KPERS

2023 Pre-Retirement **Information**

3 SOURCES OF RETIREMENT INCOME

- Experts recommend replacing **at least 80%** of retirement income
- Amount could be affected by **individual expenses** (example: health care)
- KPERS and Social Security alone **won't be enough**
- **Personal savings** is vital income source for sound retirement

KPERS 457 AFTER RETIREMENT

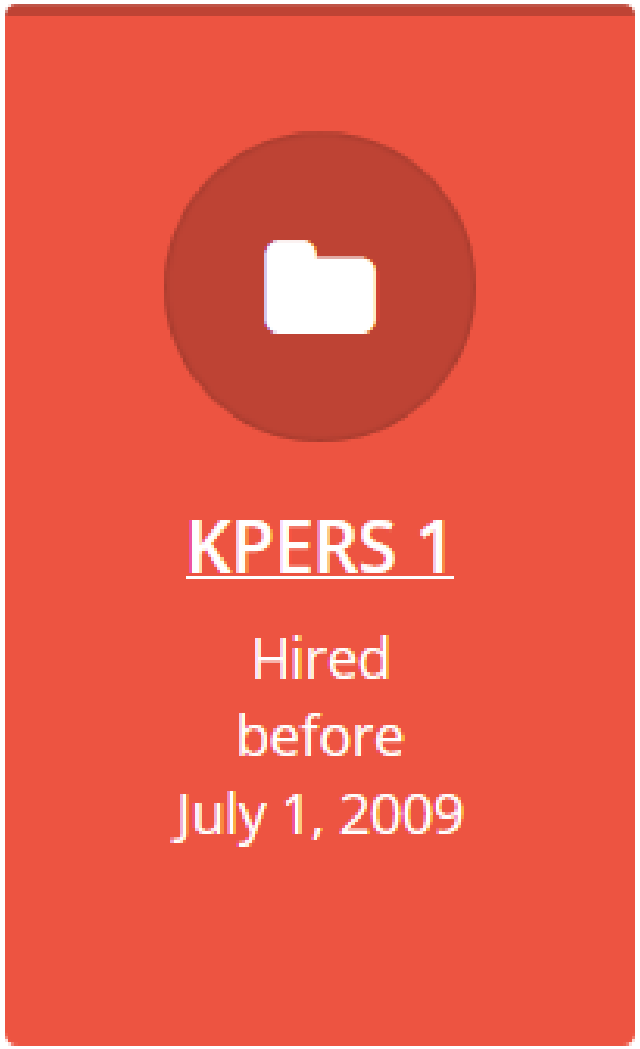
- Stay in KPERS 457 after retirement
- Retirement Specialist to help
- Great for retirement lump sums
  - Sick/vacation payouts
  - Retirement incentive

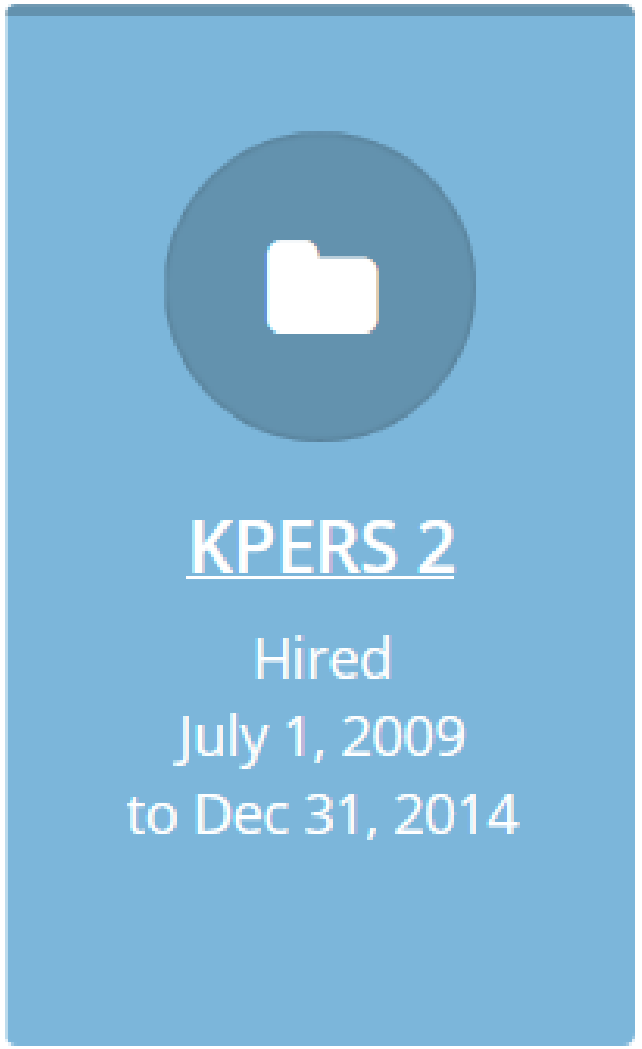
kpers457
a deferred compensation savings plan

