

Returning to Work in a TRS Position

Know Your Limits

for Postretirement Employment and Daily Wage Threshold

Understanding the limits that apply to you as a TRS retiree returning to a TRS-covered job will make returning to work more seamless. The following questions and answers will help protect your current benefits as you explore working after retirement.

<i>What programs are available for re-employment in TRS-covered positions?</i>	Currently, retirees may be re-employed in TRS-covered positions under the part-time, full-time, critical shortage or waiver programs.
<i>Is TRS approval required for returning to work?</i>	Employers must receive TRS approval before employing a retiree in the full-time or critical shortage programs. No approval is required in the part-time or waiver programs.
<i>Do TRS retirees earn service credit and salary credit for part-time and/or full-time post-retirement employment?</i>	Yes. TRS retirees earn service and salary credit for part-time and/or full-time postretirement employment that occurs as part of a regular contracted day (examples: 187, 240 and 260 days). However, most TRS pension recipients have limits for both service and salary credit. Compensation for additional duties and for work outside regular hours/days will not increase service credit but almost always will be applied toward a limitation on daily wages known as the Daily Wage Threshold (DWT).
<i>What is the Daily Wage Threshold (DWT)?</i>	The DWT is the maximum daily rate of pay that may be earned for a full day of work.
<i>When may I return to work without hurting my retirement benefits?</i>	All retirees returning to work in a non-university, TRS-covered position must observe a break in service. For most, the break in service is three calendar months from their last day. For retirees who return full-time for the same employer from which they retired, the break in service is 12 calendar months from their last day. Failure to observe a required break in service will cause your retirement to be voided and all annuity and insurance benefits received must be returned to TRS.
<i>Why must I have a break in service?</i>	The IRS requires a break in service because retirement contributions are exempt from tax withholding.
<i>How many days may I work after my break in service?</i>	When returning to TRS employment part time, you may work up to 69 percent of the days in the full-time contract for your new position. If you retire any month other than July, the number of days you may work in the first year after retirement will be prorated. If returning to work full time, you may work between 70 and 100 percent of the full-time days for the new position.

<i>How much may I earn without hurting my retirement benefits?</i>	You are limited to your Daily Wage Threshold (DWT) in the full- and part-time programs.
<i>How is the DWT determined?</i>	The DWT is a percentage (65 percent or 75 percent) of the daily rate of your last annual compensation, which is defined in state law. Members who retire with 30 or more years of service have a DWT of 75 percent of their last daily rate. Members who retire before 30 years have a DWT of 65 percent of their last daily rate.
<i>What is the definition of a full day of work under the DWT?</i>	A full day of work is calculated from the required arrival time in the morning as determined by the employer for full-time employees to the earliest release time in the afternoon, less any duty-free time for lunch.
<i>Describe how the DWT changes if a retiree is working less than a full day.</i>	When an employee is working less than a full day, the DWT must be converted to an Hourly Wage Threshold. Working less than a full day decreases a retiree's DWT on a pro-rata basis.
<i>How is the Hourly Wage Threshold determined?</i>	The Hourly Wage Threshold is calculated by dividing the DWT by the number of hours a full-time employee is required by the employer to work.
<i>Does the DWT apply to all wages earned from TRS employers during a fiscal year?</i>	Yes. Compensation you receive from any TRS employer during the fiscal year (July 1 to June 30) will be used to determine whether you exceeded your DWT. This includes compensation for additional duties performed beyond the normal full day or school year.
<i>What if I earn more than my DWT?</i>	If you earn more than your DWT or work more than the allowed number of days in the part-time program, you must repay TRS on a dollar-for-dollar basis the gross amount of any earnings that exceed your threshold and/or your allowable days. Repayment must be made before a retirement or refund of this return-to-work account will be allowed.
<i>What if I am eligible for insurance through my employer?</i>	If you return to full-time employment or work enough hours in a part-time position to be eligible for medical insurance through your TRS employer, TRS will terminate your coverage through TRS until you no longer are covered by your employer.
<i>What if I return to work in a non-TRS position?</i>	TRS employers are required to submit a Request for Exemption before you begin work with them in a non-TRS position. If approved, no re-employment limitations apply.

Contact a TRS counselor at 800-618-1687 or info@trs.ky.gov if you have questions.