FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM as described above. If you work longer than six months, you will lose your annuity for each additional month in which you perform any amount of work.

But, you may also want to know:

Beginning on September 1st of the school year after you retire, you may work full-time for up to six months every school year without losing any annuity payments. Starting in the seventh month, you will lose your annuity for any month in which you work or take paid leave during the remainder of the school year. This is commonly referred to as the six-month exception. Each September 1st, a new school year begins and you may start the six months of full-time work again. For example, if you want to return to full-time work after you retire, you most likely will begin working when school starts in August. If you retire in May prior to that August, you will forfeit your annuity for August because you may not begin full-time employment in the same school year in which you retire. (*For retirees, the school year is always September 1st through August 31st.*) The number of days you work in August does not change the outcome. If the position you are hired to work is a full-time position, working any part of August will result in losing your annuity.

Starting the school year in August as mentioned in the example above, if you continue to work full-time you may work for six months without losing another annuity. Under this example, you may work September through February without losing your annuity. Beginning in March, if you continue working, you will forfeit your annuity for each month in which you work or take paid leave, without regard to the number of days you work in that month. If you begin the school year working as a substitute or one-half time and later in the school year begin working full-time, the month(s) you worked as a substitute or one-half time are included in the six months allowed under the six-month limit. Work of any type beyond the sixth month will result in the loss of your annuity for each month you work beyond the sixth month. (*NOTE: The*

six months of full-time work under the six-month exception do not have to be consecutive.)

If you are working under the six-month exception and you must continue working in June under the terms of your contract or work agreement, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement.

QUESTION	Can you combine full-time employment with one-half time employment or substitute service without losing an annuity?
SHORT ANSWER	No. You cannot combine full-time employment with any other type of employment without losing an annuity.

But, you may also want to know:

If full-time employment is combined with any other type of employment you may only work in six months without losing an annuity. This is true without regard to the total number of days you work or the number of months you work full-time. If you work full-time any month, all other work is considered full-time. If you begin the school year working full-time but decide you no longer want to work full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) you worked full-time and then continue working one-half time or as a substitute for the remainder of that school year without losing another annuity payment.

QUESTION	How are sick leave days, personal leave days, compensatory leave days, and vacation leave days counted in determining how much time you have worked?
SHORT ANSWER	Paid leave time is counted the same as if you worked. It doesn't matter what type of paid leave is taken.

But, you may also want to know:

In determining whether you worked in a given calendar month, TRS considers paid time off the same as time worked. Your employer is required to report to TRS the paid time off as if you worked.

QUESTION	What happens if you work more time than you are allowed?
SHORT ANSWER	You will lose your annuity for each month that you exceed the amount of time you are allowed to work.

But, you may also want to know:

Each TRS-covered employer is required to submit a report to TRS each month indicating the

name of the retirees employed and the amount of time they worked. TRS reviews the report and takes steps to stop your annuity payment if you exceed the amount of time available to work. If your annuity payment has been sent to you, you must return the payment.

QUESTION	Can you work as a teacher in an acute shortage area, as an assistant principal or principal, or as a bus driver full-time without losing an annuity payment?
SHORT ANSWER	No. Early-age retirees cannot work full-time more than six months in any of these positions without losing an annuity. The only exception for full-time employment available to you is as a faculty member of a professional nursing program provided you have not worked in any type of employment for a TRS-covered employer for 12 consecutive months at any time following your retirement date.

But, you may also want to know:

The law provides normal age retirees certain exceptions to the general restriction on working full-time more than six months. **As an early age retiree, these exceptions are not available to you.**

QUESTION	Will your employer pay surcharges because of your employment?
SHORT ANSWER	If you are working one-half time or more and your employment is not temporary, your employer must pay the surcharge to TRS.

But, you may also want to know:

Your employer is required to pay a pension benefit surcharge to TRS on retirees working in positions covered by TRS and who retired after September 1, 2005. Regular employment that is one-half time or more is covered by TRS. Regular employment is employment that is expected to last 4½ months or more. Employment not covered by TRS and not subject to the surcharges includes:

- Substitute service;
- Temporary employment (employment that is expected to last less than 4½ months); and
- Less than one-half time employment (even as little as one hour less than one-half time prevents the surcharge payment)

The amount of the pension surcharge is equal to the amount of both member and state contributions on the compensation paid to you. If you are also participating in TRS-Care, your employer will owe a health benefit surcharge to TRS on your employment equal to the cost to TRS to provide coverage to you less the premium you pay to TRS.

QUESTION	Do you have to pay any part of the surcharges?
SHORT ANSWER	TRS cannot accept the payment from the retiree, but your employer may want to negotiate for you to reimburse a portion or all of the pension and/or health benefit surcharge to them.

But, you may also want to know:

The state law that requires the TRS-covered employer to pay the surcharges to TRS does not state the source of the funds. TRS is aware that some employers do not hire retirees because of the surcharges on their employment and that some employers require the retiree to pay all or a portion of the surcharges. While the employer must submit the surcharges to TRS along with the accompanying reports, TRS has no authority over terms of the employment relationship or compensation paid to the retiree. You may negotiate the terms of your employment with your employer without involvement from TRS.

QUESTION	Can you work for a third party employer that sends employees to schools to perform duties normally performed by school employees and avoid losing any of your annuity payments?
SHORT ANSWER	No.

But, you may also want to know:

Several years ago, some TRS-covered employers were hiring retirees to perform services through third party entities in an effort to avoid the limits on employment after retirement. A third party entity is an entity or company retained by the TRS-covered employer to provide personnel that perform duties or provide services that employees of the TRS-covered employer would otherwise perform. The law was amended to provide that a retiree who is employed by a third-party entity is considered to be employed by the TRS-covered employer unless the retiree does not provide services or perform duties on behalf of the TRS-covered employer. Retirees who were hired by the third-party entity before May 24, 2003 are not affected by the change in the law.

QUESTION	Can you work as an independent contractor for a TRS-covered employer and avoid losing any of your annuity payments?
SHORT ANSWER	Yes, but your status as an independent contractor must meet all of the legal requirements for this type of work arrangement.

But, you may also want to know:

While employment with a TRS-covered employer as an independent contractor is not subject to the TRS laws and rules regarding employment after retirement and does not incur the surcharges, you should carefully consider whether the work arrangement meets all the legal tests for this type of relationship. Laws governing federal income tax and Social Security are also involved in determining whether you are an independent contractor. Seek advice from your own attorney to determine whether the work arrangement is one of an independent contractor.

If your employment arrangement does not meet the legal tests for independent contractor, you are considered an employee of the TRS-covered employer. If your contract is negotiated prior to your retirement, you are not eligible to retire and you revoke your retirement because

you did not terminate employment. If this occurs, you must return all annuity payments including any PLSO payment paid to you by TRS as well as any health benefit payments paid on your behalf by TRS-Care. You must then apply to retire again. No benefits can be paid to you until you return all benefits previously paid to you.

If your employment arrangement is negotiated after one full, complete calendar month after your retirement, you will not revoke retirement but you will be subject to the limits on employment after retirement. If you exceed the amount of time you are allowed to work without loss of annuity, you will have to repay any annuity payments that are paid in months that you exceed the limits.

A word of caution is offered here. 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
- Administrator
- Principals/Assistant Principal
- Teacher
- Coach
- Administrative Support Personnel

Remember the old adage: "If it sounds too good to be true, it probably is."

NOT YET RETIRED: *Normal Age Retirees*

If you will be a normal age retiree, the information in this section is for you. You must wait one full, complete calendar month before returning to employment with an employer covered by TRS but you may negotiate before you retire for some types of employment that will begin after the one full, complete calendar month of absence. *You cannot, however, negotiate for full-time employment before you retire and before one full, complete calendar month after you retire, unless the full-time employment will be for a period of no more than six months.*

Note: *If you do not observe the restriction on contracting for full-time employment, you revoke your retirement. If you revoke your retirement, you will have to repay all of the annuity payments you received from TRS including any Partial Lump Sum Option (PLSO) or Deferred Retirement Option Plan (DROP) payments and also repay any health benefit payments paid by TRS-Care on your behalf.*

With that caveat stated, there are many opportunities for employment that are available to you. Here is information for you to consider:

QUESTION	When can you negotiate with the employer about returning to work after retirement?
SHORT ANSWER	You can negotiate at any time, before or after retirement, for any type of employment except full-time employment for more than six months, unless your full-time employment is as a bus driver. You cannot negotiate for full-time employment (more than six months) until after one full, complete calendar month after retirement.

But, you may also want to know:

All retirees must wait one full, complete calendar month after retirement before returning to work. However, normal age retirees can negotiate for any type of employment except full-time employment before retiring. The only exceptions to this limitation is if the full-time employment will not exceed six months or if the full-time employment is bus driving. If you negotiate before you retire or during the one full, complete calendar month following your retirement for full-time employment that exceeds six months and is not bus driving, you revoke your retirement and you are not eligible to receive any annuity payments or to have health benefit payments made by TRS-Care on your behalf. You revoke your retirement because Texas law says you have not terminated employment and you are not eligible to retire if you have not terminated employment.

