



# Ready, Set, *Report!*



PUBLIC SCHOOL & EDUCATION EMPLOYEE  
RETIREMENT SYSTEMS OF MISSOURI

**S**IGNIFICANT  
**M**EANINGFUL  
**A**CHIEVABLE  
**R**ELIABLE  
**T**IMELY  
***REPORTING***



# Working After Retirement



**PSRS/PEERS**

PUBLIC SCHOOL & EDUCATION EMPLOYEE  
RETIREMENT SYSTEMS OF MISSOURI

2018 Fall Employer Conference

# WHAT IS IT GOOD FOR?

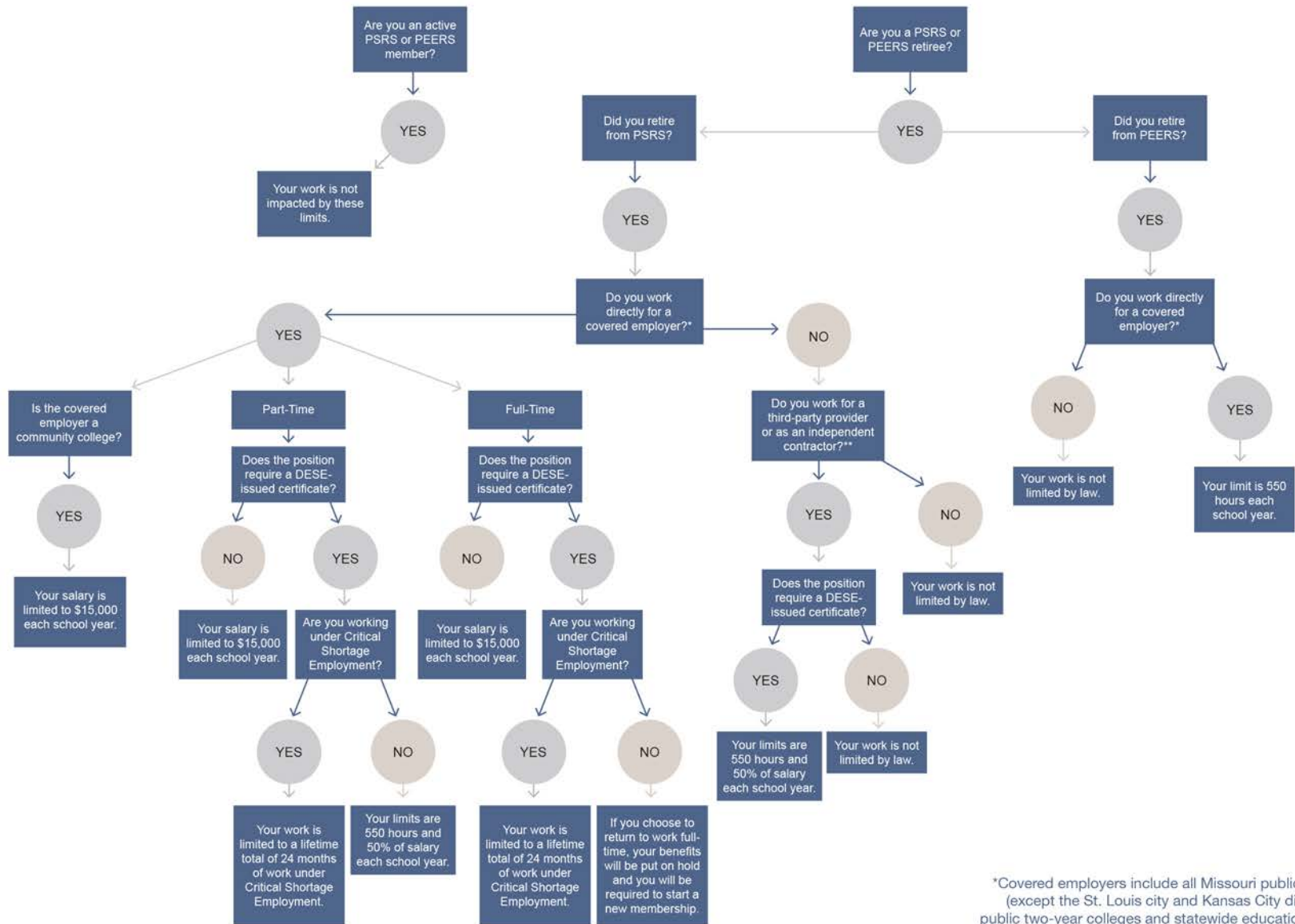


PSRS/PEERS

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# PSRS/PEERS Working After Retirement



\*Covered employers include all Missouri public school districts (except the St. Louis city and Kansas City districts), Missouri public two-year colleges and statewide educational associations that have elected to join.

\*\*This only applies to third party or independent contractors providing services to a covered employer.

# How Does Working After Retirement Work?

## 1. Place benefit on hold for full-time employment

- Retiree can return to work on a full-time basis and place their benefit on hold
  - A second membership would start and the retiree would be vested after one year.

## 2. PSRS retirees working after retirement on a part-time, temporary basis

- **550 hours/50% salary:** For positions that would normally require a DESE-issued certificate
  - Working for a third party in a position that requires a certificate
- **No hours/\$15,000 salary cap:** For positions that would not require a DESE-issued certificate

## 3. Critical Shortage Employment

- Retirees can return to work in a critical shortage position if the employer meets the criteria for critical shortage employment
- Employers are limited in the number of critical shortage positions they can fill. An employer can fill five positions per System or 10% of the certificated/non-certificated staff, whichever is less.

# Why Have Working After Retirement?

- Working after retirement law offers many benefits:
  - Valuable source of short-term or part-time employees
  - Beneficial to Missouri public school children and school districts to have experienced educators in the classroom
