Working After Retirement: Simplified Version

It is the retiree’s responsibility to understand and abide by any return to work restrictions. The restrictions details are given in the ASRS Handbook: Road to Retirement – ASRS Guidebook (Fall 2016)

What follows is a simplified explanation of this confusing rule, commonly referred to as the 20/20 rule. Because this is a condensed version, it does not take into account unusual variations in retirement. For those, call ASRS at 520-239-3100.

To quote the ASRS Road to Retirement Guidebook: “As a general rule, if an ASRS retiree accepts a position agreeing to work or actually does work 20 or more hours per week for 20 or more weeks in a fiscal year … for an ASRS employer, the retiree’s ASRS pension will be suspended.” This rule applies only as long as the retiree is under restrictions. (Note that it does not apply to leasing services, such as ESI, which are not ASRS employers.)

Three kinds of retirees and applicable restriction periods:
Retirees fit into one of three categories: 1) normal retirees, 2) early retirees, and 3) those who retired without terminating employment.

Normal retirees are restricted for their first twelve months after retiring. Early retirees are restricted until they reach normal retirement. Those who retired without terminating remain restricted until twelve months after they do terminate employment.

How the restrictions work:
The Safe Schedule: Basically, a retiree under restrictions is allowed to work all the weeks of a fiscal year beginning July 1 as long as he or she works fewer than 20 hours per week. Under those circumstances, there is no possibility of violating the restrictions.

The Additional Option: Retirees under restrictions are allowed to include in their schedules for the fiscal year beginning July 1 any 19 weeks of work at 20 or more hours per week. The weeks may be consecutive or spread out through the year. However, at no time while under restrictions should a retiree work a 20th week at 20 hours or more. Doing so will violate the terms of retirement and will suspend that person’s retirement pension as well as associated insurance stipends and/or insurance through ASRS.

BEWARE: Retirees under restrictions cannot even accept a position that commits them to working 20 hours per week for 20 weeks per fiscal year even if their one year anniversary date (for normal retirees) or normal retiree date (for early retirees) would occur before they could possibly reach the 20th week of work.

Timing the Restrictions:
The restrictions apply per fiscal year (July 1 through June 30). Retirees under restrictions must consider the work limits in the context of a fiscal year. If they worked any weeks of the fiscal year at 20 hours or more per week, then those weeks should be counted as part of the 19 weeks for that fiscal year.

For those who retire in May as normal or early retirees, which is most common, restrictions apply immediately if they have already worked 20 or more weeks at 20 hours or more during the fiscal year prior to retiring. That means that those who are working in summer school, for example, must not work even one more week at 20 hours or more until after June 30, which is the end of the fiscal year.