



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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## *IPERS Employer Bulletin 2023-3a*

**DATE:** August 25, 2023  
**TO:** Reporting Officials  
**FROM:** Greg Samorajski, CEO  
**SUBJECT:** Independent Contractor Clarification for School Districts

This Employer Bulletin is a follow up to [Employer Bulletin 2023-3](#) that was sent on August 4.

On July 1, 2023, IPERS implemented new rules for members who return to work as an independent contractor during retirement. IPERS has received several questions about who qualifies as an independent contractor. The guidelines below can help you consistently decide who is an employee and who is an independent contractor.

IPERS members may be an independent contractor if they:

- Have an established business that offers defined services.
- Offer services to multiple customers or clients.
- Are hired to work for you through a normal bid process.
- Have substantial control over how services are provided.

IPERS members may NOT be an independent contractor if they:

- Perform work only for your organization.
- Do not operate under a business name.
- Are subject to substantial control by your organization over how services are provided.
- Do not promote their services.
- Are a teacher or superintendent.
- Are a city council member, city clerk or other public official.
- Are performing an essential governmental function.

For more information about determining employee status, visit our [Independent Contractor page](#).

Federal and Iowa laws define a legitimate retirement and dictate how long a person must remain out of public employment before returning. More information is available on the [Bona Fide Retirement page](#).

### **Substitute Teacher Clarification**

IPERS members who return to public employment as substitute teachers are subject to Bona Fide Retirement regulations regardless of whether substitutes are classified as temporary or permanent employees.

Employers should classify substitute teachers uniformly. Employers should not classify retired employees differently than younger employees. If the employer deems all substitute teachers as temporary employees, the employees do not qualify for IPERS coverage until they earn at least \$1,000 in two consecutive quarters. Those employers could rehire retired substitutes (temporary employees) after the individual receives one retirement benefit payment.

To attract substitutes, many employers consider all substitutes permanent employees. In these cases, IPERS coverage begins immediately. However, permanent substitute teachers may not be rehired until they receive four retirement benefit payments. Classifying all substitute teachers as permanent employees may help with recruitment. IPERS receives many inquiries from substitute teachers looking for employers who offer immediate coverage.

### **INQUIRIES**

Contact IPERS' Employer Relations Bureau at 877-473-7799 with questions or for additional information. Please reference IPERS Employer Bulletin 2023-3a.