This requirement has often been misunderstood by both employers and soon-to-be retirees, to the detriment of the retirees. The misunderstanding is caused by confusing the consequence of working more than six months AFTER YOU EFFECTIVELY RETIRE with the limit on how much

you can work. After you effectively retire by terminating employment and waiting one full, complete calendar month to return to work, you may return to full-time employment, even full-time employment that exceeds six months. The **CONSEQUENCE of working** more than six months in a school year is that beginning with the seventh month, you lose your annuity payment for any month that you work or take paid leave - even one day. The **CONSEQUENCE of negotiating for** full-time employment that exceeds six months and is not bus driving before one full, complete calendar month after you retire is you revoke your retirement.

**CONSEQUENCE OF WORKING TOO MUCH – LOSE YOUR ANNUITY FOR THE MONTH
CONSEQUENCE OF NEGOTIATING TOO SOON – REVOKE YOUR RETIREMENT**

Your retirement date for TRS purposes is always the last day of the month. Your retirement date and your last day of employment are not always the same day. Remember to use the last day of the month that you retire from TRS when determining when you can negotiate that full-time contract.

QUESTION	What happens if you have a contract or agreement in place when you resign and retire for full-time employment for a period that is longer than six months?
SHORT ANSWER	You revoke your retirement and must return all annuity payments, including any PLSO or DROP payments, and any health benefits paid on your behalf by TRS-Care because you have not terminated your employment and you are not eligible to retire.

But, you may also want to know:

If you revoke your retirement by having a prohibited contract or agreement for full-time work in place before the end of the one full, complete calendar month after your retirement date, you must return all annuity payments you received from TRS including any PLSO or DROP payments *and* any health benefit payments paid on your behalf by TRS-Care. You must then submit a new application to TRS to retire and start the retirement process again. TRS cannot pay you any benefits under the new retirement until you pay back all of the benefits you already received. **While you may want to make sure you can return to full-time employment before you submit your resignation and retire, don't risk it.** Wait until after one full, complete calendar month after you retire to talk to the TRS-covered employer about returning to work in that full-time position.

QUESTION	Can working in any other way cause you to revoke your retirement?
SHORT ANSWER	Yes, if you return to work at any time during the one full, complete calendar month following the month of your retirement.

But, you may also want to know:

All retirees must wait one full, complete calendar month after retirement before returning to work. Your retirement date is always the last day of the month in which you retire. If you

work a few days into June, but retire May 31st as allowed by law, you have to wait until August 1st to return to work. Remember, you must wait one full, complete calendar month. Because you worked in June, you cannot count the remainder of June towards this requirement. In this example, July would be the first full, complete calendar month after you stop working and retire.

If you revoke your retirement by returning to work too soon, you will have to repay any annuity payments including any PLSO or DROP payments and any health benefit payments paid on your behalf by TRS-Care. You will have to submit a new application to TRS to retire and start the process over again.

QUESTION	How much time can you work without losing any annuity payments?
SHORT ANSWER	<p>You can work as follows without losing any annuity payments:</p> <ul style="list-style-type: none"> • as a SUBSTITUTE, without any limit on the number of days; • as much as ONE-HALF TIME, for up to 12 months of the year; • in a COMBINATION OF SUBSTITUTE AND ONE-HALF TIME work, provided the total time worked in each calendar month does not exceed the amount of time available for one-half time employment in that calendar month; • as a BUS DRIVER full-time for up to 12 months of the year (including the year in which you retire), provided bus driving is your primary employment and you personally drive at least one route each day; additional work performed must be less than half time; • starting in the school year after the year you retire, FULL-TIME FOR SIX MONTHS of the year; • as a TEACHER IN AN ACUTE SHORTAGE area full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date; • as a PRINCIPAL OR ASSISTANT PRINCIPAL full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date; and • as a FACULTY MEMBER OF A PROFESSIONAL NURSING PROGRAM full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date.

But, you may also want to know:

The school year for all retirees is from September 1st to August 31st – every year, for every retiree, and for every employer. It does not matter when the school instructional year begins for your employer.

A **SUBSTITUTE** for TRS purposes is a person who serves on a temporary basis in the place of a current employee and the pay does not exceed the rate of pay for substitute work established by the employer. The position filled by the retiree cannot be vacant and be considered a substitute position. The reason the position is vacant or the length of time the position is expected to be vacant does not change the outcome: **a retiree cannot be considered a substitute when serving in a vacant position.** As a retiree, you may serve in a vacant position, but you will be considered by TRS under another employment type such as full-time or half-time rather than as a substitute. Also, working any part of a day as a substitute counts as working a full eight-hour day. This is important to know if you combine substitute work with one-half time employment as described below.

ONE-HALF TIME EMPLOYMENT is working no more than one-half of the time required for a similar full-time position. If the work is measured in clock hours, the work can never exceed 92 hours in a calendar month. If the one-half time work is driving a bus, you cannot work more than one-half the number of days available to drive in that calendar month without losing an annuity payment. Even if for some reason, the number of days available to drive is more than usual, you can never drive more than 12 days in a calendar month. On the days that you drive the bus, you may perform any other duties required of you without limit. If your employment is measured in class hours or semester hours, you cannot work more than one-half the full-time load set by your employer. For example, if your employer considers 15 semester or class hours per semester full-time employment, you cannot teach more than seven semester or class hours per semester without losing an annuity payment. If your employer considers five classes per semester a full-time load, you cannot teach more than two classes without losing an annuity payment.

You can **COMBINE EMPLOYMENT AS A SUBSTITUTE AND ONE-HALF TIME EMPLOYMENT** during the same school year or even the same calendar month. For instance, you may work one month as a substitute and the next month work one-half time. You may also combine substitute work and one-half time work in the same calendar month, but you cannot work more than the amount of time available for one-half time employment in that month without losing an annuity payment. If you combine substitute work and one-half time work in the same calendar month, you cannot substitute an unlimited number of days in that month. If you combine substitute work and one-half time work in the same calendar month, you are under the one-half time exception for that month. Also, working any part of a day as a substitute counts as working a full, eight-hour day when calculating the amount of combined time you can work. This is important to know if you combine substitute work with one-half time employment in the same calendar month.

With an exception for full-time bus driving, **FULL-TIME EMPLOYMENT** of any type cannot begin in the same school year in which you retire. Remember that for TRS purposes the school year is always September 1st to August 31st. If you retire in May, you cannot begin working full-time (except as a bus driver) until September 1st. If you work in a full-time position in any month in the same school year in which you retire, you forfeit the annuity for that month. The only exception to this rule for full-time employment in the same school year in which you retire is for bus driving. You may work as a full-time bus driver after one full, complete calen-

dar month following your retirement. However, there are limits on how much other work you may perform under the bus driver exception. These limits are covered below in the paragraph about the bus driver exception. *(NOTE: The limits under the bus driver exception are different from those for bus driving under the one-half time exception.)*

Beginning on September 1st of the school year **following** the year you retire, you may work full-time for up to six months of every school year without forfeiting your annuity. This is commonly referred to as the six-month exception. Once you begin working in a full-time position, working **any** amount of time or taking any amount of paid leave in another month counts as working full-time and counts toward the six-month limit. This is true even if you work only one-half time one month or serve as a substitute one month. If you begin working in a full-time position in September and decide that you don't want to continue working full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) worked full-time and then continue working the remainder of the school year under another status such as one-half time or substitute service without losing an additional annuity payment.

If you continue working past the sixth month in the school year, you will forfeit your annuity payment for each month that you perform any amount of work or take paid leave, no matter how little or what kind. If you do not work in the remaining months, your annuity payments for the remaining months will be paid to you. If you begin working again in a new instructional school year that begins in August, you will forfeit the annuity payment for August because August is in the same TRS school year and you have already worked the six months allowed for the TRS school year – September 1st through August 31st.

For example, if you retire in May and then in August negotiate a return to employment in a full-time position, you most likely will begin your employment in August. While the new instructional year for your employer may begin in August, for TRS purposes the school year does not end until August 31st. If you work in a full-time position in August, you will lose your annuity for August. Beginning in September, you may work up to six months full-time and receive your annuity. In this example, you will receive your annuity from September through February. Beginning in March, you will lose your annuity payment for any month you work during the remainder of the school year which ends on August 31st.

If you are working under the six-month exception and your contract or work agreement requires that you must continue working in June, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement. If you do not work in July, you will not lose your annuity for July. If you begin work in August of the new instructional year, you will again forfeit the August annuity because for TRS purposes, the school year runs through August 31st and you will have already worked six months full-time in the current school year. Effectively under this example, you receive eight annuity payments while working full-time rather than six annuity payments.

