CHAIRPERSON KELLY
PROPOSED WORKING AFTER RETIREMENT MODIFICATIONS

Basic Rule:

- $25,000 earnings limit – once reached, retiree must either stop working for remainder of calendar year or benefits are suspended
- Applies whether the same or different employer
- Employer pays no contributions so long as retiree has not earned $25,000, but pays 30% contribution on all compensation after $25,000 (if retiree continues working).
- Employers enroll and report compensation on all retirees, but leave them "in the system" even in between periods of employment.
- A retiree who begins working under the basic rule at the beginning of the calendar year is not eligible for the "special exemption" during the remainder of that calendar year. If the employee initially is not hired for that year under the "special exemption," upon reaching the $25,000 earnings limit, the retiree will either need to quit working or cease drawing their monthly KPERS retirement payment.
- Retirees who are not grandfathered but returned to work before 7/1/2017 would remain under the $25,000 earnings limit. However, the 10.81% contribution rate would be eliminated (0% contribution on first $25,000, and 30% employer contribution rate if retiree continues working past the $25,000 earnings limit.)

Substitutes:

- $25,000 earnings limit – once reached, retiree must either stop working for remainder of calendar year or benefits may be suspended and the retiree may continue to work
- Applies whether the same or different employer.
- Employer pays no contributions so long as retiree has not earned $25,000, but pays 30% contribution on all compensation after $25,000 (if retiree continues working).
- Employers enroll and report compensation on all retirees, but leave them "in the system" even in between periods of employment.
- The category the retiree starts in at the beginning of the school or calendar year will be the category they will be required to finish the year in.
- A retiree who begins working under the basic rule at the beginning of the calendar year is not eligible for the "special exemption" during the remainder of that calendar year. If the employee initially is not hired for that year under the "special exemption," upon reaching the $25,000 earnings limit, the retiree will either need to quit working or cease drawing their monthly KPERS retirement payment.

Note: Licensed or non-licensed positions hired as substitutes fall under the same rules.

Other Exemptions:

- Collapse the three exemptions from the earnings limit into a single, special "emergency" exemption only, using existing statutory criteria (unforeseen emergency or inability to fill)
- 30% employer contribution rate from first dollar of compensation
- Require ongoing documentation of efforts to fill

- Exemption is for up to three years initially, with a single one-year extension
- Those hired from 7/1/2016 through 7/1/17 under hard-to-fill or special education teacher exemptions transfer to the new special exemption (with one of three years used).

Grandfathered Retirees:

- Retain 0% employer contribution rate for those grandfathered retirees with an earnings limit.
- Collapse multiple, existing employer contribution rates to a single 25% employer contribution rate for those grandfathered retirees without an earnings limit. Contributions continue to be paid on first dollar earned.
- Limit loss of grandfathered status for non-licensed employees to change of employer only – breaks in service and changes in position would not affect grandfathered status.

Other Rules:

These existing provisions remain in place – 60 day waiting period, certification of no pre-arrangements at retirement and rehire, and periodic review of the $25,000 earnings limit and the 30% employer surcharge rate.

For the "special exemption" category, all current exemption requirements remain in place, including documentation of efforts to fill with an active member and potential review by Joint Committee on Pensions and Benefits.