

**SUMMARY OF WORKING AFTER RETIREMENT PROPOSAL
FOR SENATE SELECT COMMITTEE ON KPERS**

April 27, 2015

New Working After Retirement Rules

Effective Date: New rules take effect 7/1/2016.

Application by Employer: Rules are uniform by employer – there is no distinction between “same” and “different” KPERS-eligible employers.

Waiting period: All members must complete a 60-day waiting period before returning to work for any KPERS employer.

Pre-arrangement: No pre-arrangement of returning to work is permitted for any re-employment.

Earnings limitation: Retirees returning to work are subject to an earnings limit of \$25,000 per year. Once that cap is reached, the retiree must either cease working or benefits are suspended for the remainder of the calendar year.

Retirees working in positions earning more than the \$25,000 cap are “unretired” – i.e., their benefit is suspended while working. No new benefits are earned.

No less than once every five years, the Joint Committee on Pensions and Benefits is to review whether the earnings limitation should be adjusted in light of such factors as inflation or changes in average KPERS active member earnings or retirement benefits.

Employer contribution: The employer will pay the normal KPERS statutory rate on the compensation of all retirees – whether they are working under the \$25,000 cap or are “unretired,” with benefits suspended.

Employee contribution: None.

Application to Other KPERS-Administered Plans: These rules do not apply to members who have retired under KP&F or Judges Systems.

Sunset: These provisions sunset on July 1, 2021.

Exceptions to Earnings Limit for Licensed School Professionals

Special Education: All special education licensed school professional positions may be filled by a retiree without an earnings limitation so long as the employee is not the most recent incumbent in that position.

Limit on re-employment under earnings limit exception: Each retiree is limited to a total of 36 months or three school years, whichever is lesser. Retirees remaining employed after three years will be “unretired,” with benefits suspended, whether in the same position or a different position.

“Hard-to-Fill” Positions:

Identification of eligible positions.

- The Kansas State Board of Education will annually certify the top five types of licensed positions that are hardest to fill.
- From the list of the five hardest to fill categories, each school district may select up to three types of hard to fill positions in which retirees will be re-employed in the following year without an earnings limitation so long as the positions are not filled with retirees who were the most recent incumbent.
- Once re-employed in a hard-to-fill position, retirees may continue working without an earnings limitation, even if that type of licensed position does not continue in subsequent years to be in the list of the top five types of positions that are hardest to fill. However, those positions are counted as one of the three types of hard to fill positions used by the school district for that year.

Limit on re-employment under earnings limit exception: Each retiree is limited to a total of three school years (36 months of re-employment) for any school employer. (A new three-year period does not begin if changing employers.) Retirees remaining employed after three years will be “unretired,” with benefits suspended, whether in the same position or a different position.

Employer Contributions on Special Education and Hard-to-Fill Positions: Actuarial rate plus 8%.

Employer Recruiting Efforts: The exceptions from the earnings limitations for special education and hard-to-fill positions are intended to provide a short-term resource for positions that the employer has not been able to fill. Employers are to make ongoing efforts to recruit a permanent replacement and maintain documentation of those efforts.

Exception from Earnings Limitation for “Hardship” Positions

Criteria: An employer may certify a position as a “hardship” position when a position has become vacant due to an unexpected emergency or when the employer has been unsuccessful in its efforts to recruit and fill the position. A retiree may be hired into a “hardship” position without an earnings limitation so long as the retiree is not the most recent incumbent in that position. This is available to all KPERS employers.

Limit on re-employment under the exception: One year or one school term.

Employer Contributions on Hardship Positions: Actuarial rate plus 8%.

Employer Recruiting Efforts: The exceptions from the earnings limitations for hardship positions are intended to provide a short-term resource for emergency situations and other positions that the employer has not been able to fill. Employers are to make ongoing efforts to recruit a permanent replacement and maintain documentation of those efforts.

Appeals

- An employer may appeal to the Joint Committee on Pensions and Benefits for a one-year extension of the exception to the earnings limitation for special education, hard-to-fill, and hardship positions if a retiree has reached the three-year limit (one-year limit for hardship positions).
- The employer must provide documentation of all efforts to fill the position on a permanent basis.

Grandfathering – Licensed School Professionals

- Only those members who have given formal notice of retirement and whose application for retirement has been submitted prior to May 1, 2015, are grandfathered.
- Existing working after retirement rules for licensed school professionals continue for those grandfathered retirees through June 30, 2017.
- Employers pay actuarial rate plus 8% on the compensation of retirees who continue working under existing working after retirement rules for licensed school professionals through June 30, 2017.
- Beginning July 1, 2017, the new working after retirement rules apply to all retirees returning to work in licensed school positions, including those who submitted their retirement application prior to May 1, 2015.

Grandfathering – All Retirees Other Than Licensed School Professionals

- Only those members who have returned to work prior to May 1, 2015, are grandfathered.
- Existing working after retirement rules continue to apply for those grandfathered retirees.
- Employers pay actuarial rate plus the employee contribution rate on the compensation of retirees who continue working for a different employer without an earnings limit.

- New working after retirement rules apply if the retiree has a break in employment or moves to a different position

Exemptions from Working After Retirement Rules

Retired State Nurses Reemployed by State Institutions:

- The current exemption that permits these retired state nurses to return to work for the same state institution without an earnings limitation continues.
- The employer is to pay the actuarial rate plus the employee contribution rate on the nurses' compensation.

Retired Law Enforcement Officers Re-employed by LETC:

- A certified law enforcement officer who is a KPERS member may work after retirement without an earnings limitation if employed by the Law Enforcement Training Center.
- The employer is to pay the actuarial rate plus the employee contribution rate on the law enforcement officer's compensation.