As another example, if you work September through November either as a substitute or

one-half time and then begin working full-time in December, the work you performed in September through November would be considered as part of the six months allowed under the six-month exception.

There are **FOUR SPECIAL TYPES OF FULL-TIME EMPLOYMENT** that are *not limited to six months*. These include teaching in an acute shortage area, serving as a principal or assistant principal, working as a bus driver, and working as a faculty member in a professional nursing program. Each type of work has requirements that must be met. If you think you may qualify for one of these types of employment, consider the following requirements.

If you are a classroom teacher who is certified to teach in an **ACUTE SHORTAGE AREA** in your district, you may teach up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time following your retirement date. You also must teach at least one class hour per day in an acute shortage area as determined by your district's Board of Trustees. The Board of Trustees must use the guidelines provided by the Commissioner of Education in determining the acute shortage area. Your employer must also submit form TRS 581 (*Certification For Employment After Retirement as a Classroom Teacher in an Acute Shortage Area or as a Principal or Assistant Principal*) to TRS.

If you hold certification as a **PRINCIPAL OR ASSISTANT PRINCIPAL**, you may work up to 12 months of the school year as a principal or assistant principal without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time following your retirement date. You must also be employed as and perform the duties of a principal or an assistant principal. Your employer must also submit form TRS 581 (*Certification For Employment After Retirement as a Classroom Teacher in an Acute Shortage Area or as a Principal or Assistant Principal*) to TRS.

If you are a **BUS DRIVER**, you may drive a bus full-time without losing your annuity provided you personally drive at least one bus route each day that complies with the guidelines established by the Texas Education Agency (TEA) and your primary employment must be as a bus driver. Your employment as a bus driver is your primary employment if the total amount of time you spend working for a TRS-covered employer on other tasks (besides driving the bus) is less than one-half time. If your other duties require you to work one-half time or more, you are not eligible for the bus driver exception. If you work one-half time or more doing other work, you will be considered full-time and you will be limited to working only six months a year without losing your annuity. You will lose your annuity for any month after the sixth month that you perform any work, even if it is only driving the bus.

If you drive a bus and decide to return to work, keep this in mind. You can work under the one-half time exception, meaning driving one-half of the days available to drive in a calendar month (but no more than 12 days) without losing your annuity. If you decide to work under the one-half time exception and work only one-half of the days available, you may perform any other duties without limit on the days you drive. If you want to drive more than one-half of the days available, you may do so under the full-time, bus driver exception, but you must limit the amount of time you spend doing other duties to less than one-half time.

If you are employed as a **FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM** as defined in Section 54.221, Tex. Educ. Code, you may work up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any employer covered by TRS for at least 12 consecutive months at any time following your retirement date. Your employer must submit form TRS 581N (*Certification For Employment After Retirement As Faculty Member of a Nursing Program*) to TRS.

QUESTION	Can you work full-time without losing your annuity?
SHORT ANSWER	Yes, but you can only work up to six months full-time without forfeiting your annuity unless you qualify for one of the special exceptions (teacher in an acute shortage area, principal/assistant principal, bus driver, or faculty member of a professional nursing program). If you work longer than six months, you will lose your annuity for each month you perform any amount of work.

But, you may also want to know:

Beginning on September 1st of the school year after you retire, you may work full-time for up to six months every school year without losing any annuity payments. Starting in the seventh month, you will lose your annuity for any month in which you work any amount or take any amount of paid leave during the remainder of the school year. This is commonly referred to as the six-month exception. Each September 1st, a new school year begins and you may start the six months of full-time work again. For example, if you want to return to full-time work after you retire, you most likely will begin working when school starts in August. If you retire in May prior to that August, you will forfeit your annuity for August because you may not begin full-time employment in the same school year in which you retire. (*For retirees, the school year is always September 1st through August 31st.*) The number of days you work in August does not change the outcome. If the position you are hired to work is a full-time position, working any part of August will result in losing your annuity.

Starting in August as mentioned in the above example, if you continue to work full-time you may work six months without losing another annuity. Under this example, you may work September through February, without losing your annuity. Beginning in March, if you continue working, you will forfeit your annuity for each month in which you work or take paid leave, without regard to the number of days you work in that month. If you begin the school year working as a substitute or one-half time and later in the school year begin working full-time, the months you worked as a substitute or one-half time are included in the six months allowed under the six-month limit. Work of any type beyond the sixth month will result in the loss of your annuity for each month you work beyond the sixth month. *NOTE: The six months of full-time work under the six-month exception do not have to be consecutive.*

If you are working under the six-month exception and you must continue working in June under the terms of your contract or work agreement, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing

the June annuity if you are working under the six month full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement.

QUESTION	Can you combine full-time employment with one-half time employment or substitute service without losing an annuity?
SHORT ANSWER	No. You cannot combine full-time employment with any other type of employment without losing an annuity.

But, you may also want to know:

If full-time employment is combined with any other type of employment you may only work in six calendar months without losing an annuity. This is true without regard to the total number of days you work or the number of months you work full-time. If you work full-time any month, all other work is considered full-time. If you begin the school year working full-time but decide you no longer want to work full-time, contact TRS. You may be able to return the annuity payments for the month(s) you worked full-time and then continue working one-half time or as a substitute for the remainder of that school year without losing another annuity payment.

QUESTION	How are sick leave days, personal leave days, compensatory leave days, and vacation leave days counted in determining how much time you have worked?
SHORT ANSWER	Paid leave time is counted the same as if you worked. It doesn't matter what type of paid leave is taken.

But, you may also want to know:

In determining whether you worked in a given calendar month, TRS considers paid time off the same as time worked. Your employer is required to report to TRS the paid time off as if you worked.

QUESTION	What happens if you work more time than you are allowed?
SHORT ANSWER	You will lose your annuity for each month that you exceed the amount of time you are allowed to work.

But, you may also want to know:

Each TRS-covered employer is required to submit a report to TRS each month indicating the name of the retirees employed and the amount of time they worked. TRS reviews the report and takes steps to stop the annuity payment if you exceed the amount of time available to work. If the annuity payment is already sent to you, you must return the payment.

QUESTION	Will your employer pay surcharges because of your employment?
SHORT ANSWER	If you are working one-half time or more and your employment is not temporary, your employer must pay the surcharge to TRS.

But, you may also want to know:

Your employer is required to pay a pension benefit surcharge to TRS on retirees working in positions covered by TRS and who retired after September 1, 2005. Regular employment that is one-half time or more is covered by TRS. Regular employment is employment that is expected to last 4½ months or more. Employment not covered by TRS and not subject to the surcharges includes:

- Substitute service;
- Temporary employment (employment that is expected to last less than 4½ months); and
- Less than one-half time employment (even as little as one hour less than one-half time prevents the surcharge payment)

The amount of the pension surcharge is equal to the amount of both member and state contributions on the compensation paid to you. If you are also participating in TRS-Care, your employer will owe a health benefit surcharge to TRS on your employment equal to the cost to TRS to provide coverage to you less the premium you pay to TRS.

QUESTION	Do you have to pay any part of the surcharges?
SHORT ANSWER	TRS cannot accept the payment from the retiree, but your employer may want to negotiate for you to reimburse a portion or all of the pension and/or health benefit surcharge to them.

But, you may also want to know:

The state law that requires the TRS-covered employer to pay the surcharges to TRS does not state the source of the funds. TRS is aware that some employers do not hire retirees because of the surcharges on their employment and that some employers require the retiree to pay all or a portion of the surcharges. While the employer must submit the surcharges to TRS along with the accompanying reports, TRS has no authority over terms of the employment relationship or compensation paid to the retiree. You may negotiate the terms of your employment with your employer without involvement from TRS.

QUESTION	Can you work for a third party employer that sends employees to schools to perform duties normally performed by school employees and avoid losing any of your annuity payments?
SHORT ANSWER	No.

But, you may also want to know:

Several years ago, some TRS-covered employers were hiring retirees to perform services through third party entities in an effort to avoid the limits on employment after retirement. A third party entity is an entity or company retained by the TRS-covered employer to provide personnel that perform duties or provide services that employees of the TRS-covered employer would otherwise perform. The law was amended to provide that a retiree who is employed by a third party entity is considered to be employed by the TRS-covered employer unless the retiree does not provide services or perform duties on behalf of the TRS-covered employer. Retirees who were hired by the third party entity before May 24, 2003 are not affected by the change in the law.

QUESTION	Can you work as an independent contractor for a TRS-covered employer and avoid losing any of your annuity payments?
SHORT ANSWER	Yes, but your status as an independent contractor must meet all of the legal requirements for this type of work arrangement.

But, you may also want to know:

While employment with a TRS-covered employer as an independent contractor is not subject to the TRS laws and rules regarding employment after retirement and does not incur the surcharges, you should carefully consider whether the work arrangement meets all the legal tests for this type of relationship. Laws governing federal income tax and Social Security are also involved in determining whether you are an independent contractor. Seek advice from your own attorney to determine whether the work arrangement is one of an independent contractor.