  - Provides flexibility for employers and helps ease transitions when employees leave mid-term or for emergency reasons
  - Allows for a phased-retirement approach for retirees (after a clear termination/separation)
  - Allows retirees to supplement their income

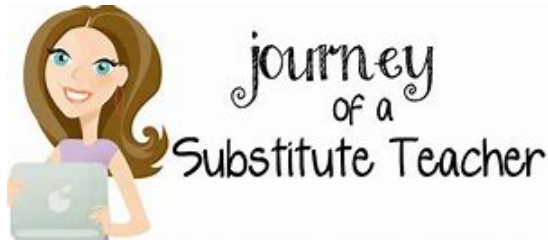
# Why Critical Shortage Employment?

- Provides temporary flexibility for employers and helps ease transitions when employees leave mid-term or for an emergency
  - Sickness
  - Death
  - Accident
  - Can't immediately find qualified applicants
- Beneficial to Missouri public school children and school districts to have experienced education professionals in the classroom and in other educational positions

# Working After Retirement Recent Changes

- PSRS/PEERS changed regulations in 2010, 2016 to address some areas of concern.
  - Documentation of hours worked must be maintained by employer and employee
  - Provide employers and employees with forms to track hours
  - Termination regulation
- In 2017, third-party contractor work is covered for positions that require a DESE-issued certificate.
  - 550/50% limits apply
- In 2018, PSRS retirees may return to work for a PSRS-covered employer in a position that normally does not require a DESE-issued certificate.
  - May earn up to \$15,000 per school year (60% of the minimum teacher's salary)
  - No limitation on hours
  - Employers must pay the PEERS contribution on any retiree that returns to work in this capacity





# Usage of Working After Retirement 2017-2018\*

- PSRS
  - 8,581 total PSRS retirees
  - \$58,968,995 total earnings
    - \$6,872 average earnings per retiree
  - 96% of retirees earn less than \$25,000
  - 2,363,709 hours worked
- PEERS
  - 1,973 total PEERS retirees
  - \$9,129,319 total earnings
    - \$4,627 average earnings per retiree
  - 99% of retirees earn less than \$25,000
  - 505,333 hours worked

Source: PSRS/PEERS Legislative Affairs, August 2018

\*Estimated. FY 2018 data is still being reported.

