



# Reemployment: How It Affects Your Pension

After retiring, many people reenter the workforce to make extra money, pursue different interests, or keep busy. As a retiree of an Ohio public pension system, the type of job you take after retirement and the timing of your start date can affect your pension benefits.

The original pension you receive is not affected during reemployment unless you don't wait two months before returning to a public sector job. Even then, you only forfeit your pension for two months. Otherwise, you continue to receive the full amount of your pension.

As a reemployed retiree, there are no membership benefits available to you. You do not accrue any additional service credit for the period of reemployment. If you did not previously qualify for health care coverage, coverage cannot be earned with the time spent working as a reemployed retiree. No service credit can be purchased, and reemployed retirees cannot apply for disability benefits.

## ***Reemployment in a Private Sector Job***

If you return to work in a private sector job covered by Social Security, it does not affect your SERS pension but could affect your SERS health care coverage. Please review the How Reemployment Affects Health Care Coverage section.

## ***Reemployment in a Public Sector Job***

If you return to work in a position covered by SERS, OPERS, STRS, Ohio Police & Fire Pension Fund, or Ohio Highway Patrol Retirement System, you must wait two months from your effective date of retirement before being reemployed. There is no limitation on the number of days you can work or the amount you can earn. The only restriction is when you can return to work.

If you return to work in an Ohio public job within two months of your retirement date, you will forfeit your pension for that period of time. The only exception is if you hold multiple positions prior to retirement. You may then continue working in the lesser-paying position(s) without forfeiting two months of pension payments.

If you become reemployed in a SERS-covered position, you must contribute to SERS the same

as you did as a member. However, because your pension amount is set, you will accumulate a new benefit that will be paid back to you as a single life annuity. You may choose to receive the amount as a lump-sum payment or in fixed monthly payments for the rest of your life.

There are no restrictions on the number of days a service retiree can be reemployed in a SERS-covered position or the amount earned.

## ***How Reemployment Affects Health Care Coverage***

If you retire and then take a new job or go back to work for a public or private employer, you temporarily may lose eligibility for SERS' health care coverage while you are reemployed. Once reemployment ends, your eligibility will be restored.

Individuals affected are those:

- under age 65 not yet eligible for Medicare
- eligible for Medicare but not enrolled in Part B

Individuals not affected are those:

- enrolled in Medicare Part A and B
- enrolled in Part B only

SERS' health care eligibility is lost when:

- You are eligible for medical and prescription coverage through your new employer
- You are not eligible for medical and prescription coverage through your new employer but other employees in comparable positions are eligible for coverage

The coverage available to employees in comparable positions must be at the same cost as full-time employees. You will not lose your eligibility for SERS' coverage if you do not have access to the employer coverage or it costs employees in comparable positions more than full-time employees pay.

Regaining Eligibility: Your SERS eligibility will be restored after you stop working. Because losing employer coverage is considered an involuntary termination of coverage, you will regain eligibility for SERS' coverage. You have 31 days from the time your employer coverage ends to reenroll in SERS' coverage.

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## ***Collecting Your Retirement Contributions after Reemployment Ends***

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After your reemployment ends, you are eligible to receive a portion of the retirement contributions paid to SERS while you were reemployed.

You will earn an annuity from the reemployment, which will consist of your contributions, and part of the employer contributions, plus interest. The annuity will be paid by the retirement system that covers your reemployment. Interest will be paid only until the last date of service.

These factors are subject to change by the SERS Retirement Board.

If you are age 65 or older when reemployment ends, you will receive the funds as a single life annuity. You can choose whether to receive the funds as either a one-time, lump-sum payment or monthly if the monthly payment is more than \$25. A monthly annuity is paid for life and remains the same for the length of the payment; there are no cost-of-living or other adjustments to the amount. The payment is made only to you; there are no joint survivor plans of payment available. If you die while receiving an annuity, and had not received an amount in benefits equal to what you would have received as a lump-sum payment, then the difference between the amount received and what would have been received as a lump-sum payment is paid to your beneficiary in a single payment.

If you end employment before age 65 and wish to take your funds immediately, you will receive only a return of your 10% employee contributions in a single payment.

### **SOCIAL SECURITY CONSIDERATIONS**

Retirees who receive a lump-sum or monthly annuity might be subject to the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) under Social Security regulations. Social Security benefits that a retiree is receiving either from a spouse's account or the retiree's own account might be reduced due to receiving an annuity.

It is the retiree's responsibility to notify Social Security of any payments received from SERS.

### **PAYMENTS TO BENEFICIARIES**

If you die before receiving an annuity or refund of contributions, only a lump-sum payment is available to your beneficiary. The payment is the same as what you would have received. If you did not designate a beneficiary, law specifies that the lump-sum payments will be made in the following order:

1. Spouse
2. If no spouse, your children share and share alike
3. If none of the above, your parents share and share alike
4. If none of the above, your estate

If the order outlined above is not how you wish to have your funds distributed, request a Designation of Beneficiary Reemployed Annuity Account Form from SERS.

### **MULTIPLE ANNUITIES**

While a reemployed retiree can earn more than one annuity, only one additional annuity or lump-sum payment can be applied for or received every 12 months. For instance, if a retiree quits and receives an annuity in June, and then returns to work again, no additional annuity or refund can be paid until the following July.

### ***Taxes***

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SERS is required to withhold federal income taxes from a lump-sum annuity payment or a refund.

If the employee contributions were tax deferred, then the entire lump-sum payment is taxable. The withholding rate will be 20% on any portion of the payment which was not previously taxed, unless it is transferred directly to an IRA.

SERS also will withhold federal income taxes from monthly annuities based on being married and having three exemptions. You can change the amount withheld, or elect not to have taxes withheld.

Further information on tax withholding will be provided at the time the annuity or a refund is received.