## Working After Retirement Member Types

on January 1, 2018

As Agreed to by the Conference Committee on House Substitute for SB 21 on May 16, 2017

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Earnings Limit</th>
<th>Employer Contribution</th>
<th>Waiting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Covered Positions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members who retired before 1/1/ 2018</td>
<td>No Limit</td>
<td>Statutory contribution on first $25,000</td>
<td>180 days if retired before age 62</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30% above $25,000</td>
<td>60 days if retired age 62 or later</td>
</tr>
<tr>
<td>Members who retired on and after 1/1/2018</td>
<td>No Limit</td>
<td>Statutory contribution on first $25,000</td>
<td>180 days if retired before age 62</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30% above $25,000</td>
<td>60 days if retired age 62 or later</td>
</tr>
<tr>
<td><strong>Non-Covered Positions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members who retired before 1/1/ 2018</td>
<td>No Limit</td>
<td>No contribution</td>
<td>180 days if retired before age 62</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60 days if retired age 62 or later</td>
</tr>
<tr>
<td>Members who retired on and after 1/1/2018</td>
<td>No Limit</td>
<td>No contribution</td>
<td>180 days if retired before age 62</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60 days if retired age 62 or later</td>
</tr>
</tbody>
</table>

**Notes:**

1. The requirement that no prearranged agreement between a member and employer to return to work remains in effect.
2. The FY 2018 statutory rate for State and School employers is 12.01%. The CY 2018 statutory rate for Local employers is 8.39%.
3. Exemptions remain in place for licensed state nurses, instructors of the Kansas Law Enforcement Training Center, state and local elected officials, legislative staff, substitute classroom teachers without a contract, and positions covered by the Board of Regents Retirement Plan.
4. **Covered positions** are –
   - An non-school employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year
   - An employee of a participating school employer whose employment is not seasonal or temporary and whose employment requires at least 630 hours of work per year or at least 3.5 hours a day for at least 180 days.

Non-covered positions are –

- A non-school employee of a participating employer whose employment is seasonal or temporary and whose employment requires less than 1,000 hours of work per year.
- An employee of a participating school employer whose employment is seasonal or temporary and whose employment requires less than 630 hours of work per year or less than 3.5 hours a day for 180 days.

5/17/2017
SUMMARY OF CONFERENCE COMMITTEE REPORT
As Agreed to by the Conference Committee on House Substitute for SB 21
on May 16, 2017

New Basic Rule – Effective 1/1/2018

- For retirements on and after 1/1/2018, there would be a 180-day waiting period before returning to work if retiring before age 62 and a 60-day wait if age 62 or older.
- There would not be an earnings limit for those retirees.
- No prearrangement to return to work between employer and retiree is allowed.
- The employer would not pay any employer contributions on the pay of retirees in non-covered positions.\(^1\)
- For covered positions, the employer would pay the statutory contribution rate on the first $25,000 of pay and 30% thereafter.\(^2\)
  - If a retiree is employed by multiple participating employers or in more than one position, contributions are paid on all compensation from that employment for the calendar year.
- There is no sunset date on the new basic rule.

Retirees Who Retired Before 1/1/2018 – Effective 1/1/2018

- Effective 1/1/2018, a single working after retirement rule would apply to all retirees in state, local, and licensed/non-licensed school positions who retired before 1/1/2018 (except for a limited number of exemptions listed below).
  - There would not be an earnings limit for those retirees.
  - The employer would not pay any employer contributions on the pay of retirees in non-covered positions.
  - For covered positions, the employer would pay the statutory contribution rate on the first $25,000 of pay and 30% thereafter.
    - If a retiree is employed by multiple participating employers or in more than one position, contributions are paid on all compensation from that employment for the calendar year.
- No prearrangement to return to work between employer and retiree is allowed.

\(^1\) Non-covered positions are –
- A non-school employee of a participating employer whose employment is seasonal or temporary and whose employment requires less than 1,000 hours of work per year.
- An employee of a participating school employer whose employment is seasonal or temporary and whose employment requires less than 630 hours of work per year or less than 3.5 hours a day for 180 days.

