

# WORKING *after* retirement

For Community/Tech College  
KPERs Employers

New Rules Start July 1, 2016

## Rules changing for employers and members

Recent legislation changes working-after-retirement rules for both employers and members.

- Earnings limit increases to **\$25,000**
- Employers will enroll **all** retirees in working after retirement
- Employers will make contributions on **all** retiree compensation beginning with day one and dollar one

## Fiscal Year 2016 is a bridge

Beginning July 1, 2016 (FY 2017), most employees will move to the new rules. Until then, employees can continue under the current rules, some for even longer.

- **Non-school, accepted position before May 1, 2015:**  
Grandfathered indefinitely until change job/employer or break in service, including contribution rules
- **Non-school, accepted position May 1, 2015, and after:**  
Old rules until June 30, 2016. New rules start July 1, 2016.

Whenever an employee is grandfathered, so are the employer contribution rules.

## All returning retirees will have the earnings limit

With the old rules, retirees returning to work at their same employer and retirees going to work for a different KPERs employer are treated differently. The new rules, beginning July 1, 2016, remove this difference. Going forward, **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. Employees with a \$20,000 earnings limit can earn an additional \$5,000 for the calendar year. Employees new to the earnings limit can earn \$25,000 July through December 2016. Employees won't make KPERs contributions on their working-after-retirement wages or earn more KPERs service. But employers will make working-after-retirement contributions to KPERs.

## What's the same:

- ✓ 60-day waiting period
- ✓ No prearrangements to return to work (added penalties)
- ✓ Some employees are grandfathered under old rules

## What you need to do:

- ✓ Do not make employment prearrangements with retiring KPERs members
- ✓ Enroll **all** hired retirees in the "working after retirement" plan at KPERs
- ✓ Pay employer contributions from day 1 and dollar 1
- ✓ Continue to recruit for hardship positions and document your ongoing efforts

## Questions?

**Email:** [kpersFS@kpers.org](mailto:kpersFS@kpers.org)

**Toll-Free:** 1-866-980-0955

**In Topeka:** 785-296-6166

[kpers.org/employers](http://kpers.org/employers)



## Enroll all retirees

With current rules, sometimes you don't enroll retirees in the working-after-retirement plan. The new rules require **all** retirees to be enrolled, even if they work in non-covered positions (like part time, seasonal, and third-party/independent contractor jobs).

## Employers contribute on all retiree compensation

Beginning July 1, 2016, employers will pay the normal KPERS statutory rate on all retiree compensation (unless an employee is in a grandfathered group). This includes both retirees who have and have not reached the \$25,000 earnings limit. It includes retirees in all positions, even those positions not normally covered by KPERS benefits and retirees working through a third-party contractor.

As always, **retirees do not make contributions.**

Employers hiring retirees for hardship positions will pay a flat 30% employer contribution rate.

If a retiree is in a grandfathered group, the grandfathering also includes employer contribution rules. The only time an employer will not make contributions on retiree compensation is if the retiree is part of some grandfathered groups.

## Some retirees will be grandfathered

Employees will be grandfathered indefinitely if they:

1. Accepted their position before May 1, 2015.
2. Stay with the same job/employer and have no break in service.

The employer contribution rules are also grandfathered.

## What about "great-grandfathers"?

Working after retirement legislation in 2006 created an original grandfathered group of members. While it isn't likely there are many still working, if they are, they'll be great-grandfathered into the original 2006 rules they have been working under since then.

### *Returned to different employer*

- Returned before July 1, 2006, and working May 1, 2015
- No earnings limit (if same job/employer and no break in service)
- No employer contributions

### *Returned to same employer*

- Returned before July 1, 2006, and working May 1, 2015
- \$25,000 earnings limit
- No employer contributions (if same job/employer and no break in service)



Employer Manual  
available online

[kpers.org](https://kpers.org)

KPERS Employer Manual is available on our website. It has the most up-to-date info on working after retirement and other topics to help designated agents and additional signers administer KPERS benefits for your employer.

You'll also find "How-to" documents for help doing business on KPERS' employer web portal.

[kpers.org/employers](https://kpers.org/employers)

## Questions?

**Email:** [kpersFS@kpers.org](mailto:kpersFS@kpers.org)

**Toll-Free:** 1-866-980-0955

**In Topeka:** 785-296-6166

## Returning to different employer

Employers who hire employees who retired from a different employer will have two main changes.

