

## Working After Retirement Member Types on and after January 1, 2018

Member Type	Earnings Limit	Employer Contribution	Waiting Period
<i>KPERS-Covered Positions</i>			
Members who retired before 1/1/ 2018	No Limit	Statutory contribution on first \$25,000 30% above \$25,000	60 days
Members who retired on and after 1/1/2018	No Limit	Statutory contribution on first \$25,000 30% above \$25,000	180 days if retired before age 62 60 days if retired age 62 or later
<i>Non-Covered Positions at KPERS employer</i>			
Members who retired before 1/1/ 2018	No Limit	No contribution	60 days
Members who retired on and after 1/1/2018	No Limit	No contribution	180 days if retired before age 62 60 days if retired age 62 or later

**Notes:**

1. The prohibition on any prearranged agreement between a member and employer to return to work remains in effect.
  2. The FY 2022 statutory rate for State and School employers is 14.09%. The CY 2022 statutory rate for Local employers is 8.90%.
  3. Exemptions remain in place for licensed state nurses, instructors of the Kansas Law Enforcement Training Center, state and local elected officials, legislative staff, substitute teachers without a contract, and positions covered by the Board of Regents Retirement Plan.
  4. *Covered positions* are –
    - A non-school employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year.
    - An employee of a participating school employer whose employment is not seasonal or temporary and whose employment requires at least 630 hours of work per year or at least 3.5 hours a day for at least 180 days.
- Non-covered positions* are –
- A non-school employee of a participating employer whose employment is seasonal or temporary or whose employment requires less than 1,000 hours of work per year.
  - An employee of a participating school employer whose employment is seasonal or temporary or whose employment requires less than 630 hours of work per year or less than 3.5 hours a day for 180 days.

**These rules only apply to employment by KPERS employers, not to retirees employed by non-KPERS employers.**



**SUMMARY OF CONFERENCE COMMITTEE REPORT  
As Enacted Into Law  
(House Substitute for SB 21)**

**New Basic Rule – Effective 1/1/2018**

- For retirements on and after 1/1/2018, there is a 180-day waiting period before returning to work if retiring before age 62 and a 60-day wait if age 62 or older.
- There is no earnings limit for those retirees.
- No prearrangement to return to work between employer and retiree is allowed.
- The employer does not pay any employer contributions on the pay of retirees in non-covered positions.<sup>1</sup>
- For covered positions, the employer pays the statutory contribution rate on the first \$25,000 of pay and 30% thereafter.<sup>2</sup>
  - If a retiree is employed by multiple participating employers or in more than one position, contributions are paid on all compensation from that employment for the calendar year.
- There is no sunset date on the new basic rule.

**Retirees Who Retired Before 1/1/2018 – Effective 1/1/2018**

- *Effective 1/1/2018*, a single working after retirement rule applies to all retirees in state, local, and licensed/non-licensed school positions who retired before 1/1/2018 (except for a limited number of exemptions listed below).
  - There is no earnings limit for those retirees.
  - The employer does not pay any employer contributions on the pay of retirees in non-covered positions.
  - For covered positions, the employer pays the statutory contribution rate on the first \$25,000 of pay and 30% thereafter.
    - If a retiree is employed by multiple participating employers or in more than one position, contributions are paid on all compensation from that employment for the calendar year.

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<sup>1</sup> Non-covered positions are –

- A non-school employee of a participating KPERS employer whose employment is seasonal or temporary and whose employment requires less than 1,000 hours of work per year.
- An employee of a participating KPERS school employer whose employment is seasonal or temporary and whose employment requires less than 630 hours of work per year or less than 3.5 hours a day for 180 days.

<sup>2</sup> Covered positions are –

- A non-school employee of a participating KPERS employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year.
- An employee of a participating KPERS school employer whose employment is not seasonal or temporary and whose employment requires at least 630 hours of work per year or at least 3.5 hours a day for at least 180 days.

Note: these rules only apply to employment by KPERS employers, not to retirees employed by non-KPERS employers.