If your employment arrangement does not meet the legal tests for independent contractor, you are considered an employee of the TRS-covered employer. If your contract is negotiated prior to your retirement, you are not eligible to retire and you revoke your retirement because you did not terminate employment. If this occurs, you must return all annuity payments including any PLSO or DROP payments paid to you by TRS as well as any health benefit payments paid on your behalf by TRS-Care. You must then apply to retire again. No benefits can be paid to you until you return all benefits previously paid to you.

If your employment arrangement is negotiated after one full, complete calendar month after your retirement, you will not revoke retirement but you will be subject to the limits on employment after retirement. If you exceed the amount of time you are allowed to work without loss of annuity, you will have to repay any annuity payments that are paid in months that you exceed the limits.

A word of caution is offered here. 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
- Administrator
- Principals/Assistant Principal
- Teacher
- Coach
- Administrative Support Personnel

Remember the old adage: “If it sounds too good to be true, it probably is.”

ALREADY RETIRED

If you are retired and considering whether returning to work for an employer covered by TRS is possible and how your retirement annuity might be affected by working, the information in this section is relevant to your decision. Do you want to work full-time or part-time? Do you qualify for one of the specific types of employment that lets you work full-time year round? Will you lose any annuity payments? These questions and others are answered in this section.

If you have already retired and have not worked for at least the one full, complete calendar month after retirement required of all retirees, you may now negotiate with any TRS-covered employer about returning to work. If you are still within the one full, complete calendar month from your retirement date, please read the information in the “NOT YET RETIRED” section for information relevant to your situation. If your question is not covered by this section, contact TRS for information regarding your situation.

RETIRED BEFORE JANUARY 1, 2001

If you retired before January 1, 2001, you may work as follows without losing any annuity payments:

- any position;
- any employer; and
- any amount of time

Further, the surcharges that must be paid by TRS-covered employers for employing certain retirees DO NOT apply to your employment. In summary: no limits on employment; no loss of annuity; and no surcharges.

ALREADY RETIRED: *Early Age Retirees*

If you are an early age retiree, meaning your annuity is reduced because you didn't meet the criteria for normal age retirement, the information in this section is for you. As an early age retiree you have many opportunities for employment with TRS-covered employers. Here is information for you to consider:

QUESTION	When can you negotiate with a TRS-covered employer about returning to work?
SHORT ANSWER	Anytime. (This answer assumes that you have already completed the one full, complete calendar month after your retirement without working.)

But, you may also want to know:

Both state and federal law prohibit you from negotiating for employment that begins after your retirement until you have completed the one full, complete calendar month of not working required of all TRS retirees. If you negotiate for employment before that time, you revoke your retirement and must repay any annuity payments including any PLSO payment and any health benefit payments paid on your behalf by TRS-Care. You must submit a new application to TRS to retire and start the retirement process again. TRS cannot pay you benefits based on your new retirement until the amounts owed are paid. If this is your situation, please refer to the section "NOT YET RETIRED" for information.

If you are retired and have not worked during the month of required absence from service, you may negotiate a contract or agreement for employment to begin any time.

QUESTION	How much time can you work without losing any annuity payments?
SHORT ANSWER	<p>You can work without losing any annuity payments:</p> <ul style="list-style-type: none"> • as a SUBSTITUTE, without any limit on the number of days; • as much as ONE-HALF TIME, for up to 12 months of the year; • in a COMBINATION of substitute and one-half time work, provided the total time worked in each calendar month does not exceed the amount of time available for one-half time employment in that calendar month; • FULL-TIME FOR SIX MONTHS of the year, starting in the school year <u>after the year</u> you retired; and • as a FACULTY MEMBER OF A PROFESSIONAL NURSING PROGRAM full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period (at any time) from all employment with any TRS-covered employer at any time following your retirement date.

But, you may also want to know:

The school year for all retirees is from September 1st to August 31st – every year, for every retiree, and for every employer. It does not matter when the school instructional year begins for your employer.

A SUBSTITUTE for TRS purposes is a person who serves on a temporary basis in the place of a current employee and the pay does not exceed the rate of pay for substitute work established by the employer. The position filled by the retiree cannot be vacant and be considered a substitute position. The reason the position is vacant or the length of time the position is expected to be vacant does not change the outcome: **a retiree cannot be considered as a substitute when serving in a vacant position.** As a retiree you may serve in a vacant position, but you will be considered by TRS under another employment type such as full-time or half-time rather than as a substitute. Also, working any part of a day as a substitute counts as working a full eight-hour day. This is important to know if you combine substitute work with one-half time employment as described below.

ONE-HALF TIME EMPLOYMENT is working no more than one-half of the time required for a similar full-time position. If the work is measured in clock hours, the work can never exceed 92 hours in a calendar month. If the one-half time work is driving a bus, you cannot work more than one-half the number of days available to drive in that calendar month without losing an annuity payment. Even if for some reason, the number of days available to drive is more than usual, you can never drive more than 12 days in any calendar month. On the days that you drive the bus, you may perform any other duties required of you without limit. If your employment is measured in class hours or semester hours, you cannot work more than one-half the full-time load set by your employer. For example, if your employer considers 15 semester or class hours per semester full-time employment, you cannot teach more than seven semester or class hours per semester without losing an annuity payment. If your employer considers five classes per semester a full-time load, you cannot teach more than two classes without losing an annuity payment.

You can **COMBINE EMPLOYMENT AS A SUBSTITUTE AND ONE-HALF TIME EMPLOYMENT** during the same school year or even the same calendar month. For instance, you may work one month as a substitute and the next month work one-half time. You may also combine substitute work and one-half time work in the same calendar month, but you cannot work more than the amount of time available for one-half time employment in that month without losing an annuity payment. If you combine substitute work and one-half time work in the same calendar month, you cannot substitute an unlimited number of days in that month. If you combine substitute work and one-half time work in the same calendar month, you are under the one-half time exception for that month. Also, working any part of a day as a substitute counts as working a full, eight-hour day when calculating the amount of combined time you can work. This is important to know if you combine substitute work with one-half time employment in the same calendar month.

FULL-TIME EMPLOYMENT of any type cannot begin in the same school year in which you retired. Remember that for TRS purposes the school year is always September 1st to August

31st. If you retired in May, you cannot begin working full-time until September 1st. If you work in a full-time position in any month in the same school year in which you retired, you forfeit the annuity for that month. Full-time employment is limited to six months of the year. Working full-time in excess of six months results in you losing an annuity payment for any additional month in which you work or take paid leave in that school year.

Beginning on September 1st of the school year **following** the year you retired, you may work full-time for up to six months of the year without forfeiting your annuity. This is commonly referred to as the six-month exception. Once you begin working in a full-time position, working **any** amount of time in another month counts as working full-time and counts toward the six-month limit. This is true even if you work only one-half time one month or serve as a substitute one month. If you begin working in a full-time position in September and decide that you don't want to continue working full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) you worked full-time and then continue working the remainder of the school year under another exception such as substitute or one-half time without losing an additional annuity payment.

If you continue working past the sixth month in the school year, you will forfeit your annuity payment for each month that you perform any amount of work, no matter how little or what kind. If you do not work in the remaining months, your annuity payments for the remaining months will be paid to you. If you begin working again in a new instructional school year that begins in August, you will forfeit the annuity payment for August because August is in the same TRS school year and you have already worked the six months allowed for the TRS school year – September 1st through August 31st.

For example, if you retired in May and then in August negotiate a return to employment in a full-time position, you most likely will begin your employment in August. While the new instructional year for your employer may begin in August, for TRS purposes the school year does not end until August 31st. If you work in a full-time position in August, you will lose your annuity for August. Beginning in September, you may work up to six months full-time and receive your annuity. In this example, you will receive your annuity from September through February. Beginning in March, you will lose your annuity payment for any month you work during the remainder of the school year which ends on August 31st.

If you are working under the six-month exception and your contract or work agreement requires that you must continue working in June, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement. If you do not work in July, you will not lose your annuity for July. If you begin work in August of the new instructional year, you will again forfeit the August annuity because for TRS purposes, the school year runs through August 31st and you will have already worked six months full-time in the current school year. Effectively under this example, you receive eight annuity payments while working full-time rather than six annuity payments.

As another example, if you work September through November either as a substitute or one-half time and then begin working full-time in December, the work you performed in September through November would be considered as part of the six months allowed under the six-month exception.

If you are employed as a **FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM** as defined in Section 54.221, Tex. Educ. Code, you may work up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time following your retirement date. Your employer must submit form TRS 581N (*Certification For Employment After Retirement As Faculty Member of Nursing Program*) to TRS.

QUESTION	Can you work full-time without losing your annuity?
SHORT ANSWER	Yes, but you can only work up to six months full-time without forfeiting your annuity unless you are employed as a FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM as described above. If you work longer than six months, you will lose your annuity payment for each month in which you perform any amount of work.