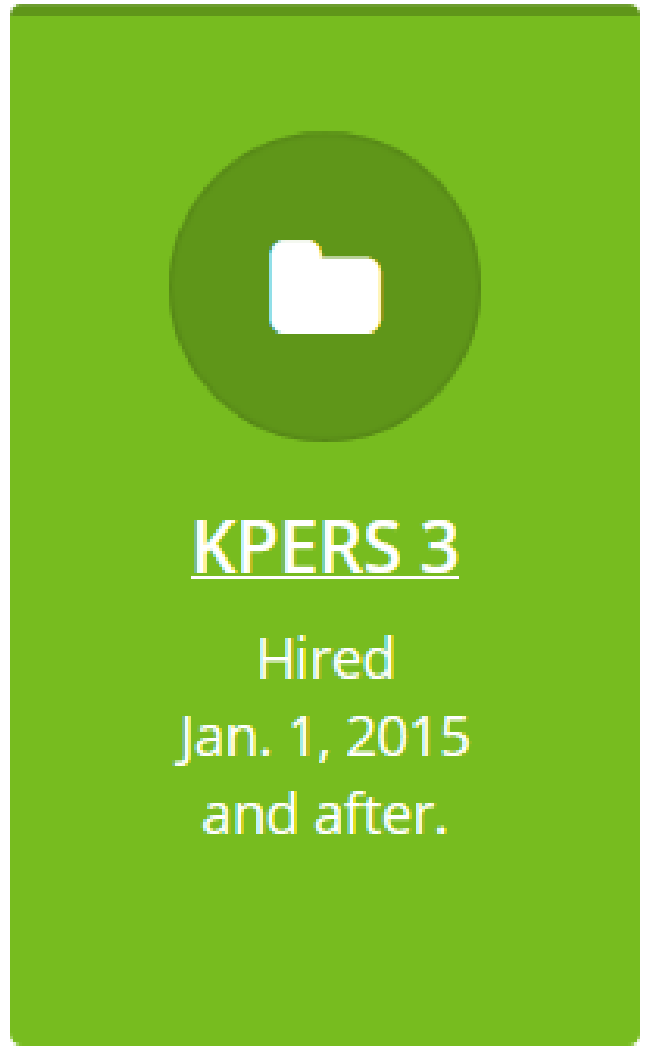
1-800-232-0024

kpers457.org

KPERS MEMBERSHIP GROUPS– WHO ARE YOU?







TYPES OF KPERS RETIREMENT PLANS

KPERS 1 & 2

401(a) Defined Benefit Plan

- Contrast to deferred compensation plans (401K, 403b, personal savings)
- Lifetime Benefit
- Based on FAS & years of service

KPERS 3 Retirement Plan

401 (a) Defined Benefit With a Twist

- Contrast to deferred compensation plans (401K, 403b, personal savings)
- Lifetime Benefit
- Based on Contribution Account & Retirement Credits Account (kept separate & grow over time)

Retirement Eligibility

Pre-Retirement **Webinar**

KPERS

WHEN CAN YOU RETIRE

KPERS 1

- Age 62 with 10 years
- 85 Point rule:

  Age + Years of service = 85

KPERS 2 & 3

- Age 60 with 30 years
- Age 65 with 5 years

EARLY RETIREMENT – REDUCED BENEFIT

KPERS 1, 2 & 3

- Age 55 with 10 years

  The earlier you retire, the more your benefit is reduced for life.

  Please get a retirement estimate!

THINGS TO CONSIDER BEFORE RETIRING EARLY

- The earlier you retire, the more your benefit is reduced
- Lifetime reduction
- No automatic COLA (KPERS 3 does have an option for COLA)
- Inflation reduces your buying power over time

Benefit Calculation

Pre-Retirement **Webinar**

KPERS

BENEFIT CALCULATION (KPERS 1 & 2)

KPERS 1

EXAMPLE

Final Avg Salary	x	Statutory Multiplier	x	Years of Service	=	Annual Benefit	÷	Months in Year	=	Monthly Benefit
40,000	x	1.75%	x	20	=	$14,000	÷	12	=	$1,167
40,000	x	1.85%	x	10	=	+ $7,400	÷	12	=	+ $617
				Combined (Total)		$21,400	÷	12		**$1,784**

KPERS 1: Service before January 1, 2014, is calculated at 1.75%. Service January 1, 2014, and after is calculated at 1.85%.

KPERS 2

EXAMPLE

Final Avg Salary	x	Statutory Multiplier	x	Years of Service	=	Annual Benefit	÷	Months in Year	=	Monthly Benefit
40,000	x	1.85%	x	30	=	$22,200	÷	12	=	**$1,850**

FINAL AVERAGE SALARY (FAS) – KPERS 1 & 2

KPERS 1

Hired on or after July 1, 1993

- Highest **three-year average** (12 quarters)

Hired before July 1, 1993, or in your "Year of Service" on July 1, 1993

- Highest **three-year average** (12 quarters), or
- Highest **four-year average** (16 quarters) **including** additional compensation

KPERS 2

- Highest **five-year average** (20 quarters)

Retirement Benefits (KPERS 3)

Retirement Benefits (KPERS 3)

- Retirement Credits are added to your account each quarter.
- Amount is based on service and compensation.
- Dollar Figure only available at Retirement

		% of Compensation
1st year through **4th** year of service	=	**3%**
5th year through **11th** year of service	=	**4%**
12th year through **23rd** year of service	=	**5%**
24th year and over	=	**6%**

Retirement Benefits (KPERS 3)

Benefit Calculations (KPERS 3)

- Employee's account balance (contribution account and retirement credit value)
- Actuarial factors

EXAMPLE	
Employee Account Balance:	$200,000
Retirement Credit Balance:	$140,000
Actuarial Factor:	12.262500%
Annual Benefit:	$340,000/ 12.262500= $27,727
Monthly Benefit:	$27,727/ 12= **$2,310.58**

The ratio and age determines the actuarial factor.

Choosing Your Retirement Date

Pre-Retirement **Webinar**

KPERS

CHOOSING YOUR RETIREMENT DATE (KPERS 1, 2, & 3)

- 12 available retirement dates
- May retire the **first** of the month following your last day on payroll

CHOOSING YOUR RETIREMENT DATE (KPERS 1, 2, & 3)

Rounding Quarter

- Work only **one day** into the rounding quarter to earn credit for that entire quarter
- Adds **additional year of service** to benefit calculation
- **Not everyone's rounding quarter is the same** -- based on hire date and how your employer tracks financial quarters.
- **Call KPERS** to find out your exact rounding quarter

ANNUAL STATEMENT

Rounding Quarters

.25 = Q1

.50 = Q4

.75 = Q3

.00 = Q2

Benefit Options

KPERS 1 & 2

Maximum Monthly
Joint-Survivor
Life-Certain
Partial Lump-Sum

KPERS 3

Base Option
Joint Survivor
Life-Certain
Partial Lump Sum
Cost of Living Raise (COLA)

Pre-Retirement **Webinar**

KPERS

MAXIMUM (KPERS 1 & 2)/BASE OPTION (KPERS 3) MONTHLY BENEFIT OPTION

KPERS 1 & 2

- Maximum Base Option
- Monthly benefit for life
- Beneficiary receives any remaining contributions

KPERS 3

- Base Option (10-year Life Certain)
- Monthly Benefit for Life
- Beneficiary receives 10-year Life Certain payout

