



Working After Retirement

The Basics

KPERS retirees who return to work for a **KPERS employer** are subject to working-after-retirement rules, which are different from active-member rules.

No Earnings Limit

KPERS retirees don't have an earnings limit or make member contributions. The employer contribution rate increases from the regular statutory rate to 30% when a retired employee's wages top \$25,000.

No Prearrangements

The law states that KPERS employers and their employees **cannot make prearrangements** (anytime before retirement or during the waiting period after retirement) to return to work.

The statutory definition of a prearrangement states that a prearrangement occurs when the "facts and circumstances of the situation indicate that the **employer and employee** reasonably anticipated that further services would be performed after the employee's retirement."

Written or verbal communication is **not allowed**. Consider it a **period of silence**.

Certifications

Both employees (on retirement application) and employers (when hiring a KPERS retiree) must certify they have not made prearrangements to return to work.

Employee

On the [KPERS retirement application \(KPERS-15\)](#), employees certify that the prearrangement rule has been and will be followed (before retirement and during the waiting period after the retirement date).

Employer

When hiring a retiree, the employer's **appointing authority** will need to certify there have been no prearrangements on the [Employer Certification of No Prearranged Employment \(KPERS-15R-E\)](#) form.

Appointing Authority

Schools	district superintendent (if retiree being hired is superintendent, school board president must certify)
Local	chief officer of governing body (e.g. city manager, mayor, commission/council chair)
State	agency head

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Penalties for Prearranging

KPERS' "Qualified Status" with the IRS could be jeopardized if employees and/or employers don't follow the no-prearrangement rule. They'll also be penalized.

Employee Penalties

- Retirement benefit suspended starting month returned to work and ending 6 months after ending employment
- Repay KPERS all monthly retirement benefits paid to employee after he began working after retirement

Employer Penalties

- Pay all IRS-associated costs and penalties
- Pay all costs for legal defense
- Pay all costs for collecting repayment from employee

Waiting Period (60 or 180 days)

Retirees have a waiting period before they can return to work for a KPERS-affiliated employer. The waiting period starts the day after their retirement date.

Retire before age 62 = **180 days**

Retire age 62 or after = **60 days**

Retirement Date (n) :
 Official date of retirement. First day of month following last day on payroll.
 (Not the last day at work)

To calculate the **waiting period**, count the day after retirement as day one. See the chart, below, for the earliest date a retiree and employer can arrange a return to work based on retirement dates.

60 days

Waiting Period Timing

Retirement Date	Jan 1	Feb 1	Mar 1	Apr 1	May 1	Jun 1	Jul 1	Aug 1	Sep 1	Oct 1	Nov 1	Dec 1
Waiting Period Ends	Mar 3	Apr 3	May 1	Jun 1	Jul 1	Aug 1	Aug 31	Oct 1	Nov 1	Dec 1	Jan 1	Jan 31

180 days

Waiting Period Timing

Retirement Date	Jan 1	Feb 1	Mar 1	Apr 1	May 1	Jun 1	Jul 1	Aug 1	Sep 1	Oct 1	Nov 1	Dec 1
Waiting Period Ends	Jul 1	Aug 1	Aug 29	Sep 29	Oct 29	Nov 29	Dec 29	Jan 29	Mar 1	Mar 31	May 1	Jun 1

Enrolling Retirees

Generally, **enroll all KPERS retirees** who work for your employer, even those in non-covered positions like part-time, temporary or seasonal positions and report their wages. If employee is **not** a KPERS retiree (the enrollment look up will tell you), enroll him as an active member.

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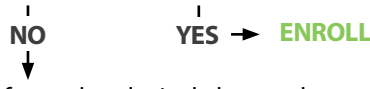
Exceptions (Do Not Enroll)

Still must follow "no-prearrangement" and waiting-period rules.

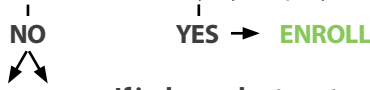
- Election poll workers
- Sub teachers without a contract
- Legislative staff
- Positions covered by KBOR Mandatory Retirement Plan

Enroll or Don't Enroll (3rd-party and independent contractors)

Is retiree returning to position similar to one held before retirement?



Are position's activities normally performed exclusively by employees?



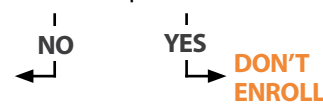
If 3rd-party contractor,

Will 3rd-party contractor's services be used for a limited time?



If independent contractor,

Does position meet IRS criteria for an independent contractor?



Contributions

Employees working after retirement do not pay contributions.

Employers generally **do pay** the statutory contribution rate based on wages of covered employees. Check out specific employer rates on the [contributions page](#).

Position Types	Covered Positions ¹	Non-Covered Positions ²
Earnings Limit	No Limit	No Limit
Employer Contributions	Up to \$25,000: Statutory Rate Above \$25,000: 30%*	No Contributions (still enroll and report wages)

1. Not seasonal/temporary and requires at least 1,000 hours (630 for schools) per year
2. Seasonal/temporary and requires less than 1,000 hours (630 for schools) per year

*The system tracks wages for you and automatically changes the rate when needed. The rate change to 30% starts with the first pay period after the employee reaches \$25,000.

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Frequently Asked Questions (FAQs)

Q Is it considered a prearrangement if a retiring employee talks about returning to work in the future in a temporary position?

A Yes, this would be a prearrangement. The type of position doesn't matter (e.g. temporary, permanent).

Q Do employees hired to work after retirement have an earnings limit?

A No. There is no earnings limit for employees working after retirement. But employers pay a higher rate on earnings above \$25,000.

Q Do I enroll a KPERs retiree who works for my employer through a third-party contract?

A Yes. But independent and third-party contractors are exempt if they meet the criteria spelled out in the [exceptions](#).

Q Do we enroll and pay employer rates on retirees who work only eight hours a week?

A Eight hours a week is less than the 630 (school) or 1,000 (non-school) hours per year required to be in a covered position. You do not pay an employer rate. You still must enroll and report wages on employees working in non-covered positions after retirement, but the employer does not pay contributions.

Q Can we ask an applicant if he is a KPERs retiree?

A It could be a violation of employment law. Instead, use the [Enrollment Lookup](#) on the EWP. Consult your usual Human Resources and Legal resources.

Q As a school, do we need to enroll subs that aren't teachers?

A Yes. Enroll and report wages on all other sub positions (e.g. custodian, bus driver, administrative assistants, etc.). Only sub teachers without contracts are not enrolled. Most subs positions are not "KPERs-covered," so employers would enroll and report wages, but not pay contributions on wages.

Q Are there any earnings-limit exemptions for retirees?

A Not exactly. Since there are no earnings limits, there is no need for exemptions. The exemptions and exceptions we have now refer to enrolling and reporting wages.

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