But, you may also want to know:

Beginning on September 1st of the school year after you retired, you may work full-time for up to six months every school year without losing any annuity payments. Starting in the seventh month, you will lose your annuity for any month in which you work or take paid leave during the remainder of the school year. This is commonly referred to as the six-month exception. Beginning September 1st, a new school year begins and you may start the six months of full-time work again. For example, if you want to return to full-time work after you retire, you most likely will begin working when school starts in August. If you retired in May prior to that August, you will forfeit your annuity for August because you may not begin full-time employment in the same school year in which you retired. (*For retirees, the school year is always September 1st through August 31st.*) The number of days you work in August does not change the outcome. If the position you are hired to work is a full-time position, working any part of August will result in losing your annuity.

Starting the school year in August as mentioned in the example above, if you continue to work full-time, you may work for six months without losing another annuity. Under this example, you may work September through February without losing your annuity. Beginning in March, if you continue working, you will forfeit your annuity for each month in which you work or take paid leave, without regard to the number of days you work in that month. If you begin the school year working as a substitute or one-half time and later in the school year begin working full-time, the month(s) you worked as a substitute or one-half time are now included in the six months allowed under the six-month limit. Work of any type beyond the sixth month

will result in the loss of your annuity for each month you work beyond the sixth month. (NOTE: The six months of full-time work under the six-month exception do not have to be consecutive.)

If you are working under the six-month exception and you must continue working in June under the terms of your contract or work agreement, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement.

QUESTION	Can you combine full-time employment with one-half time employment or substitute service without losing an annuity?
SHORT ANSWER	No. You cannot combine full-time employment with any other type of employment without losing an annuity.

But, you may also want to know:

If full-time employment is combined with any other type of employment you may only work in six calendar months without losing an annuity. This is true without regard to the total number of days you work or the number of months you work full-time. If you work full-time any month, all other work is considered full-time. If you begin the school year working full-time but decide you no longer want to work full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) you worked full-time and then continue working one-half time or as a substitute for the remainder of that school year without losing another annuity payment.

QUESTION	How are sick leave days, personal leave days, compensatory leave days, and vacation leave days counted in determining how much time you have worked?
SHORT ANSWER	Paid leave time is counted the same as if you worked. It doesn't matter what type of paid leave is taken.

But, you may also want to know:

In determining whether you worked in a given calendar month, TRS considers paid time off the same as time worked. Your employer is required to report to TRS the paid time off as if you worked.

QUESTION	What happens if you work more time than you are allowed?
SHORT ANSWER	You will lose your annuity for each month that you exceed the amount of time you are allowed to work.

But, you may also want to know:

Each TRS-covered employer is required to submit a report to TRS each month indicating the name of the retirees employed and the amount of time they worked. TRS reviews the report and takes steps to stop your annuity payment if you exceed the amount of time available to work. If the annuity payment has been sent to you, you must return the payment.

QUESTION	Can you work as a teacher in an acute shortage area, as an assistant principal or principal, or as a bus driver full-time without losing an annuity payment?
SHORT ANSWER	No. Early-age retirees cannot work full-time more than six months in any of these positions without losing an annuity. The only exception for full-time employment available to you is as a faculty member of a professional nursing program provided you have not worked in any type of employment for a TRS-covered employer for 12 consecutive months at any time following your retirement date.

But, you may also want to know:

The law provides normal age retirees certain exceptions to the general restriction on working full-time more than six months. **As an early age retiree, these exceptions are not available to you.**

QUESTION	Will your employer pay surcharges because of your employment?
SHORT ANSWER	If you retired after September 1, 2005, the surcharges are owed if you are working one-half time or more and your employment is not temporary. If you retired before September 1, 2005, the surcharges do not have to be paid.

But, you may also want to know:

Your employer is required to pay a pension benefit surcharge to TRS on retirees working in positions covered by TRS and who retired after September 1, 2005. Regular employment that is one-half time or more is covered by TRS. Regular employment is employment that is expected to last 4½ months or more. Employment not covered by TRS and not subject to the surcharges includes:

- Substitute service;
- Temporary employment (employment that is expected to last less than 4½ months); and
- Less than one-half time employment (even as little as one hour less than one-half time prevents the surcharge payment)

The amount of the pension surcharge is equal to the amount of both member and state contributions on the compensation paid to you. If you are also participating in TRS-Care, your

employer will owe a health benefit surcharge to TRS on your employment equal to the cost to TRS to provide coverage to you less the premium you pay to TRS.

QUESTION	Do you have to pay any part of the surcharges?
SHORT ANSWER	TRS cannot accept the payment from the retiree, but your employer may want to negotiate for you to reimburse a portion or all of the pension and/or health benefit surcharge to them.

But, you may also want to know:

The state law that requires the TRS-covered employer to pay the surcharges to TRS does not state the source of the funds. TRS is aware that some employers do not hire retirees because of the surcharges on their employment and that some employers require the retiree to pay all or a portion of the surcharges. While the employer must submit the surcharges to TRS along with the accompanying reports, TRS has no authority over terms of the employment relationship or compensation paid to the retiree. You may negotiate the terms of your employment with your employer without involvement from TRS.

QUESTION	Can you work for a third party employer that sends employees to schools to perform duties normally performed by school employees and avoid losing any of your annuity payments?
SHORT ANSWER	No.

But, you may also want to know:

Several years ago, some TRS-covered employers were hiring retirees to perform services through third party entities in an effort to avoid the limits on employment after retirement. A third party entity is an entity or company retained by the TRS-covered employer to provide personnel that perform duties or provide services that employees of the TRS-covered employer would otherwise perform. The law was amended to provide that a retiree who is employed by a third party entity is considered to be employed by the TRS-covered employer unless the retiree does not provide services or perform duties on behalf of the TRS-covered employer. Retirees who were hired by the third party entity before May 24, 2003 are not affected by the change in the law.

QUESTION	Can you work as an independent contractor for a TRS-covered employer and avoid losing any of your annuity payments?
SHORT ANSWER	Yes, but your status as an independent contractor must meet all of the legal requirements for this type of work arrangement.

But, you may also want to know:

While employment with a TRS-covered employer as an independent contractor is not subject to the TRS laws and rules regarding employment after retirement and does not incur the surcharges, you should carefully consider whether the work arrangement meets all the legal

tests for this type of relationship. Laws governing federal income tax and Social Security are also involved in determining whether you are an independent contractor. Seek advice from your own attorney to determine whether the work arrangement is one of an independent contractor.

If your employment arrangement does not meet the legal tests for independent contractor, you are considered an employee of the TRS-covered employer. If your contract was negotiated prior to your retirement, you were not eligible to retire and you revoked your retirement because you did not terminate employment. If this occurred, you must return all annuity payments including any PLSO payment paid to you by TRS as well as any health benefit payments paid on your behalf by TRS-Care. You must then apply to retire again. No benefits can be paid to you until you return all benefits previously paid to you.

If your employment arrangement was negotiated after one full, complete calendar month after your retirement, you have not revoked retirement but you will be subject to the limits on employment after retirement. If you exceed the amount of time you are allowed to work without loss of annuity, you will have to repay any annuity payments that are paid in months that you exceed the limits.

A word of caution is offered here. 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
- Administrator
- Principals/Assistant Principal
- Teacher
- Coach
- Administrative Support Personnel

Remember the old adage: "If it sounds too good to be true, it probably is."

ALREADY RETIRED: Normal Age Retirees

If you are a normal age retiree, the information in this section is for you. There are many types of employment that do not result in you losing any annuity payments. Some of these types limit the amount of time you may work while others require specific certifications and longer waits before returning to work. If you do not see your employment opportunity addressed in this section, contact TRS for further information.

QUESTION	How much time can you work without losing any annuity payments?
SHORT ANSWER	<p>You can work without losing any annuity payments:</p> <ul style="list-style-type: none"> • as a SUBSTITUTE, without any limit on the number of days; • as much as ONE-HALF TIME, for up to 12 months of the year; • in a COMBINATION OF SUBSTITUTE AND ONE-HALF TIME work, provided the total time worked in each calendar month does not exceed the amount of time available for one-half time employment in that calendar month; • retired before September 1, 2005, full-time as a BUS DRIVER for up to 12 months of the year (including the school year in which you retired) without limitation for additional work provided you personally drive at least one bus route each day; • retired on or after September 1, 2005, full-time as a BUS DRIVER for up to 12 months of the year (including the school year in which you retired), provided bus driving is your primary employment and you personally drive at least one route each day; additional work performed must be less than half time; • starting in the school year after the year you retired, FULL-TIME FOR SIX MONTHS of the year; • as a TEACHER IN AN ACUTE SHORTAGE area full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date; • as a PRINCIPAL OR ASSISTANT PRINCIPAL full-time for up to 12 months of the year, provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date; and • as a FACULTY MEMBER OF A PROFESSIONAL NURSING PROGRAM full-time for up to 12 months of the year provided you have a 12 consecutive month separation period from all employment with any TRS-covered employer at any time following your retirement date.