JOINT-SURVIVOR BENEFIT OPTIONS (KPERS 1, 2 & 3)

- Lifetime monthly benefit **after your death**

KPERS 1	Benefit Reduced to:	Age Diff/Month
• 50%	91%	(+ /– 0.4%)
• 75%	87%	(+ /- 0.5%)
• 100%	83%	(+ /- 0.6%)

KPERS 2 & 3 – different percentages

NOTE:

If survivor dies before you, increase to Maximum/Base Option.
Can't name a second joint-survivor

LIFE-CERTAIN BENEFIT OPTIONS (KPERS 1, 2 & 3)

If you die within a guaranteed period of time **(5, 10, or 15 years available)**, beneficiary receives benefit for **rest of the guaranteed period**

Reduction factors for KPERS 1, 2, & 3 based on actuarial tables

KPERS 3 Base Option includes 10-year Life Certain

Change beneficiaries anytime and name any number of beneficiaries to share benefit

PARTIAL LUMP-SUM OPTION (PLSO)

- Portion of retirement benefit in a lump sum
- Must also choose a monthly benefit option
- Based on **actuarial present value** of lifetime benefit,
  not account balance

  KPERS 1 : 10, 20, 30, 40, or 50%
  KPERS 2: 10, 20, or 30%
  KPERS 3: Any percentage up to 30% or any dollar amount
- Reduces monthly benefit for lifetime, the same percentage as lump sum

THINGS TO CONSIDER (KPERS 1, 2, & 3)

- PLSO creates lifetime reduction
- Eligible for rollover into a qualified retirement account
- Can you make up the difference with investments?
- 20% federal withholding if paid directly to you
- Possible 10% IRS penalty if under age 59 ½

KPERS 3 – Cost of Living Adjustment (COLA)

COLA – KPERS 3 ONLY

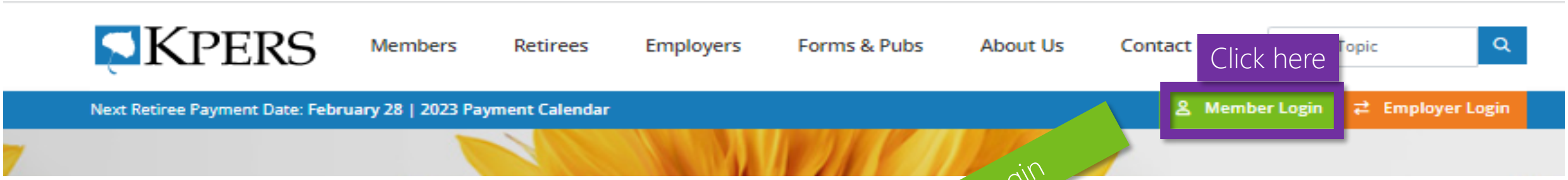
- ✓ At retirement, you can choose an annual COLA (1% or 2%)
- ✓ Your benefit is reduced to fund the annual increase.
- ✓ You specify the percentage (1% or 2%)
- ✓ Annual increases are on **July 1, and begin one year after retirement**

Your Online Account

Pre-Retirement **Webinar**

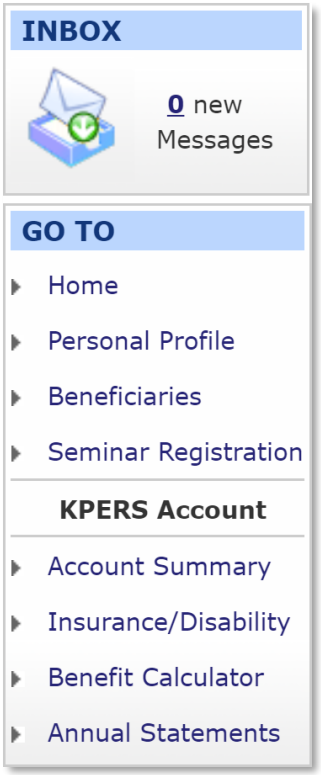
KPERS

ONLINE ACCOUNT ACCESS (kpers.org)

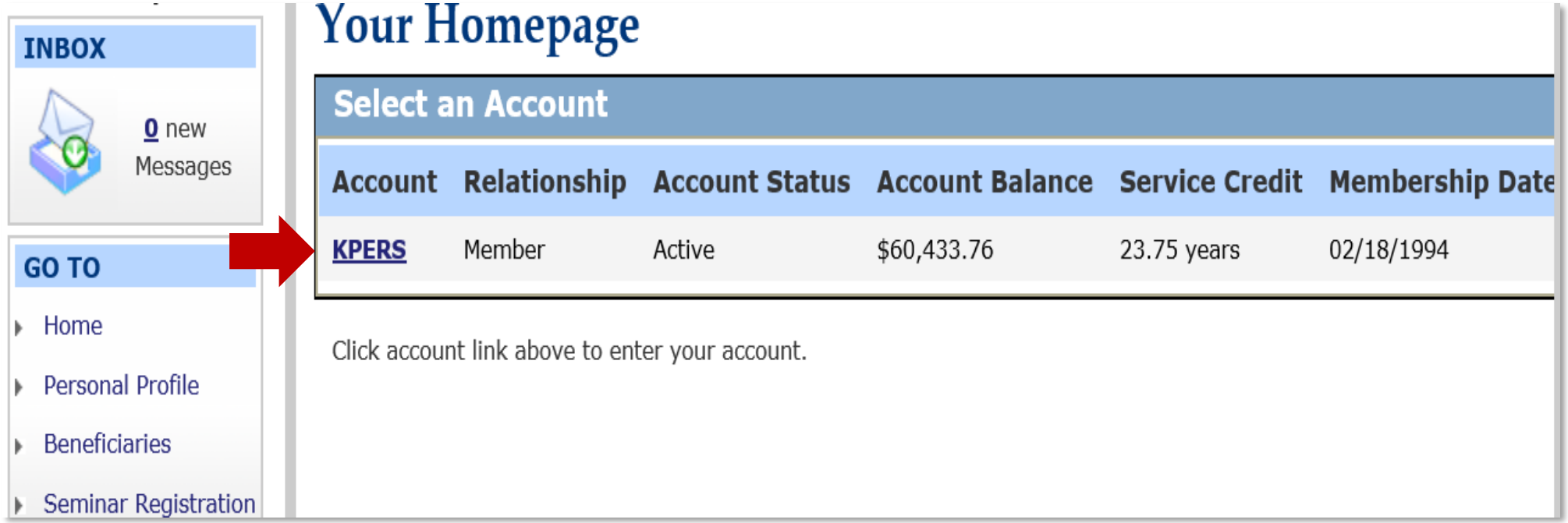


Goes to Login

Portal Home



YOUR ACCOUNT



ACCOUNT SUMMARY

INBOX

1 new Messages

GO TO

- Home
- Personal Profile
- Beneficiaries
- Seminar Registration

KPERS Account

- Account Summary
- Insurance/Disability
- Benefit Calculator
- Annual Statements

