



2009 PSRS/PEERS

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# Working After Retirement (WAR)

When? Who? How Much?



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# Agenda

- Definitions
- Termination Regulation
- PEERS Retirees
- PSRS Retirees
- “Employee” vs. “Independent Contractor”
- “Critical Shortage” Retiree Employment
- Final Thoughts
- Questions



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# Definitions

- **Retiree**
  - Someone receiving monthly benefit payments from PSRS or PEERS based on their own service
- **Covered Employer**
  - Any employer actively participating in PSRS and/or PEERS
- **Eligible Employment**
  - Employment that would usually be covered by PSRS or PEERS if the individual were not retired



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# Definitions

- Full-Time Employment
  - PSRS
    - Same number of hours that a full-time classroom teacher works in that district
  - PEERS
    - Determined by the employer, although we assume a similar level of employment as PSRS full-time
- Part-Time Employment
  - Less than full-time



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# Definitions

- Temporary-Substitute Employment
  - An individual filling a position that is temporarily vacant
- Employee
  - Someone who meets the IRS definition of an employee
- Independent Contractor
  - Someone who meets the IRS definition of an independent contractor
    - [www.irs.gov](http://www.irs.gov)
    - (800) 829-1040



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# Definitions

- School Year
  - July 1 through June 30 each year
- Retiree Limits
  - The post-retirement employment limits are based on the system from which the individual retired, and have nothing to do with the individual's position or certified status after retirement



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# Termination Regulation

- Requires retiree to terminate “eligible employment” for 60 days from the effective date of retirement
- Prohibits retiree from executing a contract for employment after retirement prior to receiving first benefit payment
- Applies to retirees of both PSRS and PEERS



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# Termination Regulation

- During the 60 day required separation period the retiree may **not**:
  - Work 17/20 hours per week or more on a regular basis
    - Includes Critical Shortage hires!
- During the 60-day required separation period, the retiree **may**:
  - Work as a temporary-substitute
  - Work under 17/20 hours on a regular basis
    - Any employment during this time still counts towards the post-retirement employment limits!



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# PEERS Retirees

- Section 169.660 RSMo
- After retirement, PEERS retirees are limited to working no more than 550 hours in a school year, either part-time or as a temporary-substitute, without a loss of monthly benefit
  - Both the retiree and the district should track hours and compliance with this limit!
- PEERS retirees **are not** subject to an earnings limit



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# PSRS Retirees

- Section 169.560 RSMo
- PSRS retirees are subject to the same 550 hour limit discussed for PEERS retirees
- PSRS retirees are also subject to an earnings limit
  - A PSRS retiree may earn no more than 50% of what the retiree would earn if employed in that position full-time, for the full school year in that district
    - Based on position employed in as a retiree, not the position from which the employee retired



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# “Employee” vs. “Independent Contractor”

- Any services provided as an “employee” **are** subject to the post-retirement employment limits of that system
- Any services provided as an “independent contractor” **are not** subject to the post-retirement employment limits of that system
- [www.irs.gov](http://www.irs.gov)



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# “Critical Shortage” Retiree Employment

- Section 169.596 RSMo
- An employer may hire retirees on a full-time basis to comprise up to 10% of their certificated/non-certificated staff (no more than five)
- The retiree may be employed in such a manner for no more than two full-time school years
- **Employer** contributions are due on all Critical Shortage retiree earnings



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# “Critical Shortage” Retiree Employment

- To qualify to hire retirees under this section, the employer must:
  - Show a good faith effort to hire non-retirees
  - Post the vacancy for at least one month
  - Have not offered early retirement incentives for either of the previous two years
  - Solicit applications locally and through teacher education programs
  - Determine that an insufficient number of eligible applicants exists
  - Declare a “critical shortage” that lasts for one year



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# “Critical Shortage” Retiree Employment

- Compliance with individual two-year limit is determined in the same manner in which we determine service credit
- Superintendents are not eligible for employment under the “Critical Shortage statute



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# Final Thoughts

- Retiree employment is risky for the employer and the retiree
- You can always contact your DSR, Amanda or myself with WAR questions
- Please continue to review your newsletters for changes in retirement reporting
- Sign up for our electronic newsletter
- [www.psrs-peers.org](http://www.psrs-peers.org)



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**Questions?**



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**Thank you for your time**

**Enjoy the rest of the conference**