

**Working After Retirement Member Types
on January 1, 2018
As Agreed to by the Conference Committee on House Substitute for SB 21 on May 16, 2017**

Member Type	Earnings Limit	Employer Contribution	Waiting Period
<i>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</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 requirement that no prearranged agreement between a member and employer to return to work remains in effect.
 2. The FY 2018 statutory rate for State and School employers is 12.01%. The CY 2018 statutory rate for Local employers is 8.39%.
 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 classroom teachers without a contract, and positions covered by the Board of Regents Retirement Plan.
 4. *Covered positions* are –
 - An 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 and 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 and whose employment requires less than 630 hours of work per year or less than 3.5 hours a day for 180 days.



SUMMARY OF CONFERENCE COMMITTEE REPORT
As Agreed to by the Conference Committee on House Substitute for SB 21
on May 16, 2017

New Basic Rule – Effective 1/1/2018

- *For retirements on and after 1/1/2018, there would be 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 would not be an earnings limit for those retirees.
- No prearrangement to return to work between employer and retiree is allowed.
- The employer would not pay any employer contributions on the pay of retirees in non-covered positions.¹
- For covered positions, the employer would pay the statutory contribution rate on the first \$25,000 of pay and 30% thereafter.²
 - 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 would apply 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 would not be an earnings limit for those retirees.
 - The employer would not pay any employer contributions on the pay of retirees in non-covered positions.
 - For covered positions, the employer would pay 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.
- No prearrangement to return to work between employer and retiree is allowed.

¹ Non-covered positions are –

- A non-school employee of a participating 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 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.

² Covered positions are –

- An 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.



- The retirees covered by this rule would 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 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 would be 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 would not be 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 has been signed into law.
 - There is no earnings limit or employer contribution for these retirees
 - Applicable 60 or 180-day waiting period requirements and prohibition on prearrangements apply

- **Note:** There would be no change on 7/1/2017 to the exemption 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 eliminate 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 would not be an earnings limit for those retirees. (No change from current exemption.)
 - The employer contribution rate would change:
 - The employer would not pay any employer contributions on the pay of retirees in non-covered positions.
 - For covered positions, the employer would pay the statutory contribution rate on the first \$25,000 of pay and 30% thereafter.

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

- Include 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)
- Include 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