But, you may also want to know:

The school year for all retirees is from September 1st to August 31st – every year, for every retiree, and for every employer. It does not matter when the school instructional year begins for your employer.

A SUBSTITUTE for TRS purposes is a person who serves on a temporary basis in the place of a current employee and the pay does not exceed the rate of pay for substitute work established by the employer. The position filled by the retiree cannot be vacant and be considered a substitute position. The reason the position is vacant or the length of time the position is expected to be vacant does not change the outcome: **a retiree cannot be considered as a substitute when serving in a vacant position.** As a retiree, you may serve in a vacant position, but you will be considered by TRS under another employment type such as full-time or half-time rather than as a substitute. Also, working any part of a day as a substitute counts as working a full eight-hour day. This is important to know if you combine substitute work with one-half time employment as described below.

ONE- HALF TIME EMPLOYMENT is working no more than one-half of the time required for a similar full-time position. If the work is measured in clock hours, the work can never exceed 92 hours in a calendar month. If the one-half time work is driving a bus, you cannot work more than one-half the number of days available to drive in that calendar month without losing an annuity payment. Even if for some reason, the number of days available to drive is more than usual, you can never drive more than 12 days in a calendar month. On the days that you drive the bus, you can perform any other duties required of you without limit. If your employment is measured in class hours or semester hours, you cannot work more than one-half the full-time load for your employer. For example, if your employer considers 15 semester or class hours per semester full-time employment, you cannot teach more than seven semester or class hours per semester without losing an annuity payment. If your employer considers five classes per semester a full-time load, you cannot teach more than two classes without losing an annuity payment.

You can **COMBINE EMPLOYMENT AS A SUBSTITUTE AND ONE-HALF TIME EMPLOYMENT** during the same school year or even the same calendar month. For instance, you may work one month as a substitute and the next month work one-half time. You may also combine substitute work and one-half time work in the same calendar month, but you cannot work more than the amount of time available for one-half time employment in that calendar month without losing an annuity payment. If you combine substitute work and one-half time work in the same calendar month, you cannot substitute an unlimited number of days. If you combine substitute work and one-half time work in the same calendar month, you are under the one-half time exception for that month. Also, working any part of a day as a substitute counts as working a full eight-hour day when calculating the amount of combined time you can work. This is important to know if you combine substitute work with one-half time work in the same calendar month.

With an exception for full-time bus driving, **FULL-TIME EMPLOYMENT** of any type cannot begin in the same school year in which you retired. Remember that for TRS purposes the school year is always September 1st to August 31st. If you retired in May, you cannot begin working

full-time (except as a bus driver) until September 1st. If you work in a full-time position in any month in the same school year in which you retired, you forfeit the annuity for that month. The only exception to this rule for full-time employment in the same school year in which you retired is for bus driving. You may work as a full-time bus driver after one full, complete calendar month following your retirement. However, there may be limits on how much other work you may perform under the bus driver exception. These limits are covered below in the paragraph about the bus driver exception. *(NOTE: The limits under the bus driver exception are different from those for bus driving under the one-half time exception.)*

Beginning on September 1st of the school year **following** the year you retired, you may work full-time for up to six months of the year without forfeiting your annuity. This is commonly referred to as the six-month exception. Once you begin working in a full-time position, working **any** amount of time in another month counts as working full-time and counts toward the six-month limit. This is true even if you work only one-half time one month or serve as a substitute one month. If you begin working in a full-time position in September and decide that you don't want to continue working full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) worked full-time and then continue working the remainder of the school year under another status such as one-half time or substitute service without losing an additional annuity payment.

If you continue working past the sixth month in the school year, you will forfeit your annuity payment for each month that you perform any amount of work, no matter how little or what kind. If you do not work in the remaining months, your annuity payments for the remaining months will be paid to you. If you begin working again in a new instructional school year that begins in August, you will forfeit the annuity payment for August because August is in the same TRS school year and you have already worked the six months allowed for the TRS school year – September 1st through August 31st.

For example, if you retired in May and then in August negotiate a return to employment in a full-time position, you most likely will begin your employment in August. While the new instructional year for your employer may begin in August, for TRS purposes the school year does not end until August 31st. If you work in a full-time position in August, you will lose your annuity for August. Beginning in September, you may work up to six months full-time and receive your annuity. In this example, you will receive your annuity from September through February. Beginning in March, you will lose your annuity payment for any month you work during the remainder of the school year which ends on August 31st.

If you are working under the six-month exception and your contract or work agreement requires that you must continue working in June, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement. If you do not work in July, you will not lose your annuity for July. If you begin work in August of the new instructional year, you will again forfeit the August annuity because for TRS purposes, the school

year runs through August 31st and you will have already worked six months full-time in the current school year. Effectively, under this example, you receive eight annuity payments while working full-time rather than six annuity payments.

As another example, if you work September through November either as a substitute or one-half time and then begin working full-time in December, the work you performed in September through November would be considered as part of the six months allowed under the six-month exception.

There are **FOUR SPECIAL TYPES OF FULL-TIME EMPLOYMENT** that are not limited to six months. These include teaching in an acute shortage area, serving as a principal or assistant principal, working as a faculty member in a professional nursing program, and working as a bus driver. Each type of work has requirements that must be met. If you think you may qualify for one of these types of employment, consider the following requirements.

If you are a classroom teacher who is certified to teach in an **ACUTE SHORTAGE AREA** in your district, you may teach up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time following your retirement date. You also must teach at least one class hour per day in an acute shortage area as determined by your district's Board of Trustees. The Board of Trustees must use the guidelines provided by the Commissioner of Education in determining the acute shortage area. Your employer must also submit form TRS 581 (*Certification For Employment After Retirement as a Classroom Teacher in an Acute Shortage Area or as a Principal or Assistant Principal*) to TRS.

If you hold a certification as a **PRINCIPAL OR ASSISTANT PRINCIPAL**, you may work up to 12 months of the school year as a principal or assistant principal without losing your annuity. To qualify for this exception, you must not have worked in any position with any TRS-covered employer for at least 12 consecutive months at any time following your retirement date. You must also be employed as and perform the duties of a principal or an assistant principal. Your employer must also submit form TRS 581 (*Certification For Employment After Retirement as a Classroom Teacher in an Acute Shortage Area or as a Principal or Assistant Principal*) to TRS.

If you are a **BUS DRIVER** and **you retired before September 1, 2005**, you may drive a bus full-time without losing your annuity and you may also perform other duties without limit. To qualify for this exception, you must personally drive at least one bus route each day that complies with the guidelines established by the Texas Education Agency (TEA).

If you are a **BUS DRIVER** and **you retired on or after September 1, 2005**, you may drive a bus full-time without forfeiting any annuities provided you personally drive at least one bus route each day that complies with the guidelines established by the Texas Education Agency (TEA) and your primary employment must be as a bus driver. Your employment as a bus driver is your primary employment if the total amount of time you spend working for a TRS-covered employer on other tasks (besides bus driving) is less than one-half time. If your other duties require you to work one-half time or more, you are not eligible for the bus driver exception. If you work one-half time or more doing other work, you will be considered full-time and you

will be limited to working only six months a year without losing your annuity. You will lose your annuity for any month after the sixth month that you perform any work, even if it is only driving the bus.

If you drive a bus and decide to return to work, keep this in mind. You can work under the one-half time exception, meaning driving one-half of the days available to drive in a calendar month (but no more than 12 days) without losing your annuity. If you decide to work under the one-half time exception and work only one-half of the days available, you may perform any other duties without limit on the days you drive. If you want to drive more than one-half of the days available, you may do so under the full-time, bus driver exception, but you must limit the amount of time you spend doing other duties to less than one-half time.

If you are employed as a **FACULTY MEMBER OF AN UNDERGRADUATE OR GRADUATE PROFESSIONAL NURSING PROGRAM** as defined in Section 54.221, Tex. Educ. Code, you may work up to 12 months of the school year without losing your annuity. To qualify for this exception, you must not have worked in any position with any employer covered by TRS for at least 12 consecutive months at any time following your retirement date. Your employer must submit form TRS 581N (*Certification For Employment After Retirement As Faculty Member of a Nursing Program*) to TRS.

QUESTION	Can you work full-time without losing your annuity?
SHORT ANSWER	Yes, but you can only work up to six months full-time without forfeiting your annuity unless you qualify for one of the special exceptions (teacher in an acute shortage area, principal/assistant principal, bus driver, or faculty member of a professional nursing program). If you work longer than six months, you will lose your annuity for each month in which you perform any amount of work.

