WORKING *after* retirement

KPERS

For State and Local Members
New Rules Start July 1, 2016

Rules changing for members and employers

Recent legislation changes working-after-retirement rules for both you and your employer if you go back to work for a KPERS employer.

- Earnings limit increases to **$25,000**
- Employers make KPERS contributions, but you don't
- Affects all retirees not under an exemption

New rules start July 1

Beginning July 1, 2016, most retirees will move to the new rules. Until then, retirees can continue under the current rules, some for even longer.

- **Non-school, accepted position before May 1, 2015:** Grandfathered indefinitely until change job/employer or have a break in service.*
- **Non-school, accepted position May 1, 2015, and after:** Old rules through June 30, 2016. New rules start July 1, 2016.

**A break in service is 30 days or longer.*

All returning retirees will have the earnings limit

Today the earnings limit differs depending on if you return to work for the same KPERS employer or a different KPERS employer. The new rules remove this difference. Beginning July 1, 2016, all retirees will have a $25,000 earnings limit for each calendar year, no matter which KPERS employer they return to. 2016 will be a transitional year.

- If you're currently under the $20,000 earnings limit, you can earn an **additional $5,000** for the calendar year.
- If you're new to the earnings limit in July, you can earn $25,000 July through December 2016.
- You won't make KPERS contributions on your working-after-retirement wages or earn more KPERS service. But your employer will make working-after-retirement contributions to KPERS.

This will be a change for retirees working in positions not normally covered by KPERS benefits, like part-time, seasonal, and third-party/independent contractor jobs. They will have a $25,000 earnings limit.

How the earnings limit works

If you reach the earnings limit, you can:

1. Stop working for the rest of the calendar year. You'll still get your retirement benefit.
2. Keep working. But your retirement benefit will stop for the rest of the calendar year. Your benefit will start again in January or if you stop working. Whichever happens first.

What's the same:

- ✓ 60-day waiting period
- ✓ No prearrangements to return to work (added penalties)
- ✓ Doesn't include non-KPERS employers
- ✓ Some retirees are grandfathered under old rules

What you need to know:

- ✓ Earnings limit increases to **$25,000** on July 1, 2016
- ✓ New "hardship" position exemption

Questions?

Email: kpers@kpers.org

Toll-free: 1-888-275-5737

In Topeka: 785-296-6166

kpers.org

Some retirees will be grandfathered

You may be grandfathered indefinitely if you:

1. Accepted your position before May 1, 2015.
2. Stay with the same job/employer and have no break in service.

If this is the case for you, you'll continue to have the rules you have now, even after July 1, 2016.

What about "great-grandfathering"?

Working-after-retirement legislation in 2006 created an original grandfathered group of members. If you are part of this group and are still working, you will be great-grandfathered under the original 2006 rules.

If you returned to a different employer

- Returned before July 1, 2006, and working May 1, 2015
- No earnings limit (if same job/employer and no break in service)

If you returned to the same employer

- Returned before July 1, 2006, and working May 1, 2015
- $25,000 earnings limit

New "hardship" exemption

A new "hardship" exemption will be available for any position. A "hardship" position is one that becomes vacant due to an unexpected emergency or when an employer has been unsuccessful in efforts to recruit and fill the position. You may be hired into a "hardship" position without an earnings limit for up to one year, with the possibility of (3) one-year extensions. Your employer will continue to recruit to fill the position with an active member. As a retiree, you are capped at a total of four years in a hardship position.

No prearrangement to return to work

The law has always been that retirees can't make prearrangements to return to work. The Legislature just added penalties if it happens. That means you can't communicate in any way with your employer about an intent to return to work before you retire and during the 60-day waiting period after your retirement date. You'll verify this as part of your retirement application.

The penalty is suspended benefits starting the month you returned to work and ending six months after you end employment. You'll also repay benefits paid to you while you were working after retirement.

If you have questions

We want to be sure you understand the changes to working after retirement. They are somewhat complex, so please talk to your employer if you have questions. You can also contact KPERS.

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Good to know:

- You cannot make employment prearrangements.
- 60-day waiting period starts day after retirement date.
- Community colleges follow the non-school rules for working after retirement, including earnings limits and exemptions.
- Starting July 1, 2016, all retirees hired on or after May 1, 2015, will have the earnings limit (except those in "hardship" positions).
- There are no working-after-retirement rule changes for KP&F or Judges members.
- Grandfathered and great-grandfathered retirees who retired to different employers will continue to be exempt from an earnings limit.
- Rules apply to retirees who return to work in the same retirement plan. If you return to a covered position in KP&F or Judges, you will be enrolled as a regular, active member of that plan.
- The earnings limit is based on the calendar year (January 1 through December 31).
- It is considered a break in service if you stop working when you reach your earnings limit (or any time you don't earn wages for 30 days or longer).
- If you are working in a position not covered by KPERS benefits (part time, seasonal, third-party/independent contractor, etc.), you will have an earnings limit.