Account Summary

Snapshot

Account Balance	Total Service Credit	Membership Date	Status
$67,156.61	24.75 years	02/18/1994	Active

Employee Contributions

Taxed	Untaxed	*Interest
$0.00	$45,862.76	$21,293.85

*Includes interest credited to the account on 6/30/2017

Service Credit

Type		Multiplier	
Earned	23.75 years	Service @ 1.75%	20.75 years
Purchased	1.00 years	Service @ 1.85%	4.00 years
Total Service Credit	24.75 years	Total Service Credit	24.75 years

ONLINE ACCOUNT

Already have an account?

- Forgot Login
- Forgot Password
- Locked Out

CALL KPERS!

1-888-275-5737

OR

EMAIL KPERS!

kpers@kpers.org

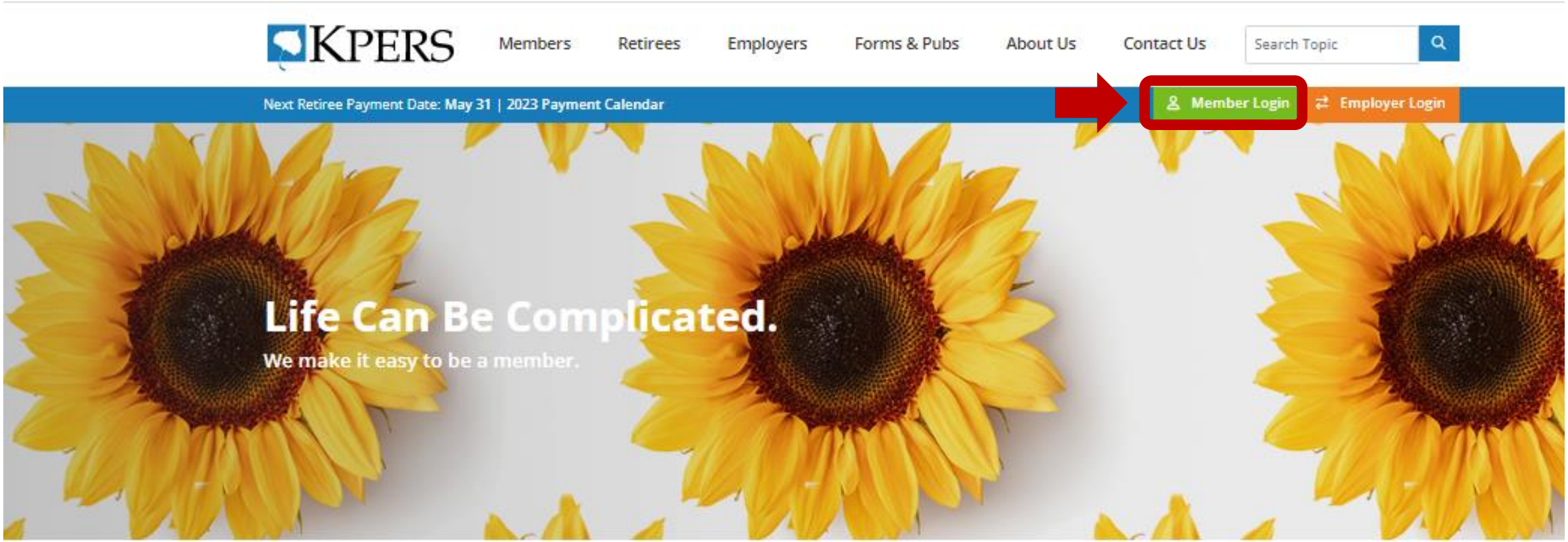
Reset Online Account

Calculate an Estimate

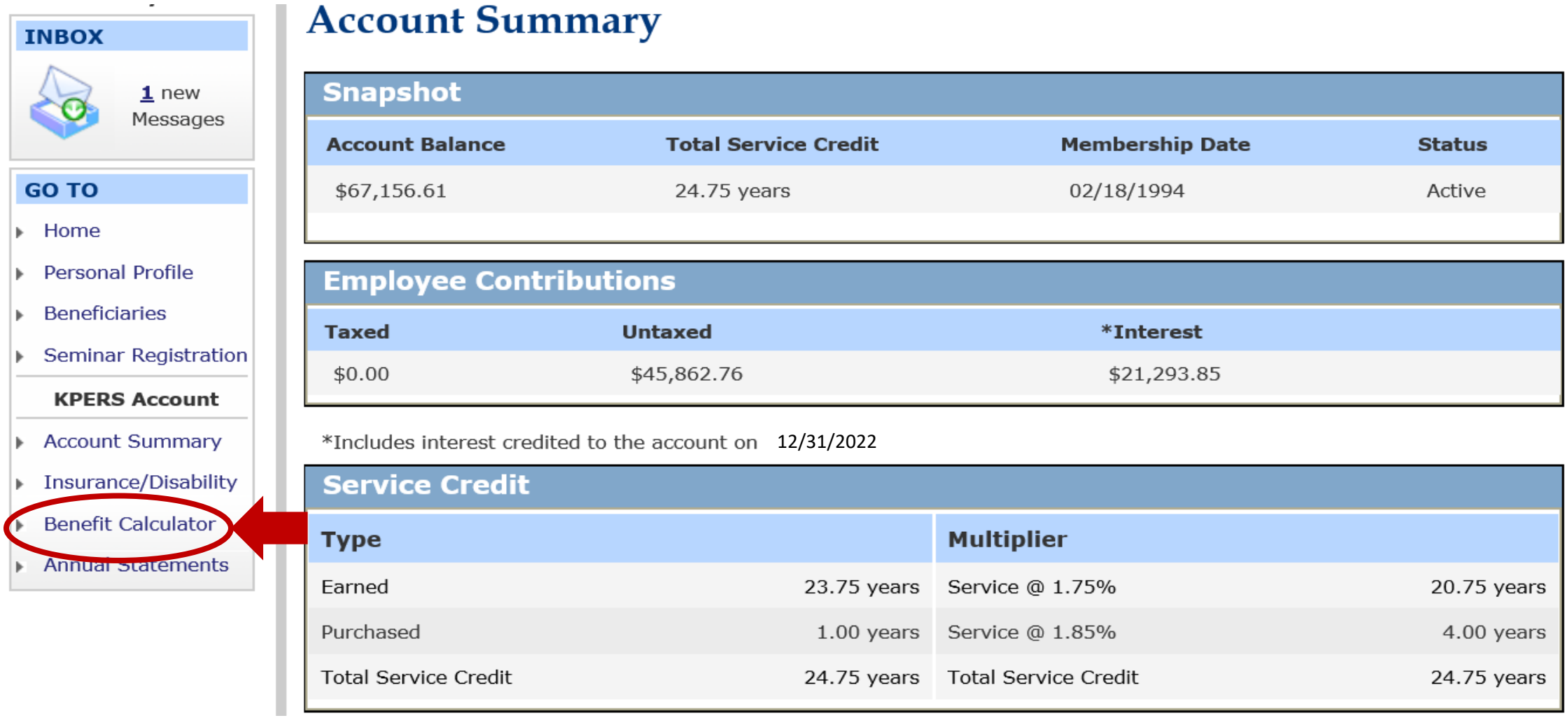
Pre-Retirement **Webinar**

KPERS

ONLINE ACCOUNT (kpers.org)



BENEFIT CALCULATOR



BENEFIT CALCULATOR (KPERS 1 & 2)

The earliest date you can receive a full retirement benefit is **02/01/2018**.*

- ○ I will retire on 02/01/2018.
- ◉ I will retire on **06/01/2024** (mm/dd/yyyy). Must be the first day of a month.

*You may actually become eligible sometime in the previous year before this date due to earning additional service credit.
Please check with your employer if you are nearing retirement and would like an exact eligibility date.

Step 3: What is your final average salary?

Your current final average salary (FAS) is **$61,931.45**. What is FAS?

- ◉ Use $61,931.45 as my FAS.
- ○ Use 0 as my FAS.
- ○ Use 0 as my FAS with annual salary increase of %

