

Working After Retirement for a Colorado PERA Employer

As an Independent Contractor or Through an Affiliated Party



If you are receiving a Colorado PERA retirement benefit and choose to work for a PERA employer as either an independent contractor or through an affiliated party, there are restrictions and conditions that apply to you. The following is an overview of PERA's working after retirement rules specific to these working relationships. See the *Working After Retirement* booklet for more detailed information.

Important Terms to Know

Independent Contractors: Typically individuals hired on an as-needed basis and not considered regular employees. If you work for a PERA employer as an independent contractor, you are not subject to the working after retirement limits, but you and your employer are required to make contributions to PERA.

Affiliated Party: You are working for an affiliated party if the company owner is:

- A person who is your named beneficiary or cobeneficiary on your PERA account.
- A person who is your relative by blood or adoption (includes parents, siblings, half-siblings, children, and grandchildren).
- A person who is your relative by marriage or civil union (includes spouse, spouse's parents, stepparents, stepchildren, stepsiblings, and spouse's siblings).
- A person or entity with whom you have an agreement to share or profit from the performance of services for a PERA employer in addition to your regular salary or compensation.

As a PERA retiree, you are responsible for notifying the PERA employer that you are a PERA retiree. Employer and working retiree contributions must be paid on salary or payments made to you for services rendered.

When and How Do I Report My Compensation?

You must submit a *Disclosure of Compensation* form if you are a PERA retiree performing services for a PERA employer as an independent contractor and:

- For tax purposes, the PERA employer reports compensation paid to you or your company under a tax identification number different than your Social Security number.
- You are working through an affiliated party.

Your *Disclosure of Compensation* form:

- Must be submitted to both PERA and the PERA employer.
- Must include salary or payments made to you for services rendered, but exclude reimbursements for expenses incurred, products, or goods.
- Is only required for months when services are performed.

Example: A PERA retiree works for Company X, which is owned and operated by the PERA retiree's spouse (an affiliated party to the retiree). A PERA employer contracts with Company X and agrees to pay \$50,000 to Company X for the work completed. The PERA retiree was not specifically hired to do the work, but does part of the work contracted for by the PERA employer.

If the PERA retiree is paid \$5,000 from Company X for work on the contract, the PERA retiree must disclose that amount to the PERA employer and to PERA. The PERA employer must then submit the appropriate employer contribution to PERA. PERA will calculate the appropriate working retiree contribution and offset the PERA retiree's benefit.

It is the retiree's responsibility to submit the *Disclosure of Compensation* form to the PERA employer and to PERA, indicating how much he or she was paid by Company X for the work on the \$50,000 contract.

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Working Retiree Contribution

All retirees working after retirement must pay a working retiree contribution equal to the member contribution rate for the employer. The contribution is applicable to all pay that is subject to employer contributions. The working retiree contribution does not accrue an additional benefit. Retirees are not eligible for a refund of these contributions. Due to the manner in which compensation is paid to independent contractors, your employer is unable to deduct the working retiree contribution from your pay as your employer will do for employees. As a result, PERA will deduct the amount due for the working retiree contribution from your monthly retirement benefit for your work as an independent contractor, through a business you own or operate, or through an affiliated party. If the amount due exceeds the amount of your retirement benefit, the amount due will be spread into the next benefit payment(s) until paid in full.

If there is a discrepancy with the amount of compensation reported to PERA by your employer, you must contact your employer directly to make a correction.

Working After Retirement Limit

As a PERA retiree working as an independent contractor through a business you own or operate, or through an affiliated party, you are not subject to the 110-days/720- hours working after retirement limit. If you are a disability retiree, you may be subject to an earnings limit and any return to work may prompt a re-evaluation of your disabling condition. See the *Colorado PERA Disability Program* booklet for more information.

For detailed information about working after retirement, please see the *Working After Retirement* booklet. You may download a copy of the booklet or request one be mailed to you from PERA's website at copera.org. You may also download the *Disclosure of Compensation* form and other forms and publications. If you have questions, you may call PERA's Customer Service at 800-759-7372.