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# PSRS Usage of Working After Retirement 2017-2018\*

PSRS	2017-2018		
Working 550 hours /50% Provision			
\$5,000 and below	4,625	87%	
\$5,001 - \$10,000	2,112		
\$10,001 - \$15,000	712		
\$15,001 - \$20,000	434		
\$20,001 - \$25,000	385	92%	
\$25,001 - \$30,000	191		
\$30,001 - \$35,000	62		
\$35,001 - \$40,000	26		
\$40,001 - \$45,000	14		
\$45,001 - \$50,000	10		
\$50,000 and above	10		0.12%
<b>Total Retirees</b>	<b>8,581</b>		96%

\*Estimated. FY 2018 data is still being reported.

15 People Placed Benefit on Hold

# PSRS/PEERS Usage of Working After Retirement 2017-2018\*

PSRS/PEERS	
Working 550 hours /50% Provision	2017-2018
\$5,000 and below	5,889
\$5,001 - \$10,000	2,601
\$10,001 - \$15,000	845
\$15,001 - \$20,000	488
\$20,001 - \$25,000	407
\$25,001 - \$30,000	199
\$30,001 - \$35,000	64
\$35,001 - \$40,000	26
\$40,001 - \$45,000	14
\$45,001 - \$50,000	10
\$50,000 and above	11
<b>Total Retirees</b>	<b>10,554</b>

88.4% (includes \$5,000 and below to \$35,000)

93.1% (includes \$5,000 and below to \$45,000)

96.9% (includes \$5,000 and below to \$50,000)

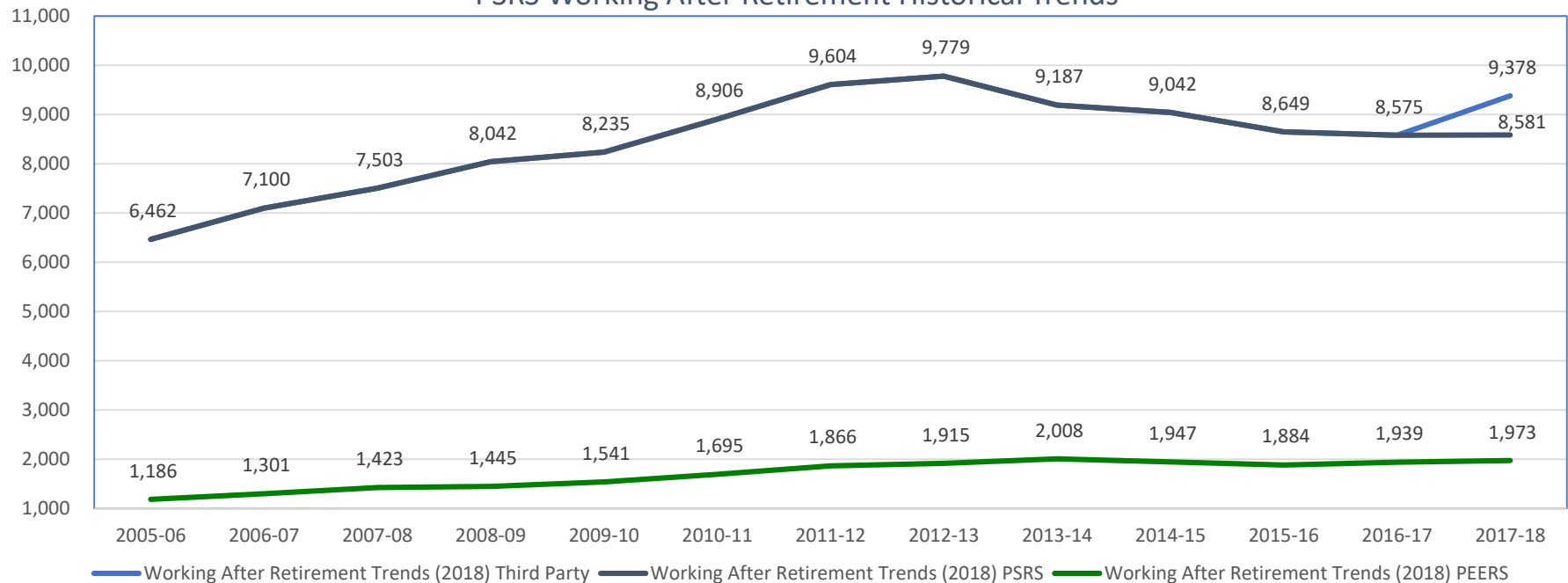
0.10% (includes \$45,001 - \$50,000 and \$50,000 and above)