But, you may also want to know:

Beginning on September 1st of the school year after you retired, you may work full-time for up to six months every school year without losing any annuity payments. Starting in the seventh month, you will lose your annuity for any month in which you work any amount or take any amount paid leave during the remainder of the school year. This is commonly referred to as the six-month exception. Each September 1st a new school year begins and you may start the six months of full-time work again. For example, if you want to return to full-time work after you retired, you most likely will begin working when school starts in August. If you retired in May prior to that August, you will forfeit your annuity for August because you may not begin full-time employment in the same school year in which you retired. (*For retirees, the school year is always September 1st through August 31st.*) The number of days you work in August does not change the outcome. If the position you are hired to work is a full-time position, working any part of August will result in losing your annuity.

Starting in August as mentioned in the above example, if you continue to work full time, you may work six months without losing another annuity. Under this example, you may work

September through February, without losing your annuity. Beginning in March, if you continue working, you will forfeit your annuity for each month in which you work or take paid leave, without regard to the number of days you work in that month. If you begin the school year working as a substitute or one-half time and later in the school year begin working full-time, the months you worked as a substitute or one-half time are now included in the six months allowed under the six-month limit. Work of any type beyond the sixth month will result in the loss of your annuity for each month you work beyond the sixth month. *NOTE: The six months of full-time work under the six-month exception do not to be consecutive.*

If you are working under the six-month exception and you must continue working in June under the terms of your contract or work agreement, but no later than June 15th, you will not lose the June annuity. This special exception is for June only. It provides protection from losing the June annuity if you are working under the six-month, full-time exception. Also, time spent attending professional development classes or activities will not be considered work for purposes of the limits on full-time employment provided the classes or activities are not included in the total number of required days of work under your contract or work agreement.

QUESTION	Can you combine full-time employment with one-half time employment or substitute service without losing an annuity?
SHORT ANSWER	No. You cannot combine full-time employment with any other type of employment without losing an annuity.

But, you may also want to know:

If full-time employment is combined with any other type of employment you may only work in six calendar months without losing an annuity payment. This is true without regard to the total number of days you work or the number of months you work full-time. If you work full-time any month, all other work is considered full-time. If you begin the school year working full-time but decide you no longer want to work full-time, contact TRS. You may be able to return the annuity payment(s) for the month(s) you worked full-time and then continue working one-half time or as a substitute for the remainder of that school year without losing another annuity payment.

QUESTION	How are sick leave days, personal leave days, compensatory leave days, and vacation leave days counted in determining how much time you have worked?
SHORT ANSWER	Paid leave time is counted the same as if you worked. It doesn't matter what type of paid leave is taken.

But, you may also want to know:

In determining whether you worked in a given calendar month, TRS considers paid time off the same as time worked. Your employer is required to report to TRS the paid time off as if you worked.

QUESTION	What happens if you work more time than you are allowed?
SHORT ANSWER	You will lose your annuity for each month that you exceed the amount of time you are allowed to work.

But, you may also want to know:

Each TRS-covered employer is required to submit a report to TRS each month indicating the name of the retirees employed and the amount of time they worked. TRS reviews the report and takes steps to stop the annuity payment if you exceed the amount of time available to work. If the annuity payment is already sent to you, you must return the payment.

QUESTION	Will your employer pay surcharges because of your employment?
SHORT ANSWER	If you retired after September 1, 2005 and are working one-half time or more and your employment is not temporary, your employer must pay the surcharges to TRS. If you retired before September 1, 2005, these surcharges are not required.

But, you may also want to know:

Your employer is required to pay a pension benefit surcharge to TRS on retirees working in positions covered by TRS and who retired after September 1, 2005. Regular employment that is one-half time or more is covered by TRS. Regular employment is employment that is expected to last 4½ months or more. Employment not covered by TRS and not subject to the surcharges includes:

- Substitute service;
- Temporary employment (employment that is expected to last less than 4½ months); and
- Less than one-half time employment (even as little as one hour less than one-half time prevents the surcharge payment)

The amount of the pension surcharge is equal to the amount of both member and state contributions on the compensation paid to you. If you are also participating in TRS-Care, your employer will owe a health benefit surcharge to TRS on your employment equal to the cost to TRS to provide coverage to you less the premium you pay to TRS.

QUESTION	Do you have to pay any part of the surcharges?
SHORT ANSWER	TRS cannot accept the payment from the retiree, but your employer may want to negotiate for you to reimburse a portion or all of the pension and/or health benefit surcharge to them.

But, you may also want to know:

The state law that requires the employer to pay the surcharges to TRS does not state the source of the funds. TRS is aware that some employers do not hire retirees because of the surcharges on their employment and that some employers require the retiree to pay all or a portion of the surcharges. While the employer must submit the surcharges to TRS along with

the accompanying reports, TRS has no authority over terms of the employment relationship or compensation paid to the retiree. You may negotiate the terms of your employment with your employer without involvement from TRS.

QUESTION	Can you work for a third party employer that sends employees to schools to perform duties normally performed by school employees and avoid losing any of your annuity payments?
SHORT ANSWER	No.

But, you may also want to know:

Several years ago, some TRS-covered employers were hiring retirees to perform services through third party entities in an effort to avoid the limits on employment after retirement. A third party entity is an entity or company retained by the TRS-covered employer to provide personnel that perform duties or provide services that employees of the TRS-covered employer would otherwise perform. The law was amended to provide that a retiree who is employed by a third party entity is considered to be employed by the TRS-covered employer unless the retiree does not provide services or perform duties on behalf of the employer. Retirees who were hired by the third party entity before May 24, 2003 are not affected by the change in the law.

QUESTION	Can you work as an independent contractor and avoid losing any of your annuity payments?
SHORT ANSWER	Yes, but your status as an independent contractor must meet all of the legal requirements for this type of work arrangement.

But, you may also want to know:

While employment with a TRS-covered employer as an independent contractor is not subject to the TRS laws and rules regarding employment after retirement and does not incur the surcharges, you should carefully consider whether the work arrangement meets all the legal tests for this type of relationship. Laws governing federal income tax and Social Security are also involved in determining whether you are an independent contractor. Seek advice from your own attorney to determine whether the work arrangement is one of an independent contractor.

If your employment arrangement does not meet the legal tests for independent contractor, you are considered an employee of the TRS-covered employer. If your contract is negotiated prior to your retirement, you are not eligible to retire and you revoke your retirement because you did not terminate employment. If this occurs, you must return all annuity payments including any PLSO or DROP payments paid by TRS to you as well as any health benefit payments paid on your behalf. You must then apply to retire again. No benefits can be paid to you until you return all benefits previously paid to you.

If your employment arrangement is negotiated after one full, complete calendar month after your retirement, you will not revoke retirement but you will be subject to the limits on employment after retirement. If you exceed the amount of time you are allowed to work with-

out loss of annuity, you will have to repay any annuity payments that are paid in months that you exceed the limits.

A word of caution is offered here. 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
- Administrator
- Principals/Assistant Principal
- Teacher
- Coach
- Administrative Support Personnel

Remember the old adage: "If it sounds too good to be true, it probably is."

DISABILITY RETIRED

If you are retiring due to a disability or are retired and receiving a disability retirement annuity and considering whether returning to work for an employer covered by TRS is possible and how your retirement annuity might be affected by working, the information in this section is relevant to your decision. As a disability retiree you are subject to limits on the amount of work you may perform for a TRS-covered employer without losing an annuity payment. These limits apply without regard to when you retire. In addition, for certain disability retirees, the law limits the amount of compensation you may earn from **any source** without losing annuity payments. Information in this section will be helpful in making your decision about returning to work. If your employment question is not covered by this section, contact TRS for information regarding your situation.

DISABILITY RETIRED

If you have already retired and have not worked for at least the one full, complete calendar month after retirement required of all retirees, you may now negotiate with any TRS-covered employer about returning to work. If you are still within the one full, complete calendar month from your retirement date you must wait until the beginning of the next month to negotiate for a return to employment with a TRS-covered employer.

NOTE: *If you do not observe the restrictions, you could revoke your annuity. If you revoke your annuity, you would have to repay all of the annuity payments you received from TRS and even repay any health benefit payments paid by TRS-Care on your behalf.*

QUESTION	When can you negotiate with the employer about returning to work after retirement?
SHORT ANSWER	You can negotiate with the employer AFTER one full, complete calendar month after you retire.

But, you may also want to know:

All retirees, normal age, early age, and disability retirees, must wait one full, complete calendar month after retirement before returning to work. However, disability retirees must also wait the full, complete calendar month before **NEGOTIATING** with the employer to return to work - **any type of work**. This condition is required by both state and federal law. At the time you retire, you cannot have a contract or agreement to return to work. Your retirement date and your last day of employment are not always the same day. Your retirement date for TRS purposes is always the *last day* of the month.

QUESTION	What happens if you have a contract or agreement to return to work before you retire or you negotiate a contract or agreement to return to work before the end of the full, complete calendar month after you retired?
SHORT ANSWER	You have not terminated all employment with a TRS-covered employer and you revoke your retirement because you were not eligible to retire.