Step 4: What is your total service credit?

Your current total service credit is **25.00** years.

Service @ 1.75% : 20.75
Service @ 1.85% : 4.00

Your projected total service credit is **25.00** years, if you continue working until your estimated retirement date shown above.

- ◉ Use the projected service based on the selected retirement date in **Step 2**
- ○ Use 25.00, my total years of service as of 12/16/2017
- ○ Use 0.00 as my total years of service.

Step 5: Do you plan to provide a continuing benefit to a survivor?

- ○ I do not plan to provide for a survivor. I want a benefit for my lifetime only.
- ◉ I plan to provide for a survivor. My survivor's date of birth is 11/8/1944 (mm/dd/yyyy).

BENEFIT CALCULATOR (KPERS 1 & 2)

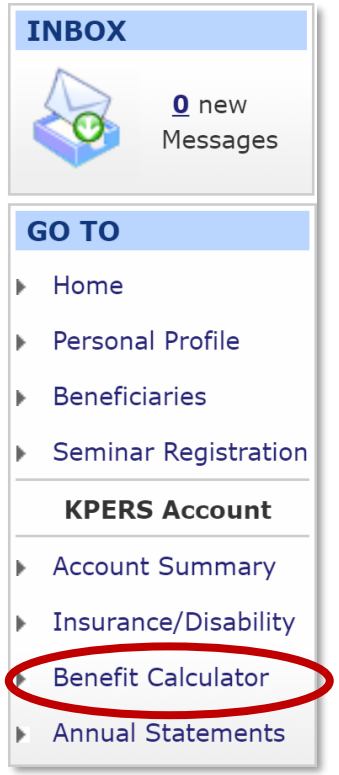
Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	20% Lump Sum	30% Lump Sum	40% Lump Sum	50% Lump Sum
PLSO	$0.00	$21,077.91	$42,155.82	$63,233.73	$84,311.64	$105,389.55
Maximum	$2,087.22	$1,878.50	$1,669.78	$1,461.05	$1,252.33	$1,043.61
50% Joint-Survivor	$1,941.11	$1,747.00	$1,552.89	$1,358.78	$1,164.67	$970.56
75% Joint-Survivor	$1,868.06	$1,681.26	$1,494.45	$1,307.64	$1,120.84	$934.03
100% Joint-Survivor	$1,795.01	$1,615.51	$1,436.01	$1,256.51	$1,077.01	$897.50
5-Year Life-Certain	$2,045.48	$1,840.93	$1,636.38	$1,431.83	$1,227.29	$1,022.74
10-Year Life-Certain	$1,982.86	$1,784.57	$1,586.29	$1,388.00	$1,189.72	$991.43
15-Year Life-Certain	$1,836.75	$1,653.08	$1,469.40	$1,285.73	$1,102.05	$918.38

