

# How the Earnings Limitation Works



To retire from the South Carolina Retirement System (SCRS) or Police Officers Retirement System (PORS), you must have a complete, bona fide severance of employment. There are many reasons to return to work after service retirement. After 30 days of retirement, you may return to work with an employer that participates in PEBA-administered retirement. If you return to covered employment sooner than 30 consecutive calendar days, PEBA will suspend your monthly benefit while you remain employed. There are some other rules you need to understand, too. Learn more at [peba.sc.gov/returning-to-work](https://peba.sc.gov/returning-to-work).

## \$10,000 earnings limitation

This rule does not limit the amount you can earn from covered employment. Instead, it limits your retirement benefit once your earnings from covered employment exceed \$10,000. There are exceptions to the earnings limitation:

- Members who retired before January 2, 2013, regardless of age at retirement.
- SCRS members who retired on or after January 2, 2013, but were age 62 or older on their date of retirement.
- PORS members who retired on or after January 2, 2013, but were age 57 or older on their date of retirement.
- Teachers who meet a [critical needs exception](#). The S.C. Department of Education must annually certify that a member is working in a critical needs area, either academic or geographic.
- Class One law enforcement officers who retired under PORS prior to January 1, 2018, and are employed as critical needs school resource officers. PEBA must be notified of the officer's exemption, and this exemption is contingent on continued approval in each year's budget.
- An SCRS or PORS member who has had a period of at least 12 consecutive months after retirement during which the member did not work for any covered employer in any capacity. The member must certify with PEBA that they have not worked for a covered employer for at least 12 consecutive months, and this exemption is contingent on continued approval in each year's budget.
- Members who receive compensation for service as an elected official, service as an appointee of the Governor with confirmation by the South Carolina Senate or service by appointment or election by the General Assembly.

Unless you meet an exception to the limitation, you will receive your retirement benefit until you earn \$10,000 from employment in a covered position during a calendar year. Once you reach this amount, your monthly retirement benefit stops for the rest of the year. The limit resets the following calendar year. The limit remains in effect for as long as you have covered employment.

## \$50,000 earnings limitation for some retired SCRS members

Act 102 of 2021 increased the earnings limitation for some retired SCRS members who work in the state's public schools. The annual earnings limitation is increased to \$50,000 for SCRS members who retired on or before April 1, 2019, and return to covered employment in the K-12 public education system. All other covered employment remains subject to the regular \$10,000 earnings limitation. A retiree may qualify for this increased earnings limitation only for a maximum period of 36 consecutive months of employment.



## Example

A 60-year-old SCRS member with 28 years of service retires on June 30. The member's average final compensation at service retirement was \$49,058, and their retirement benefit is \$25,000 per year, or \$2,083.33 per month. The member returns to covered employment on October 1 of the same year at a salary of \$50,000 per year, or \$4,166.67 per month. The member satisfied the requirement that they must be retired for at least 30 consecutive calendar days before returning to covered employment, but they do not meet any of the exceptions to the earnings limitation.

Return-to-work salary <b>\$50,000.00</b>	+	Retirement benefit <b>\$6,249.99</b> <small>(\$2,083.33 × 3)</small>	=	Total gross income <b>\$56,249.99</b>
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In addition to their salary, the member will receive their service retirement benefit for three months before they reach the \$10,000 threshold. At that time, their service retirement benefit will stop for the remainder of the calendar year. The member's benefit will be reinstated at the beginning of the next calendar year or upon termination of covered employment.

## Example

A 52-year-old PORS member with 25 years of service retires on December 31. The member's average final compensation at service retirement was \$50,000, and their retirement benefit is \$26,750 per year, or \$2,229.17 per month. The member returns to covered employment on March 1 of the following year at a salary of \$75,000 per year or \$6,250 per month. The member satisfied the requirement that they must be retired for at least 30 consecutive calendar days before returning to covered employment, but they do not meet any of the exceptions to the earnings limitation.

Return-to-work salary <b>\$75,000.00</b>	+	Retirement benefit <b>\$4,458.34</b> <small>(\$2,229.17 × 2)</small>	=	Total gross income <b>\$79,458.34</b>
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In addition to their salary, the member will receive their service retirement benefit for two months before they reach the \$10,000 threshold. At that time, their service retirement benefit will stop for the remainder of the calendar year. The member's benefit will be reinstated at the beginning of the next calendar year or upon termination of covered employment.

The examples on this flyer are for general illustrative purposes only. Please contact PEBA if you have any questions about how the earnings limitation may affect your receipt of benefits upon returning to covered employment in your particular situation.