\(^2\) Covered positions are –
- An non-school employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year
- An employee of a participating school employer whose employment is not seasonal or temporary and whose employment requires at least 630 hours of work per year or at least 3.5 hours a day for at least 180 days.
• The retirees covered by this rule would include –
  o Retirees in state, local, and non-licensed school positions who returned to work on or after 5/1/15 or who have lost grandfathered status since that date due to a break in service or a change of jobs or employer;
  o Retirees in licensed school positions who retired after 5/1/2015 or early retirement after March 2009;
  o Retirees in state, local, and non-licensed school positions who are currently covered by a grandfathering provision (who returned to work before 5/1/2015 and have not lost grandfathered status);
  o Retirees in licensed school professional positions who are currently covered by a grandfathering provision (who retired before 5/1/2015 or took early retirement before March 2009);
  o “Great-grandfathered” retirees who returned to work for either the same or different employer before 7/1/2006.

**Exemption Changes – Effective 7/1/2017**

• Restates exemption for substitute teachers (i.e., clarifies the exemption covers those retirees working as a substitute teacher without a contract)

• All retirees who retired before 1/1/2018 and return to work in a licensed school professional position would be covered by the current provisions for grandfathered licensed school professionals
  o There is not an earnings limit for these retirees
  o The employer pays the actuarial rate plus 8% on their compensation.
    ▪ There would not be contributions on the earnings of substitute teachers working without a contract.
  o Licensed school positions include classroom teachers, administrators, school psychologists, speech pathologists, and similar school positions requiring a license.
  o Includes those who retired at normal retirement and those taking early retirement before 1/1/2018.
  o Includes retirees who were not previously grandfathered because they took normal retirement after 5/1/2015 or early retirement after March 2009.

• Expands exemption from working after retirement rules for local elected officials to include all state-wide elected officials and legislators.
  o Exempts officials from both earnings limit and employer contributions
  o Establishes a 30-day waiting period following retirement before taking office, except where the official is appointed to a vacant office, in which case there is not a waiting period requirement.

• **Note:** A new exemption for KPERS retirees who are employed in positions covered by Board of Regents mandatory retirement plan was added in SB 205, which has been signed into law.
  o There is no earnings limit or employer contribution for these retirees
  o Applicable 60 or 180-day waiting period requirements and prohibition on prearrangements apply
• **Note:** There would be no change on 7/1/2017 to the exemption for grandfathered retirees working in state, local, or non-licensed school positions or to hardship, special education, and hard-to-fill exemptions.

**Exemption Changes – Effective 1/1/2018**

- Effectively eliminate licensed school professional, hardship, hard-to-fill, and special education exemptions, as they all fall under rule for retirees who retired before 1/1/2018
  - There would not be an earnings limit for those retirees. (No change from current exemption.)
  - The employer contribution rate would change:
    - The employer would not pay any employer contributions on the pay of retirees in non-covered positions.
    - For covered positions, the employer would pay the statutory contribution rate on the first $25,000 of pay and 30% thereafter.

**Independent Contractors/Third Party Clarification – Effective 7/1/2017**

- Include provisions from HB 2268 specifically applying basic working after retirement rules to KPERS retirees working as independent contractors (for members retiring before and after 1/1/2018)
- Include criteria from HB 2268 for excluding from working after retirement rules certain independent contractors and retirees working for third parties contracting with a KPERS employer, effective 7/1/17
  - Contractual relationship not created to allow retiree to continue employment in a position similar to the one the retiree held before retiring
  - The retiree’s activities are not normally performed exclusively by employees of the KPERS employer
  - The retiree meets the statutory criteria for an independent contractor or, if employed by a third-party contractor, the activities are on a limited term basis and the third party is not itself a KPERS employer

**Limited Exemptions That Do Not Change**

- **Nurses** employed by certain state institution (currently 13 retirees using exemption)
- Retired certified law enforcement officers who are hired by the law enforcement training center (no retiree using this exemption currently)
- **Poll workers** hired to work an election day
- **Legislative staff** members
- **KP&F and Judges** members