KPERS 2 will not have 40% or 50% Lump Sum

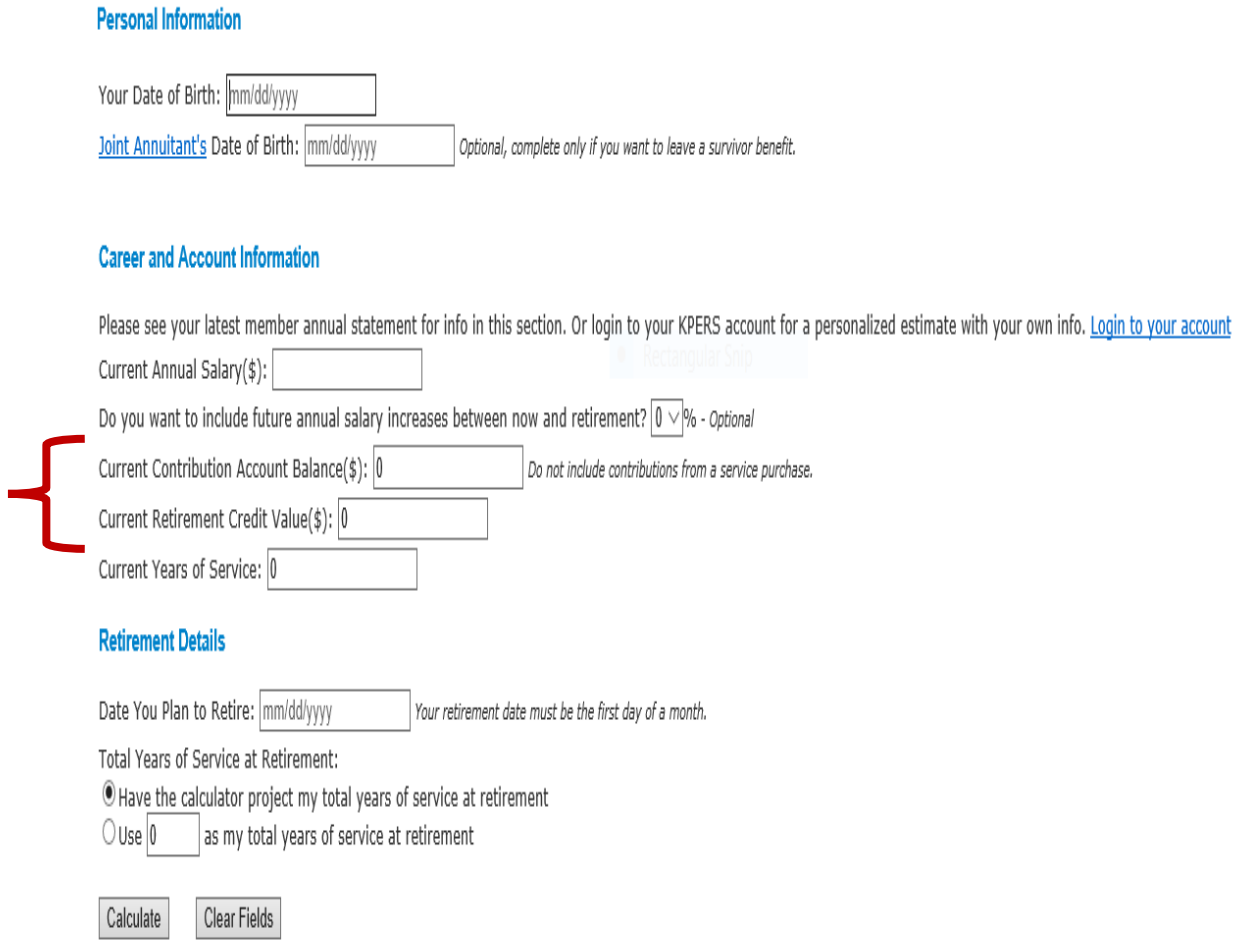
BENEFIT CALCULATOR (KPERS 3)

KPERS 3



Must Enter from Annual Statement:

Current Contribution Account Balance
&
Current Retirement Credit Value



BENEFIT CALCULATOR (KPERS 3)

No COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT Life-Certain 10 Years	**$206.19**	**$185.57**	**$144.33**
Partial Lump-Sum Option	$0.00	$2,979.26	$8,937.77
Life-Certain 5 Years	$209.82	$189.43	$148.43
Life-Certain 15 Years	$196.07	$176.46	$137.25
Joint-Survivor 50%	$198.41	$178.57	$138.89
Joint-Survivor 75%	$190.24	$171.21	$133.17
Joint-Survivor 100%	$182.71	$164.44	$127.90

**self-funded annual cost-of-living adjustment*

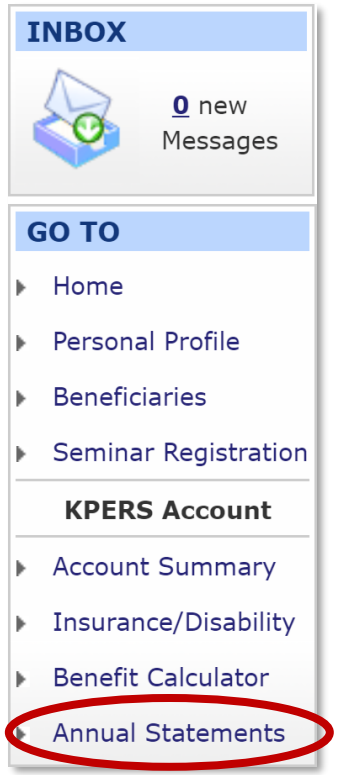
1% COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
Life-Certain 10 Years	$190.02	$171.02	$133.01
Partial Lump-Sum Option	$0.00	$2,979.26	$8,937.77
Life-Certain 5 Years	$192.85	$174.17	$136.53
Life-Certain 15 Years	$180.33	$162.30	$126.23
Joint-Survivor 50%	$181.50	$163.35	$127.05
Joint-Survivor 75%	$173.47	$156.13	$121.43
Joint-Survivor 100%	$166.13	$149.51	$116.29

