Returning to Work After Retirement

How Your IPERS Benefits Are Affected by Reemployment
If you decide to return to work after you retire, it’s important to understand how your retirement benefits may be affected. The information in this booklet will help you decide when and where to go back to work.

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available on the IPERS website.
If You Decide to Return to Work After You Retire

After retirement, you may decide to go back to work. People decide to return to work after retirement for various reasons — to try a new career, to have more interaction with others, or for financial concerns.

It’s a good idea to contact IPERS before beginning any employment when you are receiving IPERS retirement benefits.

**Where You Work Matters**

If you are retired and return to work with an employer that is not covered by IPERS, there are no employment restrictions — you can work as soon and as much as you wish with no effect on your IPERS benefits. However, keep in mind that Social Security has certain limitations on earnings that apply to your Social Security benefit (see page 10).

If you return to work with an IPERS-covered employer, there are a few rules to follow. Keep reading for more information.

**STOP AND MAKE THE CALL**

Before returning to work, call IPERS and the Social Security Administration to make sure you understand how going back to work will affect your benefits.
Returning to Work for an IPERS-Covered Employer

Bona Fide Retirement
All retirees who begin receiving benefits before age 70 must have a bona fide retirement.

TO HAVE A BONA FIDE RETIREMENT, YOU MUST:

• Apply for benefits.

• Leave employment with all IPERS-covered employers, including noncovered service with covered employers.

• Begin receiving monthly benefits.

• Not work for any IPERS-covered employers for one month, and not work in covered employment for three additional months.

See the exceptions that follow. Special, less restrictive, rules may apply to you.

The bona fide retirement period begins with the first month you receive an IPERS retirement benefit (also known as your “first month of entitlement”).

You are not eligible for retirement benefits if you end and then return to covered employment before filing a completed application for benefits. In addition, you cannot enter into any employment agreement (verbal or written) with an IPERS-covered employer until you have received at least one benefit payment from IPERS.

Exceptions to Bona Fide Retirement Rules
Members Who Have Reached Age 70: If you have reached age 70, you may begin receiving benefits without ending your IPERS-covered employment. When you stop working, IPERS may adjust your benefit to account for your additional years of service and salary. However, you must end all employment with covered employers for at least 30 days to have your retirement benefit recalculated. If you are no longer employed by an IPERS-covered employer, you must begin receiving your IPERS retirement benefits when you reach age 70½.
### Bona Fide Retirement Example*

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<tr>
<th>If your first month of entitlement to benefits is…</th>
<th>IPERS-COVERED EMPLOYER</th>
<th>NONCOVERED EMPLOYER</th>
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<td>You may begin employment in a noncovered position in…</td>
<td>You may begin employment in a covered position in…</td>
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*Example assumes you are between ages 55 and 70.

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**National Guard Members:** If you are a member of the Iowa National Guard, you can be called to state duty during the bona fide retirement period without any benefit penalty.

**Part-Time Elected Officials:** If you are a part-time elected official, you may start receiving benefits without giving up your elected office if you notify IPERS in writing of your intent to retire, end all covered employment, and end IPERS coverage for your elected position.

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**IMPORTANT!** It’s important to follow bona fide retirement rules; otherwise, your benefits will be suspended or canceled and you’ll have to pay back all benefits you have received. If you have questions about reemployment, contact IPERS.
Will You Have to Pay Back Some of Your IPERS Benefits?

If You Are Age 55 up to Age 65
If you are age 55 up to age 65, and return to work in an IPERS-covered position, you will be subject to an earnings limit. You will be required to pay back a portion of your IPERS benefits if you earn more than $30,000 a year or the annual Social Security wage limit, whichever is higher. (For more information, visit the Social Security Administration website at www.ssa.gov.) These limits may change each year. If your reemployment consists of being elected to public office, your earnings do not count toward the earnings limit amount.

Certain types of compensation are not IPERS-covered, such as bonuses, allowances, and contributions your employer makes to a defined contribution or deferred compensation retirement plan in your name. However, these payments are tracked by IPERS as earnings and count toward the earnings limit amount.

When you earn more than the amount of the limit, it will cause an overpayment of your IPERS benefits. The following calendar year, IPERS will send you a letter stating how much you received in benefits that you were not entitled to (known as the amount of overpayment). The amount of your overpayment is 50 cents for every dollar you earn beyond the limit.

At that point, you can choose to have your monthly retirement benefit reduced until you have paid back the amount of the overpayment, or to make other repayment arrangements acceptable to IPERS.

Or, instead of building up an overpayment as described above, if you know you have earned (or will earn) more than the limit, you may contact IPERS to have your benefit suspended for the rest of the year.
If You Are Age 65 or Older
If you have reached age 65, you are not subject to IPERS’ earnings limit described above. However, see page 10 for information about limits on Social Security benefits.

Receiving an IPERS Disability Benefit
If you are receiving an IPERS disability benefit and return to covered employment after completing a bona fide retirement, your IPERS benefit will be suspended if you are under age 55.*

If you are 55 or older,* your benefit amount will be reduced to the amount you would have received without the disability provision applied to your benefit.

For further information, see the IPERS Member Handbook, available at www.ipers.org.

*Age 50 for sheriffs and deputies who would be eligible for retirement benefits before age 55.
Recalculating Your Benefits

**Are You Ready to Retire Again?**

When you’ve decided to stop working and are ready to retire again, contact IPERS and apply for a recomputation of benefits. The recomputation will help to ensure you receive any additional retirement benefits you have earned.

Your reemployment period (the period you work after you retire) is considered a separate period of service from your preretirement employment. All benefits you receive for reemployment will be calculated as a separate benefit. However, your total years of service cannot exceed 30* for purposes of this calculation.

If you are eligible for additional monthly benefits as a result of your reemployment, you may add that monthly payment to your original benefit, or you can receive a lump-sum payment. If you end reemployment and do not request a monthly payment or lump-sum payment within a year, IPERS will automatically pay a one-time lump-sum payment to you if the amount is less than the applicable IRS limit (currently $1,000).

If your reemployment lasts less than seven years, the formula used to calculate your additional benefits is different from the standard formula. Your benefits will be determined using a money purchase formula based on the amount of contributions you made while reemployed.

Reemployment does not always increase your original monthly benefit. If it does not, you will receive a one-time lump-sum payment as your benefit from reemployment.

*22 for Special service members (sheriffs, deputies, and members in protection occupations).
The following example shows how retirement benefits are recalculated as a result of reemployment.

**EXAMPLE:**

*Returning to Work After Retirement*

Julie retired with 20 years of service and was drawing a monthly pension. She returned to work for seven years at an average wage of $10,000 each year, ending her reemployment at age 65. She earns an increase in her monthly benefit of $116.67 a month or a one-time lump-sum benefit of $9,415.
If You Die While Reemployed

If you retire, go back to IPERS-covered employment, and die before your benefits are recalculated, your beneficiary may receive additional death benefits as a result of your reemployment earnings. Be sure your beneficiary knows to contact IPERS as soon as possible after your death.

A NOTE ABOUT SOCIAL SECURITY

If you are receiving Social Security benefits, it is important to be aware of Social Security’s limits on earnings. Your Social Security benefits could be reduced or even eliminated if you exceed certain income limits. Contact the Social Security Administration (www.ssa.gov) for more information.