1. Employees will have a \$25,000 earnings limit, unless employees are in an exempt or grandfathered group.
2. Employers will have the new hardship exemption.

## New “hardship” exemption

All employers may use a “hardship” exemption. This is available for any position. An employer may certify a position as a “hardship” position when it becomes vacant due to an unexpected emergency or when the employer has been unsuccessful in efforts to recruit and fill the position. A retiree may be hired into a “hardship” position without an earnings limit for up to one year with the possibility of (3) one-year extensions. Employers must continue to make ongoing documented efforts to recruit a permanent replacement. Retirees are capped at a total of four years in hardship positions.

## Extensions and the assurance protocol

For all positions with exemptions, employers must continue to make documented efforts to recruit a permanent replacement. To extend an exemption, employers must certify they are complying with a new list of criteria.

1. Advertise the position at least 30 days in multiple platforms
2. And one of the following:
  - No applications received
  - No applicants met the reference criteria
  - No applicants had the right licensure, certification or credentials

## No “prearranged agreements”

The law has always been that retirees can’t make prearrangements to return to work. But now the law requires retiring employees to certify they have not made arrangements to return to a KPERS employer, and employers must certify the same thing when hiring a KPERS retiree. The Legislature just added new penalties if it happens. That means employees and employers can’t communicate in any way about an intent to return to work before the member retires and during the 60-day waiting period after the member’s retirement date.

The penalty is suspended benefits starting the month a retiree returns to work and ending six months after he ends employment. Retirees will also repay any benefits. The employer will pay all IRS-associated costs, including costs for legal defense, and costs for collecting repayment from the employee.

## Frequently Asked Questions

- Q Will the new WAR rules also apply to KP&F retirees?
- A No. WAR rules for KP&F are separate from KPERS and are not changing.
- Q Is the 60-day waiting period counted from the retirement date or the last day on payroll?
- A Day after retirement date.
- Q How will we know if an employee has retired from KPERS?
- A KPERS created a lookup by Social Security number and date of birth. Employers should use the lookup to check if someone is a retiree.
- Q Will all WAR employees have an earnings limit beginning July 1, 2016?
- A Starting July 1, 2016, all retirees who accepted a position on or after May 1, 2015, will have the earnings limit (except those in “hardship” positions). Grandfathered and great-grandfathered employees who returned to different employers will continue to be exempt.
- Q Do WAR rules affect someone who retires from KP&F and takes a KPERS position?
- A If a KP&F retiree returns to a covered KPERS position, he will be enrolled as a regular, active member of that plan.
- Q Is the earnings limit based on KPERS’ fiscal year or the payroll year?
- A The earnings limit is based on the calendar year (January 1 through December 31).
- Q Is it considered a break in service when a retiree stops working after reaching his earnings limit?
- A Yes, it is a break in service any time a WAR employee does not earn wages for longer than 30 days.
- Q Does the employer enter grandfathered and great-grandfathered retirees into the employer web portal on July 1, 2016?
- A Grandfathered and great-grandfathered retirees in covered positions should already be entered in plan 6 when they started employment. The system will automatically recognize their status. You’ll need to enter non-covered positions.
- Q If it’s a non-KPERS position, is there an earnings limit and does the employer pay contributions?
- A Current non-covered positions (e.g. part-time, seasonal, third-party/independent contractor, etc.) will be subject to the new WAR rules. Non-covered positions are grandfathered like covered positions if they meet the criteria.

## Contribution Rates & Earnings Limits by Category

Category	EWP Code	CY Earnings Limit	Rate FY17	Rate FY18
			School Year 2016-17	School Year 2017-18
<i>Same or different</i> employer Accepted position 5/1/15 or after	AC	\$25,000	10.81% (reg statutory)	12.01%
Non-covered position, <i>different</i> employer Accepted position before 5/1/15 (grandfathered)	ANC	none	0%	0%
<i>Same</i> employer Accepted position before 5/1/15 (grandfathered)	AWNR	\$25,000	0%	0%
<i>Different</i> employer Accepted position after 7/1/06 but before 5/1/15 (grandfathered)	ASNL	none	22.03% (ARC+6)	22.38% (ARC+6)
<i>Same</i> employer Returned to work before 7/1/06 and working on 5/1/15 (great-grandfathered)	AB	\$25,000	0%	0%
<i>Different</i> employer Returned to work before 7/1/06 and working on 5/1/15 (great-grandfathered)	ABD	none	0%	0%
Hardship (new exception begins 7/1/16)	AD	none	30%	30%