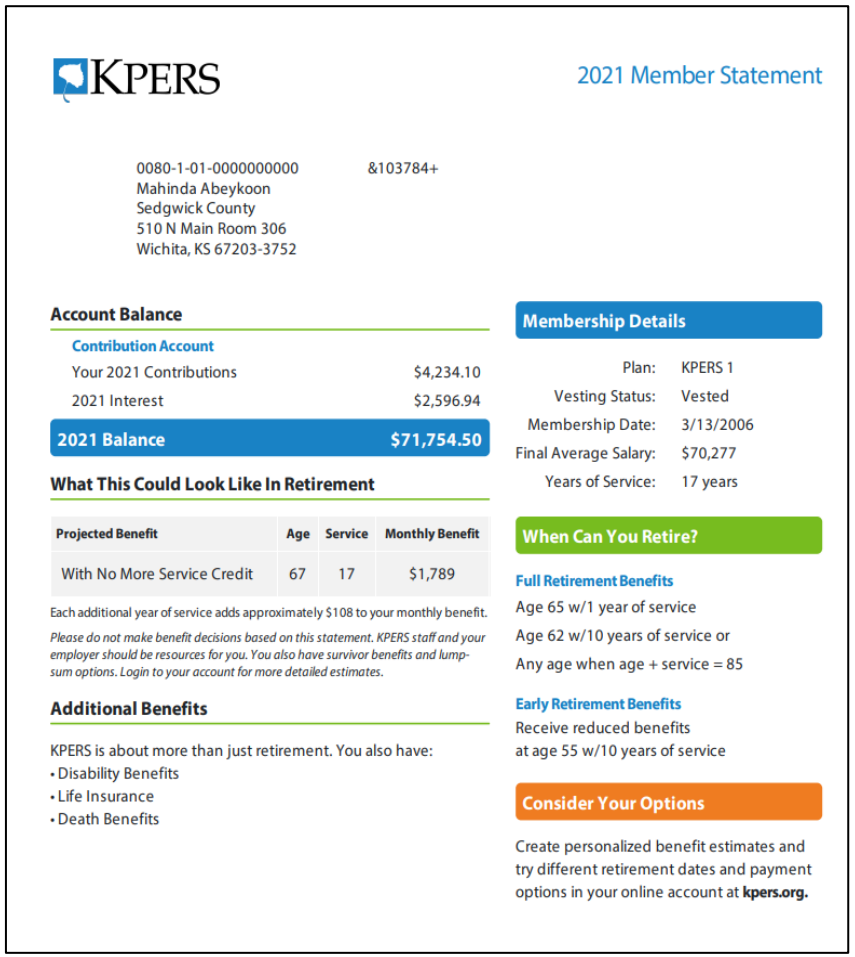
**self-funded annual cost-of-living adjustment*

Age 69 & retiring with 8 years of service

ONLINE ANNUAL STATEMENTS (KPERS 1, 2 & 3)



KPERS 1 & 2



KPERS

2021 Member Statement

0080-1-01-0000000000 &103784+
Mahinda Abeykoon
Sedgwick County
510 N Main Room 306
Wichita, KS 67203-3752

Account Balance

Contribution Account

Your 2021 Contributions	$4,234.10
2021 Interest	$2,596.94
2021 Balance	**$71,754.50**

What This Could Look Like In Retirement

Projected Benefit	Age	Service	Monthly Benefit
With No More Service Credit	67	17	$1,789

Each additional year of service adds approximately $108 to your monthly benefit.

Please do not make benefit decisions based on this statement. KPERS staff and your employer should be resources for you. You also have survivor benefits and lump-sum options. Login to your account for more detailed estimates.

Additional Benefits

KPERS is about more than just retirement. You also have:
- Disability Benefits
- Life Insurance
- Death Benefits

Membership Details

Plan:	KPERS 1
Vesting Status:	Vested
Membership Date:	3/13/2006
Final Average Salary:	$70,277
Years of Service:	17 years

When Can You Retire?

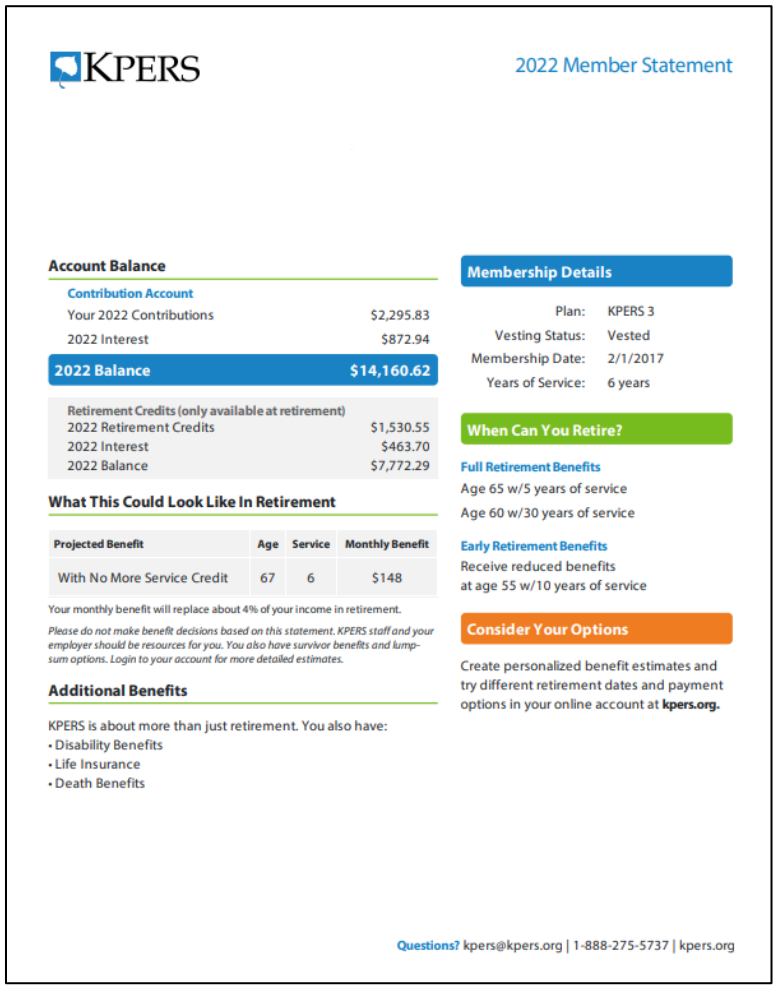
Full Retirement Benefits
Age 65 w/1 year of service
Age 62 w/10 years of service or
Any age when age + service = 85

Early Retirement Benefits
Receive reduced benefits
at age 55 w/10 years of service

Consider Your Options

Create personalized benefit estimates and try different retirement dates and payment options in your online account at **kpers.org.**

KPERS 3



KPERS

2022 Member Statement

Account Balance

Contribution Account

Your 2022 Contributions	$2,295.83
2022 Interest	$872.94
2022 Balance	**$14,160.62**

Retirement Credits (only available at retirement)

2022 Retirement Credits	$1,530.55
2022 Interest	$463.70
2022 Balance	$7,772.29

What This Could Look Like In Retirement

Projected Benefit	Age	Service	Monthly Benefit
With No More Service Credit	67	6	$148

Your monthly benefit will replace about 4% of your income in retirement.