But, you may also want to know:

If you revoke your retirement by having a contract or agreement to return to work in place before the end of the one full, complete calendar month after your retirement date, you must return all annuity payments you received from TRS and *any* health benefit payments paid on your behalf by TRS-Care. You must then submit a new application to TRS to retire and start the retirement process again. TRS cannot pay you any benefits under the new retirement until you pay back all of the benefits you already received. While you may want to make sure you can re-

turn to employment before you submit your resignation and retire, don't risk it. Wait until after one full, complete calendar month after you retired to talk to the employer about returning to work.

QUESTION	Can you revoke your retirement any other way by working?
SHORT ANSWER	Yes, if you return to work during the one full, complete calendar month following the month of your retirement.

But, you may also want to know:

All retirees must wait one full, complete calendar month after retirement before returning to work. Your retirement date is always the last day of the month in which you retire. Remember, wait one full, complete calendar month before negotiating for employment and before returning to work.

If you revoke your retirement by returning to work too soon, you will have to repay any annuity payments paid to you by TRS and any health benefit payments paid on your behalf by TRS-Care. You will have to submit a new application to TRS to retire and start the process over again.

QUESTION	How much can you work without losing any annuity payments?
SHORT ANSWER	<p>You can work without losing any annuity payments:</p> <ul style="list-style-type: none"> • as a SUBSTITUTE, for up to 90 days; • as much as ONE-HALF TIME, for up to 90 days; or • in a COMBINATION OF SUBSTITUTE AND ONE-HALF TIME work, provided the total number of days worked in that calendar month does not exceed the number of days available for one-half time employment and all of the combined employment does not exceed 90 days.

But, you may also want to know:

The school year for all retirees is from September 1st to August 31st – every year, for every retiree, and for every employer. It does not matter when the school instructional year begins for your employer.

As a disability retiree, you may work as a substitute for as many as 90 days each year. A SUBSTITUTE for TRS purposes is a person who serves on a temporary basis in the place of a current employee and the pay does not exceed the rate of pay for substitute work established by the employer. The position filled by the retiree cannot be vacant and be considered a substitute position. The reason the position is vacant or the length of time the position is expected to be vacant does not change the outcome: **a retiree cannot be considered as a substitute when serving in a vacant position.** As a disability retiree, you may serve in a vacant position, but you will be considered by TRS under another employment type such as full-time or half-time rather than as a substitute. Because you are limited to working no more than one-half time and for no more than 90 days, you could lose your annuity for any month that you work

full-time. Also, working any part of a day as a substitute counts as working a full eight-hour day. This is important to know if you combine substitute work with one-half time employment in the same calendar month as described below.

For disability retirees, **ONE-HALF TIME EMPLOYMENT** is working no more than one-half of the time required for a similar full-time position and for no more than 90 days. If the work is measured in clock hours, the work can never exceed 92 hours in a calendar month. If the work is driving a bus, you cannot work more than one-half the number of days available to drive in calendar month without losing an annuity payment. Even if for some reason, the number of days available to drive is more than usual, you can never drive more than 12 days in a calendar month. Working any part of the day as a bus driver counts as working the entire day. If your employment is measured in class hours or semester hours, you cannot work more than one-half the full-time load for your employer. For example, if your employer considers 15 semester or class hours per semester full-time employment, you cannot teach more than seven semester class hours per semester without losing an annuity payment. If your employer considers five classes per semester a full-time load, you cannot teach more than two classes without losing an annuity payment.

You can **COMBINE EMPLOYMENT AS A SUBSTITUTE AND ONE-HALF TIME EMPLOYMENT** during the same school year or even the same calendar month. For instance, you may work one month as a substitute and the next month work one-half time. You may also combine substitute work and one-half time work in the same calendar month, but you cannot work more than the amount of time available that calendar month for one-half time employment without losing an annuity payment. If you work any part of the day as a substitute, that day counts as one of the 90 days you are allowed to work under either capacity.

QUESTION	Can you work full-time without losing your annuity?
SHORT ANSWER	No, unless you are in the TRIAL WORK PERIOD, working full-time at any time will result in you losing your disability annuity for that month.

But, you may also want to know:

You will lose your annuity for any month that you work in a full-time position as well as any month you work in excess of 90 days, beginning with the month you work the 91st day of either substitute work or one-half time employment. In addition, the full-time employment will count towards the 90-day limit on employment. However, you may be eligible for a three-month **TRIAL WORK PERIOD** of full-time employment.

As a disability retiree you are allowed a one-time trial work period of up to three months of full-time employment to see if you are able to return to full-time work. You designate the time period and the trial work period can be up to three consecutive months. The trial period can be all in one school year or span two school years. Also, the trial period must begin no earlier than the school year that begins after your effective date of retirement. For example, if you retired August 31st, because you must not work for a TRS-covered employer for one full calendar month following your retirement and you must wait until the school year following your retirement to begin the trial work period, your trial period can begin no earlier than October 1st. You

must notify TRS in writing on form TRS 118D (Employment After Retirement Disability Election) that you want to take advantage of this trial work period of full-time employment and the form must be received by TRS prior to the end of the three-month trial period. While working under this trial work period, working any portion of a month counts as working a full month. The three-month trial work period is in addition to the 90 days you are allowed to work as a substitute or on a one-half time basis.

QUESTION	What happens if you work more than 90 days as a substitute or more than 90 days of one-half time employment?
SHORT ANSWER	You will lose your annuity for the month in which the 91st day is worked and for any additional month in which work occurs during that school year.

But, you may also want to know:

Although you may forfeit your annuity payment for any month that you work in excess of the 90 days allowed, your annuity will be paid for the remaining months of the school year if you do not work any additional time.

QUESTION	Can you lose your annuity if you earn compensation from any source of employment, including a TRS-covered employer, while you are on disability retirement?
SHORT ANSWER	Yes, if you applied for disability retirement after August 31, 2007, your effective date of retirement is after August 31, 2007, and your compensation is the greater of more than \$40,000 or your highest salary in any school year before you retired.

But, you may also want to know:

If you retired before August 31, 2007, or applied for disability retirement before August 31, 2007, there is no limit on the amount of money you can earn while receiving a disability retirement annuity. This is true without regard to the source of the compensation. However, keep in mind that you are limited to working for a TRS-covered employer only 90 days as a substitute, one-half time, or a combination of the two without losing an annuity. You may also work full-time for up to three months during a one-time trial work period without losing an annuity. The requirements for the three-month trial work period are discussed on the previous page in the response to the question about working full-time. While there is no limit on the amount of compensation for you if you retired before August 31, 2007 or applied to retire before August 31, 2007, there is a limit on the number of days of employment with a TRS-covered employer.

If your retirement date is after August 31, 2007 and your retirement application was received after August 31, 2007, there is also a limit on the amount of annual compensation you may earn while receiving disability retirement benefits. The compensation cap is based on your earnings during a calendar year. The limit on compensation applies to compensation earned

the first full calendar year that begins following the effective date of your retirement. For example, if you retired in May, the first full calendar year does not begin until January following your retirement.

The compensation limit includes compensation for **any work** performed for **any employer** including a TRS-covered employer, self-employment, work as an independent contractor, and profit from a business. The limit on compensation is the greater of the amount of the highest salary received by the retiree in any school year before disability retirement or \$40,000. This limit does not apply to retirees receiving gross disability retirement benefits of \$2,000 or less annually. If you are subject to the cap, you must report the compensation to TRS by May 1st of the calendar year following the year in which the compensation was earned and you must report the compensation on the form required by TRS. TRS may audit the report and request supporting documentation, including your tax returns, W-2 forms, 1099 forms, and other employment payroll records as necessary to verify the income reported. TRS may also use other sources of information to identify retirees receiving compensation in excess of the limit. For example, if you retired in April 2010, the first full calendar year that begins after you retired begins in January 2011 following your retirement. If your annuity payments from TRS exceed \$2,000 and you earned additional compensation during the calendar year 2011 that exceeded the greater of your highest salary from a TRS-covered employer before you retired or \$40,000, your first report is due to TRS by May, 2012.

If you exceed the amount of compensation allowed, you will lose your disability annuity payment. If you have TRS-Care coverage, you will be required to pay for the full cost of your coverage. TRS will resume paying your annuity payments after receiving a report from you that the compensation has ceased or decreased below the established limit. This report must be made on a form prescribed by TRS.

If you are subject to the compensation limit, keep in mind that you are also limited, if working for a TRS-covered employer, to working only 90 days as a substitute, one-half time, or a combination of the two. Compensation earned while working the 90 days is included in the compensation limit. Further, if you work full-time for the three-month trial period, compensation you earn while working full-time is included in the compensation limit. Finally, if you work 90 days as a substitute or one-half time, then work full-time for up to three months in the trial period, all of this compensation may be used in calculating the total compensation towards the compensation limit if the compensation is received in the same calendar year.



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