

MEMORANDUM

To: House Pensions and Benefits Committee
From: ^{ADP.C.} Alan D. Conroy, Executive Director
Date: February 15, 2016
Subject: Age Information on Current Retirees Working in Licensed Positions

Since 2009, KPERS retirees who are employed by in a licensed school professional position have been exempt from any earnings limitation, whether employed by the same or a different employer than the one from which they retired. The employer has been required to pay the actuarial contribution rate, plus 8%.

2015 Senate Substitute for HB 2095 does not continue this particular exemption, except that, through July 1, 2017, it grandfathered all KPERS retirees employed in a licensed school position who had retired on or before May 1, 2015. After July 1, 2017, those grandfathered retirees will then be subject to a \$25,000 annual earnings limit while working after retirement for a KPERS employer, unless they are employed in a position qualifying for a new hardship, special education, or hard-to-fill exemption.

As introduced, HB 2653 would eliminate the July 1, 2017, sunset and indefinitely extend the grandfathered status for these retirees.

Existing Grandfathered Retirees

According the data reported to KPERS by the local school districts, there were 1,187 retirees working in licensed positions during calendar year 2014, the most recent time period available. The question that has been posed is how many of those currently grandfathered retirees would be expected to leave before the July 1, 2017 deadline.

Rates of Departure

In order to make an informed estimate on the number of the 2014 group of retirees who would continue to work beyond the July 1, 2017 deadline, KPERS compiled data on the retirees who had returned to work in licensed positions between 2009 and 2014. The data included the total number of retirees who stayed in a licensed position, the number who left a licensed position and the ages of those retirees in each year. This data was then provided to KPERS' consulting actuary to calculate rates of departure for the 2014 group of retirees and project the number that would remain on July 1, 2017.

The results of the data analysis suggest that of the 1,187 retirees in licensed school positions on 12/31/2014, 678 retirees, or about 57% of the group, would remain on July 1, 2017.



There are likely to be many factors that determine whether a member will stop working. Age, while an important factor, is certainly not the only factor, however this analysis treated age as the only factor. This simplified analysis ignores the many other variables that will ultimately determine the number of grandfathered members who will remain working at July 1, 2017.

I hope this information is responsive to the Committee's question, I would be happy to answer any questions the Committee may have.