

The House Standing Committee on Pensions and Benefits
Testimony by the Kansas Coalition of Public Retirees
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Thank you for the opportunity to provide testimony concerning the issue of working after retirement and why it is an issue for the Kansas Public Employees Retirement System, KPERS. As you are aware, KPERS provides rules for working after official retirement. However, these rules differ considerably depending on the pre-retirement employment history of the retiree. Some of these differences will be mentioned in this testimony. It is our position, however, that when an employee elects to retire and has met all the qualifications established for this action, that they should be allowed to do so without further restriction.

Working after retirement has received much attention over recent years. Even with this attention, we will list below just some of the inconsistencies and unfair applications of the policy which still remain, below. The application of exceptions, which seem to be inevitable, are exacerbated because of the several categories of workers and professionals found under the KPERS umbrella. You will note that these concerns are not only found within the application as a whole, but specific within the application as well. Because of the complexity of KPERS, this list is not a finite listing!

KPERS School personnel may work after retirement without income restriction; however, percentages of their salary must be contributed to KPERS. The contributions lead to no further increase in retirement benefit and are assessed as follows:

- a. 6% of Employees Salary
- b. The actuarial % of the Employers Contribution
- c. 8 additional % - This amount was determined by KPERS as an "approximate" amount that seemed reasonable.

The contributions lead to no further increase in retirement benefits and are assessed as follows:

For example, if a retiring KPERS School employee desires to work after retirement for another school district, the retirement amount for 2013 will be calculated as shown below:

| | |
|--------------------------------------|-----------------------------|
| TOTAL..... | <u>23.12</u> percent |
| a. Percent of employee's salary..... | 6.00 |
| b. Actuarial employer rate | 9.12 |
| c. Additional assessment | 8.00 |

At the time the 8 percent additional assessment was proposed, there was concern that the early retirement would negatively impact the UAL. Calculations were not available to accurately determine the true fiscal impact of this practice so it was estimated that an 8.0 percent assessment should be used. Under these criteria, any KPERS School

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person working after retirement is a definite positive for the KPERS trust fund since additional funding is received which cannot be paid out in increased retirement benefits.

Working after retirement poses some apparent inconsistencies depending on the prior employment of the retiree. Many of these complexities are illustrated by a visit to the official KPERS website.

For example:

Earnings limitations. Differing limitations are set forth depending on the prior employment history of the retiree. This depends on whether the retiree is a KP&F or KPERS retiree, \$15,000 for one employee and \$20,000 for another.

Employer Definition. The State of Kansas is treated as one employer (regardless of agency or geographical area) while each school district is treated as a different employer.

Occupations. Some occupations are exempt from the earnings limitation (certain nurses at some State facilities).

Judges. Judges are permitted to work for 25 percent of salary for up to 104 days and renew this arrangement for 12 years.

"Certain Legislative Staff." They are not subject to the earning limitation.

Some additional history involving KPERS illustrates the need to proceed cautiously. Some facts to consider, and this listing is certainly not finite, are as follows:

1. Not all firefighters qualify for Social Security on their salary.
2. Not all first responders are under KP&F, because the local units of government often choose KPERS because employer contributions are less.
3. Not all employees who are required to be armed at work are under KP&F. This includes the employees of the Kansas Department of Wildlife, Parks, and Tourism (KDWPT) who are required to carry a weapon.

It is obvious that "working after retirement" is very involved. We suggest that the 2014 Legislature give serious consideration to a *full and thoughtful review* of the entire issue of "working after retirement" before any changes are proposed to current legislation. Please hear from all interested parties during the 2014 session before any decisions are made. If the decision was reached to continue the variety of restrictions and requirements for working after retirement, it would seem that an explanation of/for differing rationale would be appropriate.

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