\*Estimated. FY 2018 data is still being reported.

43 People  
Placed  
Benefit on  
Hold

# PSRS/PEERS Working After Retirement Historical

PSRS Working After Retirement Historical Trends



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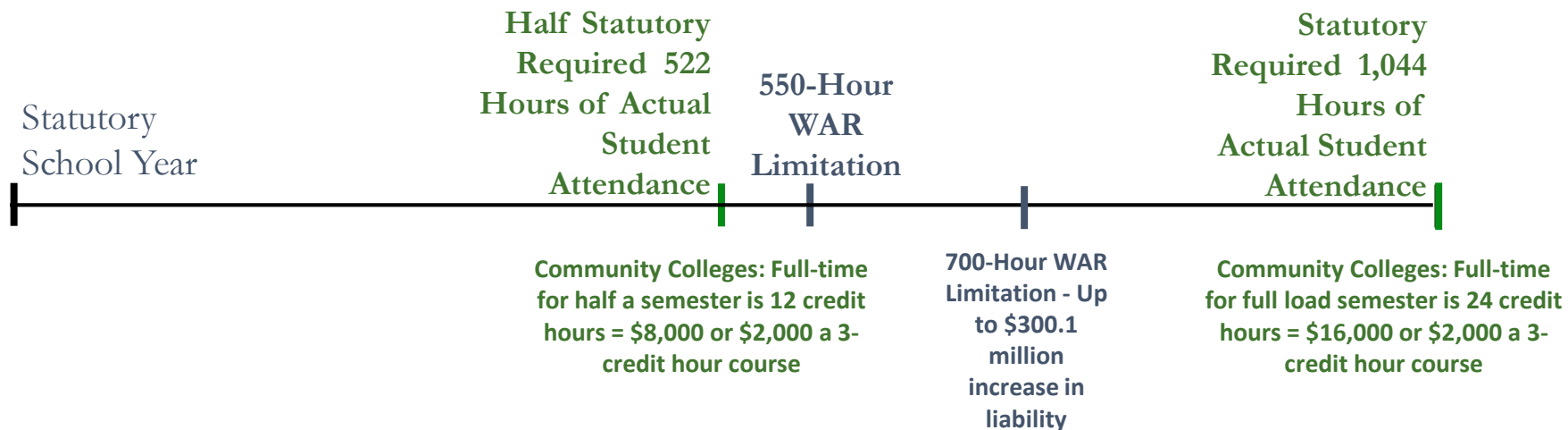
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# Actuarial Cost Statement Factors for Working After Retirement

- There are a multitude of factors that are reviewed by the actuary in regard to cost of working after retirement.
  - Does it change the behavior of the active members to retire early?
  - Does it allow employers to hire one or two retiree(s) to replace one current, active member?
  - Are contributions collected on the amount of earnings?

