



# How Does the Proposed Legislation (HB 17-1176) Allowing PERA MEMBERS TO WORK AFTER RETIREMENT IMPACT THE SYSTEM?

## Current Law

Under current law, retirees who work after retirement are able to work full-time up to 110 days\* without a reduction in benefit. The example below illustrates how the off-set mechanism works when retirees work after retirement.

"Diane" is a 55-year-old teacher who retired with 30 years of PERA service credit. Her annual salary during her last year of active employment was \$38,000. If she returns to work in January of 2018 in her previous or a similar position, her income/off-set situation is modeled as follows:

	# OF DAYS WORKED MONTH/TOTAL	MONTHLY SALARY FOR WORK AFTER RETIREMENT	CONTRIBUTIONS (EMPLOYER AND EMPLOYEE)	BENEFIT PAID TO RETIREE	OFF-SET (REDUCES BENEFIT)	
JAN	23/23	\$3,167	\$859	\$2,190	\$0	
FEB	20/43	\$3,167	\$859	\$2,190	\$0	
MAR	23/66	\$3,167	\$859	\$2,190	\$0	
APR	21/87	\$3,167	\$859	\$2,190	\$0	
MAY	22/109	\$3,167	\$859	\$2,190	\$0	110-day maximum reached*
JUNE	21/130	\$3,167	\$859	\$2,190	(\$2,190)	
JULY	20/150	\$3,167	\$859	\$2,190	(\$2,190)	
AUG	20/170	\$3,167	\$859	\$2,190	(\$2,190)	
SEPT	20/190	\$3,167	\$859	\$2,190	(\$2,190)	
OCT	20/210	\$3,167	\$859	\$2,190	(\$2,190)	
NOV	20/230	\$3,167	\$859	\$2,190	(\$2,190)	
DEC	20/250	\$3,167	\$859	\$2,190	(\$2,190)	

Total retirement benefits paid by PERA= **(\$10,950)** Total contributions received by PERA= **\$10,308**

## Proposed Law

The proposed legislation would allow retirees to continue to work after retirement without a reduction in their retirement benefit. The example below shows the cost of the proposal for an individual member, "Diane," from the illustration above.

	# OF DAYS WORKED MONTH/TOTAL	MONTHLY SALARY FOR WORK AFTER RETIREMENT	CONTRIBUTIONS (EMPLOYER AND EMPLOYEE, PAID BY EMPLOYER)	BENEFIT PAID TO RETIREE	OFF-SET (REDUCES BENEFIT)	
JAN		\$3,167	\$859	\$2,190	\$0	
FEB		\$3,167	\$859	\$2,190	\$0	
MAR		\$3,167	\$859	\$2,190	\$0	
APR	Under proposed legislation,	\$3,167	\$859	\$2,190	\$0	
MAY	no need to count days worked.	\$3,167	\$859	\$2,190	\$0	
JUNE		\$3,167	\$859	\$2,190	\$0	
JULY		\$3,167	\$859	\$2,190	\$0	
AUG		\$3,167	\$859	\$2,190	\$0	
SEPT		\$3,167	\$859	\$2,190	\$0	
OCT		\$3,167	\$859	\$2,190	\$0	
NOV		\$3,167	\$859	\$2,190	\$0	
DEC		\$3,167	\$859	\$2,190	\$0	

Total retirement benefits paid by PERA= **(\$26,280)** Total contributions received by PERA= **\$10,308**

For each individual who takes the opportunity to work under the provisions of the Bill presents a new net cost to PERA. In the case of a benefit amount and working after retirement salary like Diane's the new net liability for PERA is **\$16,000** per year for each year she teaches under the Bill.

\*Each school district can exempt up to 10 employees who can work after retirement for 140 days without benefit reduction.