

# What are the limits for working in the public sector?

- The limits only apply to superannuation retirees who go back to work in the public sector
  - The public sector is any Massachusetts public entity, whether it's for the state, county, municipal, city, town, district, or authority
  - The limit applies to contract employees also
- A retiree must stop working when either of the following is true:
  - They have worked 1200 hours in a calendar year or
  - They have earned the difference between the current salary of the position they retired from and their pension.
    - After being retired for one full calendar year, the retiree can add \$15,000 to this calculation.
- These limits apply to the retiree only. It does not apply to a survivor receiving benefits.

**1200 hours**

**Maximum number of hours a retiree can work in a year**

# What are the limits for working in the private sector?

- Superannuation retirees do not have limits for working in the private sector
- All disability retirees are subject to the earnings limits regardless of where they work.
- See next section for information on working and collecting disability retirement benefits.

## Working in retirement as a disability retiree

All disability retirees, including those retired under accidental disability, are required to submit an annual statement of their earnings ([M.G.L. c. 32, § 91A](#)). PERAC mails disability retirees an Annual Statement of Earned Income every January which they must complete on or before April 15th of each year.

All pertinent W-2 forms, 1099 forms, other requested tax forms and proof of income, and any other documentation requested by PERAC must be included with the statement.

Disability retirees are limited to working a maximum of 1200 hours per calendar year if employed in the Massachusetts public sector.

## Disability retirees are subject to earnings limitations regardless of where they work:

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- Can earn the difference between the current salary of the position they retired from and their pension, plus \$15,000.
  - The \$15,000 can be added right away to this calculation
- Try a quick calculation using the [online Disability Earned Income Worksheet](#)
- [Frequently Asked Questions on the Annual Statement of Earned Income](#)

## If a disability retiree is returned to service under G.L. c. 32, Section 8 after reexamination:

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- They will become retirement system members again
- They will receive creditable service for the years they received a disability retirement allowance, without cost

## Other options for working after retirement

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### Stop taking your pension

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- Temporarily stop your pension while you are working and start it again once you stop working.
- You would not receive any additional benefits from your work after retirement.
- You must notify your retirement system if you would like to temporarily stop your pension.

## Get reinstated under section 105

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- Repay the benefits you have received while in retirement (plus buyback interest) either in a lump sum or a repayment agreement with your retirement board.
- Work an additional five years full-time before your retirement system can calculate a new retirement benefit for you.
- If you do not work an additional five years, you would receive a refund of your repayment and you would receive your original retirement benefit without any additional service factored in.
- You should carefully consider the requirements of this section before making any repayment agreements.

## Be elected or appointed to certain offices

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- Get elected to office by popular vote (if the position you retired from was NOT an elective office or at least one year has passed since your retirement)
- Receive a particular appointment
- You can get reinstated, however, the provisions of section 105, outlined above, will apply

## Other positions where earnings limits do not apply:

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- Jury duty,
- Services as an election officer,
- Certain paid appointive positions, and
- Certain emergency employment may be authorized.

## **Joe just retired**

Joe retired from his position as an accountant in July and is receiving a pension of **\$30,000** a year.

Joe goes back to work part-time for the town manager after retirement.

The current salary of the position Joe retired from is **\$50,000** per year.

Until December of the calendar year following his retirement, Joe can earn:

$\$50,000 - \$30,000 = \$20,000$  per year and can work up to **1200** hours per year, whichever comes first

The year after that, because he has been retired a full calendar year, Joe can earn:

$\$50,000 - \$30,000 + \$15,000$   
= **\$35,000** per year and can work up to **1200** hours, whichever comes first

## Joe keeps working

Joe likes working part-time and continues to work a few years into retirement. Due to Cost of Living Adjustments, Joe's pension is now \$30,500 and the current salary of the position he retired from is \$52,000. Joe stopped monitoring his time and took home **\$42,000** this year. However, he can only earn:

$$\begin{aligned} & \$52,000 - \$30,500 + \$15,000 \\ & = \$36,500 \text{ per year or up to 1200} \\ & \text{hours per year, whichever comes} \\ & \text{first} \end{aligned}$$

$$\begin{aligned} & \$42,000 - \$36,500 = \$5,500 \text{ in} \\ & \text{excess earnings which Joe must} \\ & \text{now pay back} \end{aligned}$$

## Joe lost track of his hours

Joe changed positions and now has a lower-paying job. His maximum earnings are now \$37,000 per year, but because he makes less money he has started working more hours.

Joe has earned \$35,000 this year but worked 1260 hours.

He has excess earnings for the **60 hours** above the 1200 hour limit that he must now calculate and pay back.