<u>Working After Retirement</u>
Substitute for Senate Substitute for HB2095 – Explanation (5-4-15)

Section 1 amends KSA 46-2201. Adds the duty of hearing appeals from working after retirement decisions to the Joint Committee on Pensions, Investments and Benefits.

Section 2 amends KSA 74-4914. Adds subsection (7) starting on page 8 through end of page 10.

Subsection (5): Exempts local elected officials from salary earnings cap.

Subsection (7)(a): Effective July 1, 2017, until July 1, 2021, monthly benefits stop once annual wages has reached $25,000. [Monthly benefits start again January 1 the following year.] Except for the following:

Subsection (7)(b)(i): Licensed nurses employed by the state in certain positions. The employer shall pay KPERS the actuarial costs for both the employer and employee.

Subsection (7)(b)(ii): Certain employees of school districts.

Subsection (7)(b)(iii): Certified officers employed by KLETC. KLETC must pay KPERS the actuarial costs for both the employer and employee. [NOTE: This is the same as the current teacher provisions except school districts have to pay an additional 8%.]

Subsection (7)(b)(iv): KP&F members. Members of the judges retirement system.

Subsection (7)(b)(v): Substitute teachers; officers, employees or appointees of the legislature.

Subsection (7)(b)(vi): Retirees who are employed in a KPERS position prior to May 1, 2015. Any break in employment or transfer to a different position ends the exemption.

Subsection (7)(c): Reporting requirements for KPERS employers employing a retiree. Retirees do not gain any additional service credits. Employer must pay the employer contribution rate even if the retiree is not receiving benefits. [NOTE: This is the same as the current teacher provisions except school districts have to pay an additional 8%.]

Subsection (7)(d): Allows hiring a retiree for up to one year without the $25,000 limit applying if the following conditions exist:

Subsection (7)(d)(i): The position became vacant due to an unexpected emergency or the employer is “unsuccessful” in filling the vacancy.

Subsection (7)(d)(ii): The employer must pay the employer actuarial costs plus 8% of wages. . [NOTE: This is the same as the current teacher provisions.]

Subsection (7)(d)(iii): The employer maintains documentation on continuing efforts to fill the position with a non-retiree. The documentation must be provided to the Joint Committee on Pensions, Investments, and Benefits upon request.

Subsection (7)(e): Allows an employer to appeal for an additional year to fill the position with a non-retiree.

Subsection (7)(f): Provides that on July 1, 2017, and every five years thereafter the committee must review the $25,000 cap for needed adjustment, considering inflation, retiree benefits, and active employee compensation.

Subsection (7)(g): Escape clause to allow future modifications of the above provisions.

Section 3 amends KSA 74-4937. Grandfathers in teachers who are KPERS retirees and holding a KPERS position prior to May 1, 2015, under the existing working after retirement provisions. Sets new provisions similar to those in Section 2 for teachers. This entire section only applies to licensed teachers.

Prepared by Ed Klumpp May 4, 2015

NOTE: This is my assessment of the bill without input from revisors or others and is subject to change as I learn more about the bill.