- No prearrangement to return to work between employer and retiree is allowed.
- The retirees covered by this rule include –
  - Retirees in state, local, and non-licensed school positions who returned to work on or after 5/1/15 or who have lost grandfathered status since that date due to a break in service or a change of jobs or employer;
  - Retirees in licensed school positions who retired after 5/1/2015 or took early retirement after March 2009;
  - Retirees in state, local, and non-licensed school positions who are currently covered by a grandfathering provision (who returned to work before 5/1/2015 and have not lost grandfathered status);
  - Retirees in licensed school professional positions who are currently covered by a grandfathering provision (who retired before 5/1/2015 or took early retirement before March 2009);
  - “Great-grandfathered” retirees who returned to work for either the same or different employer before 7/1/2006.

#### **Exemption Changes – Effective 7/1/2017**

- Restates exemption for substitute teachers (i.e., clarifies the exemption covers those retirees working as a substitute teacher without a contract)
- All retirees who retired before 1/1/2018 and return to work in a licensed school professional position are covered by the current provisions for grandfathered licensed school professionals
  - There is not an earnings limit for these retirees
  - The employer pays the actuarial rate plus 8% on their compensation.
    - There are no contributions on the earnings of substitute teachers working without a contract.
  - Licensed school positions include classroom teachers, administrators, school psychologists, speech pathologists, and similar school positions requiring a license.
  - Includes those who retired at normal retirement and those taking early retirement before 1/1/2018.
  - Includes retirees who were not previously grandfathered because they took normal retirement after 5/1/2015 or early retirement after March 2009.
- Expands exemption from working after retirement rules for local elected officials to include all state-wide elected officials and legislators.
  - Exempts officials from both earnings limit and employer contributions
  - Establishes a 30-day waiting period following retirement before taking office, except where the official is appointed to a vacant office, in which case there is not a waiting period requirement.
- **Note:** A new exemption for KPERS retirees who are employed in positions covered by Board of Regents mandatory retirement plan was added in SB 205, which was signed by the Governor on May 10 and takes effect July 1, 2017.
  - There is no earnings limit or employer contribution for these retirees.

- Applicable 60 or 180-day waiting period requirements and prohibition on prearrangements remain.
- **Note:** There are no changes on 7/1/2017 to the rules for grandfathered retirees working in state, local, or non-licensed school positions or to hardship, special education, and hard-to-fill exemptions.

### **Exemption Changes – Effective 1/1/2018**

- Effectively eliminates licensed school professional, hardship, hard-to-fill, and special education exemptions, as they all fall under rule for retirees who retired before 1/1/2018.
  - There will not be an earnings limit for those retirees. (No change from current exemption.)
  - The employer contribution rate changes:
    - The employer does not pay any employer contributions on the pay of retirees in non-covered positions.
    - For covered positions, the employer pays the statutory contribution rate on the first \$25,000 of pay and 30% thereafter.

### **Independent Contractors/Third Party Clarification – Effective 7/1/2017**

- Includes provisions from HB 2268 specifically applying basic working after retirement rules to KPERS retirees working as independent contractors (for members retiring before **and** after 1/1/2018)
- Includes criteria from HB 2268 for excluding from working after retirement rules certain independent contractors and retirees working for third parties contracting with a KPERS employer, *effective 7/1/17*
  - Contractual relationship not created to allow retiree to continue employment in a position similar to the one the retiree held before retiring
  - The retiree’s activities are not normally performed exclusively by employees of the KPERS employer
  - The retiree meets the statutory criteria for an independent contractor or, if employed by a third-party contractor, the activities are on a limited-term basis, and the third party is not itself a KPERS employer

### **Limited Exemptions That Do Not Change**

- Nurses employed by certain state institution (currently 13 retirees using exemption)
- Retired certified law enforcement officers who are hired by the law enforcement training center (no retiree using this exemption currently)
- Poll workers hired to work an election day
- Legislative staff members
- KP&F and Judges members