# Why Is There a Limit on Working After Retirement?

- Overuse of retirees instead of active (contributing) members creating a negative financial impact on the Systems
- Provide employment opportunities for new teachers and school employees
- Implements guidelines that everyone finds “equitable” or “fair”
- Avoid public perception of “double dipping”
- “Pension envy” by the taxpayers and General Assembly



# Why Change the Working After Retirement Law?

- Widen the working after retirement pool of qualified educators for employers
- Working after retirement law is overly complex for employers and members
  - 92% of PSRS retirees earn under \$20,000 when they return to work under working after retirement law
- Members and employers dislike tracking hours
  - Salary is an easier number for both the member and the employer to monitor and track
- “Cliff” - 100% of monthly benefit penalty for going over the statutory limit is extremely onerous for the member only
  - Should the limit be more reasonable, i.e., Social Security penalty, etc.?
  - Should the employers, also pay a penalty if the retiree works over the limit?
- Reduce the perception of “double dipping” to the taxpayer and elected officials

## PSRS WORKING AFTER RETIREMENT

# The New WAR Law

- **Hours limit removed.**
  - This law allows any teacher retired from the Public School Employee Retirement System of Missouri (PSRS) to be employed in a position, typically, covered under the Public Education Employee Retirement System (PEERS) for *an unlimited number of hours* without stopping their retirement benefit.
  - Such PSRS retiree may earn *no more than 60% of the minimum teacher's salary* as set forth in Missouri law (\$15,000 at present minimum).
- **The employer's contribution rate shall be paid by the hiring employer.**
  - If a person is employed in excess of the salary limitation, the person shall not be eligible to receive their retirement allowance for any month the person is employed in that position.



# Old Critical Shortage

## In order to employ retirees full-time under Critical Shortage, employers must:

- Not have offered early retirement incentives for either of the previous two school years
- Post the vacancy or vacancies for at least one month
- Solicit applications through the local newspaper, other media, or teacher education programs
- Make a good faith effort to fill positions with non-retired employees
- Determine that there is an insufficient number of eligible applicants for the advertised position(s)
- Declare a shortage of certificated or non-certificated employees
- Superintendents are prohibited from working under this provision by law

# New Critical Shortage

## Employers Are No Longer Required To Hire A Critical Shortage Employee “Full-time”

### ❑ Why?

- Multiple situations where employers could not fill a position under the 550/50 limit due to the hour limitation.
- The employers also could not utilize Critical Shortage because they could not:
  - Justify the expense of a “full-time” employee; or
  - Convince a retiree, willing to work more than 550 hours, to work “full-time”.

### ❑ Solution:

- Critical Shortage may now be utilized for hours above the 550 limit, but below “full time” employment.

## Employers Are No Longer Required To Hire A PSRS Retiree Into A Position That Requires A DESE-Issued Certificate

# New Critical Shortage

### ❑ Why?

- Situations where DESE certification standards have changed and positions no longer **require** certification.
- The PSRS retiree could work in the position as an active employee but could not work as a retiree under Critical Shortage. Why?
  - The definition of “teach” in our regulation required retirees to work in DESE-certified positions.

### ❑ Solution:

- PSRS/PEERS redefined “teach” to eliminate the requirement that retirees fill DESE-certified positions.

# Fall Working Group with Associations

- Due to the complexity of the working after retirement issue, PSRS/PEERS is convening a working group to discuss modifying and adjusting provisions on potential global solutions.
- Keeping in mind:
  - Maintaining the financial stability of both Systems
  - Allow for flexibility of employers to hire qualified workers on a temporary, part-time basis
  - Simplify working after retirement law for our members and employers
    - Current laws are overly complex
    - Eliminate the need to track and monitor hours
  - Widen the working after retirement pool with qualified retirees for employees. Equitable penalty provision for exceeding the working after retirement limits
  - Reduce the public perception of “double dipping”
  - Any change will need to be adjusted based upon the actuarial cost statement that is to be completed on a potential proposal

# More Guidance to Come!

**Our Team Will be Happy to Answer any Questions During the Conference and Throughout this School Year.**



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