

Post-Retirement Earnings Limit Changes

Assembly Bill 506 (Chapter 306, Statutes of 2009) was passed and signed by the Governor. AB 506 conforms the Teachers' Retirement Law to Federal law, which prohibits pension plans from distributing benefits before either the normal retirement age or a separation from service. CalSTRS normal retirement age is 60.

The bill requires all retired members who are under age 60 to have their retirement benefit reduced dollar-for-dollar by the amount they earn in CalSTRS-covered employment

✦ for the first *six calendar months* following their retirement date

or

✦ until their *60th birthday*

whichever is sooner.

Keep in mind if you are hiring a CalSTRS retiree who is under the age of 60 and has been retired for less than six months, that retiree will have his or her retirement benefit reduced by the amount earned performing creditable service.

Regardless of the retirement date, the retiree is subject to the dollar-for-dollar reduction beginning on *July 1, 2010*.

There are no exemptions from the age or separation from service requirements.

AB 506 also:

- ✦ extends the sunset dates for post-retirement earnings limit exemptions to June 30, 2012.
- ✦ prohibits retirees from receiving an emergency post-retirement earnings limit exemption for administrative positions they vacated. In other words, an emergency exemption may not be granted to an administrator to fill the vacancy created by his or her retirement or termination.
- ✦ requires that CalSTRS receive earnings limit exemption certification and documentation by June 30 of the year for which the exemption applies.

If you have any questions, you may contact PostRetirement@CalSTRS.com.

CALSTRS IS
HERE TO HELP

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3/29/10