WORKING *after* retirement

KPERS

For School 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-licensed, accepted position before May 1, 2015:** Grandfathered indefinitely until change job/employer or have a break in service.*
- **Non-licensed, accepted position May 1, 2015, and after:** Old rules through June 30, 2016. New rules start July 1, 2016.
- **Licensed, retired before May 1, 2015:** Grandfathered through June 30, 2020. New rules start July 1, 2020.
- **Licensed, retired May 1, 2015, and after:** Old rules through June 30, 2016. New rules start July 1, 2016.

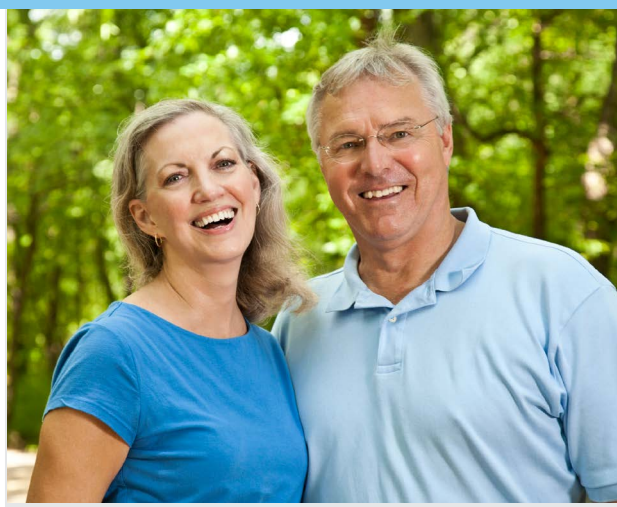
** A break in service is any time you stop working 30 days or more outside of the summer grace period. Your grace period is from May 1 to September 30, as long as you return to the same employer and the same position.*

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 KPERS 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.



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 earnings limit exemptions for school members

Questions?

Email: kpers@kpers.org

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In Topeka: 785-296-6166

kpers.org

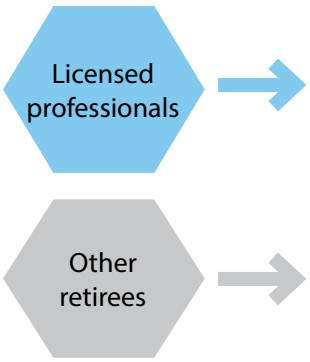
How the earnings limit works

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.

Some retirees will be grandfathered

Depending on when you retired and when you returned to work, you may be grandfathered into the old rules. Also, licensed and non-licensed school positions will be treated differently.



1. Retired before 5/1/15
2. Grandfathered through 6/30/2020
3. 4-year limit for retiree

1. Accepted position before 5/1/15
2. Grandfathered indefinitely if same job/employer and no break in service

What about "great-grandfathering"?

Working-after-retirement legislation in 2006 created an original grandfathered group of members. If you were part of the original group and are still working, you will be great-grandfathered under the original 2006 rules. This covers both licensed and non-licensed positions.

If you returned to a different employer

- Returned to work 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 to work 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 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 any combination of exempt positions.

Other new exemptions

Today some retirees in licensed school positions (with their same employer) are exempt from the earnings limit. The new rules drop this exemption and replace it with the "special education" and "hard-to-fill" exemptions. Retirees are eligible for these new exemptions whether they return to the same employer or a different employer.

As a retiree, you are capped at a total of four years in any combination of licensed grandfathered and exempt positions. This includes a change in employers. *After four years, you'll have an earnings limit.* Retirees hired by a third-party/independent contractor to provide services to a KPERS employer won't be eligible for the exemptions and will be under the $25,000 earnings limit.

Special ed positions

Special ed positions are exempt from the earnings limit for up to 36 months, or three annual contracts, whichever is less, with the possibility of a one-year extension. Your employer will continue to recruit to fill the position with an active member.

Hard-to-fill positions

Annually, the State Board of Education will certify the five licensed position types that are hardest to fill. Hard-to-fill positions are exempt from the earnings limit for up to 36 months, or three annual contracts, whichever is less, with the possibility of a one-year extension. Your employer will continue to recruit to fill the position with an active member.

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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