

Working After Retirement Changes From Recent Legislation

During this year's state legislative session, Senate Substitute for House Bill 2072 was passed and signed into law. It became effective May 28, 2009, and affects working after retirement for all KPERS members and has some items that relate specifically to school members, including employer reporting and contributions.

Waiting Period Change

Previously, retirees waited 30 days to return to work for any Retirement System employer. All retirees must now **wait 60 days** to go back to work for any Retirement System employer. This includes teaching summer school. We are sending letters to all members who have already applied for retirement to let them know about the change.

Licensed School Professionals Can Retire Before June 30

As part of the new law, licensed school professionals can now retire before June 30. We realize members may have made decisions about returning to work and the retirement date they chose based on the old law. For this reason, KPERS is offering the option to move their retirement date from July 1 to June 1. This information will be included in the letters sent to members. The letter includes a form to change retirement dates. They need to complete and sign the form, then pass it on to you for signature and submission. **Forms are due to KPERS by June 15.** After receiving the form, KPERS will send you a new verification of most recent contributions letter (V-letter) to verify the member's contributions for the current year.

Please notify any members who haven't submitted a retirement application, are planning to retire in July, and may want to change to June.

For all licensed employees who retire June 1, do not withhold contributions from compensation that would normally have been paid in June, July or August. Please refund to your employee any contributions that are withheld in error.

There are no changes in the rules for when to include "add-on pay." Please be aware if you have an administrator who wants to switch to a June retirement, and as a result, won't complete his or her contract, do not include add-on pay in his or her final contributions. Add-on pay is compensation for unused sick leave, annual leave, comp time, etc.

Earnings Limit Change

Legislation lifted the \$20,000 earnings limit for the next three years for some licensed school members returning to work for the same employer.

- Member must retire with "full" retirement. This includes the 85 point rule, age 62 with ten years of service and age 65 with one year of service.
- The earnings limit goes back into effect **July 1, 2012.**

Employer Requirements

The new legislation calls for additional employer reporting, and in some cases, additional contributions. *Increased* and *new* contributions are highlighted in grey.

- Licensed and non-licensed positions are treated differently. If a licensed employee returns to work in a *non-licensed* position, he or she will be in the non-licensed category.
- Employees with early retirement and normal retirement are treated differently.

- You have new reporting responsibilities and contributions if retirees return to work at your employer through a third-party entity.
- Compensation to any retiree returning to work in any licensed position, even those positions requiring less than 630 hours per year, will be subject to the working after retirement contribution requirements. The only exceptions are substitute teachers and retirees who were first employed by another employer before July 1, 2006.

One of the table columns is labeled "Return to Work Eligibility Date." This is the date that a retiree is first eligible to return to work after retirement and the waiting period.

Non-Licensed Employee – Return to Work for *Same* Employer

	Return to Work Eligibility Date	Employer Requirements	Earnings Limit
Normal Retirement & Early Retirement	On & after July 1, 1988	Report status & earnings	\$20,000

Non-Licensed Employee – Return to Work for *Different* Employer

	Return to Work Eligibility Date	Employer Requirements	Earnings Limit
Normal Retirement & Early Retirement	Before July 1, 2006	Report status & earnings	None
	On & after July 1, 2006	Employer contributions + 4%	None

Licensed Employee – Return to Work for *Same* Employer

	Return to Work Eligibility Date	When Compensation Paid	Employer Requirements	Earnings Limit
Normal Retirement	None	July 1, 2009, through July 1, 2012	Employer contributions + 8%	None
Early Retirement	Before March 28, 2009	July 1, 2009, through July 1, 2012	Employer contributions + 8%	None
	On & after March 28, 2009	July 1, 2009, through July 1, 2012	Report status & earnings	\$20,000

Licensed Employee – Return to Work for *Different* Employer

	Return to Work Eligibility Date	When Compensation Paid	Employer Requirements	Earnings Limit
Normal Retirement	Before July 1, 2006	All dates	Report status & earnings	None
	July 1, 2006, through June 30, 2009	July 1, 2006, through June 30, 2009	Employer contributions + 4%	None
		On & after July 1, 2009	Employer contributions + 8%	None
	On & after July 1, 2009	July 1, 2009, through July 1, 2012	Employer contributions + 8%	None
Early Retirement	Before July 1, 2006	All dates	Report status & earnings	None
	July 1, 2006, through March 28, 2009	July 1, 2006, through June 30, 2009	Employer contributions + 4%	None
		On & after July 1, 2009	Employer contributions + 8%	None
	On & after March 28, 2009	July 1, 2009, through July 1, 2012	Employer contributions + 8%	None

Licensed Employee – Return to Work for *Third-Party Entity (TPE)* Employer

	Returned to Work Eligibility Date	When Compensation Paid	Employer Requirements	Earnings Limit
Normal Retirement	USD contracts with TPE before April 1, 2009	All dates	None	None
	USD contracts with TPE on & after April 1, 2009	July 1, 2009, through July 1, 2012	USD pays employer contributions + 8%	None
Early Retirement	USD contracts with TPE before April 1, 2009	All dates	None	None
	Same USD Employer contracts with TPE on & after April 1, 2009	July 1, 2009, through July 1, 2012	Report status & earnings	\$20,000
	Different USD Employer contracts with TPE on & after April 1, 2009	July 1, 2009, through July 1, 2012	USD pays employer contributions + 8%	None

Questions?

- Toll-free, 1-888-275-5737
- In Topeka, 785-296-6166
- E-mail, kpers@kpers.org