Please do not make benefit decisions based on this statement. KPERS staff and your employer should be resources for you. You also have survivor benefits and lump-sum options. Login to your account for more detailed estimates.

Additional Benefits

KPERS is about more than just retirement. You also have:
- Disability Benefits
- Life Insurance
- Death Benefits

Membership Details

Plan:	KPERS 3
Vesting Status:	Vested
Membership Date:	2/1/2017
Years of Service:	6 years

When Can You Retire?

Full Retirement Benefits
Age 65 w/5 years of service
Age 60 w/30 years of service

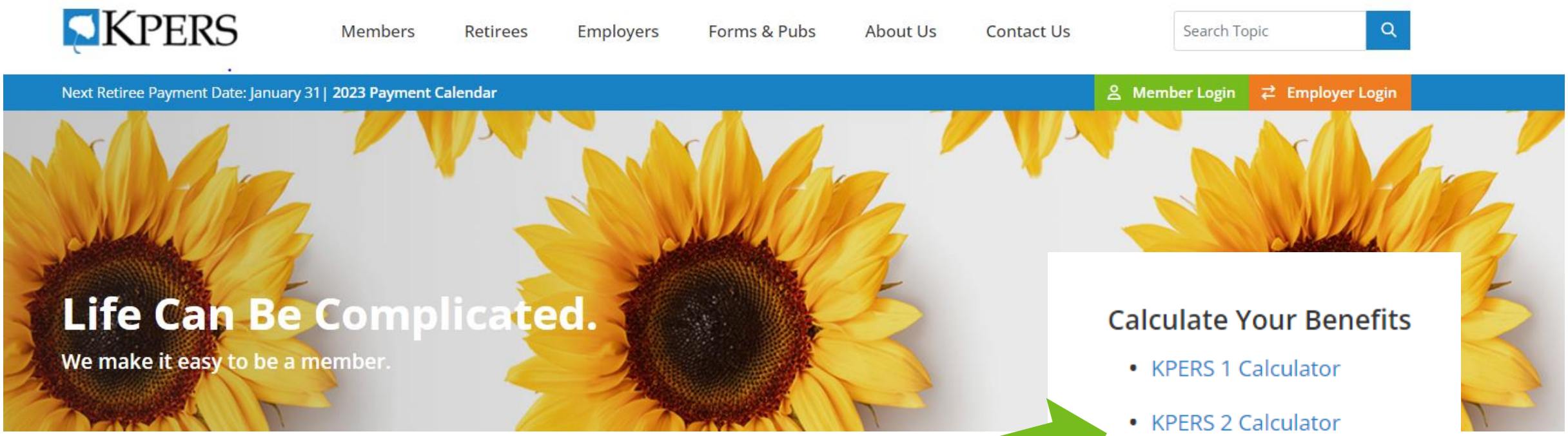
Early Retirement Benefits
Receive reduced benefits
at age 55 w/10 years of service

Consider Your Options

Create personalized benefit estimates and try different retirement dates and payment options in your online account at **kpers.org.**

Questions? kpers@kpers.org | 1-888-275-5737 | kpers.org

Generic Benefit Calculators (www.kpers.org)



- Scroll to bottom of page for calculators
- Use most-recent annual statement

KPERS-15E BENEFIT ESTIMATE REQUEST FORM (KPERS 1, 2 & 3)

■ Part A – Member Information

1. Social Security Number: _____-____-_____
2. Name (First, MI, Last): _____
3. Mailing Address: _____
   City, State, Zip: _____
4. Employer: _____
5. Position: _____
6. Expected Retirement Date: _____/_____/_____
7. Expected Last Day on Payroll: _____/_____/_____
8. Is Member Subject to Continuing Contract Law? ❒ No ❒ Yes; Date Contract Expires: _____/_____/_____
9. Daytime Telephone Number: (____) _____
10. E-mail Address: _____

■ Part B – Joint Annuitant Information – To have joint-survivor options estimated, complete the information below for the person you want as your joint annuitant.

1. Name (First, MI, Last): _____
2. Date of Birth: _____/_____/_____

■ Part C – KPERS 3 Pay Information

1. Current Annual Salary Subject to KPERS Contributions: $_____

■ Part D – KPERS 1, KPERS 2, KP&F and Judges Pay Information

Important: Do not include any incentive pay or additional compensation for unused sick or annual leave in amounts listed in 1-2 below.

	Year	Amount
1. Current Annual Salary Subject to KPERS Contributions: *If retiring in current year, include only compensation through estimated last day on payroll.*	_____	$_____
2. Next Annual Salary Subject to KPERS Contributions: *If retiring in next year, include only compensation through estimated last day on payroll.*	_____	$_____
3. Lump-Sum Payment for Sick and/or Annual Leave: *Paid when member leaves work, not included in above salaries.*	_____	$_____

The Retirement Process

Pre-Retirement **Webinar**

KPERS

STEPS TO TAKE (KPERS 1, 2 & 3)

- Pick your best retirement date
- Choose a **payment option**
- Submit application **at least** 30-45 days before retirement date
- Provide copies of **age and name change documents**

RECEIVING MONTHLY BENEFIT PAYMENTS (KPERS 1, 2, & 3)

- **Direct deposit** form (KPERS-15B)
- Paid on **last business day of the month**
- Get notice of changes, but no regular payment notice
- Payment summary online

FEDERAL AND STATE INCOME TAXES (KPERS 1, 2, & 3)

- Federal: taxable
- Kansas: not taxable
    - You already paid state taxes while working
    - Other states? Check with that state
- Change federal withholding anytime online
- 1099-R tax form each January

MOVING OUT-OF-STATE?

Federal: taxable

Check with new state:

- May have to pay state taxes on Kansas pension

CONTINUING LIFE INSURANCE (KPERS 1, 2, & 3)

Portability – Basic & Optional

- **Term** insurance option
- Must port some member coverage to port spouse coverage
- **No health questions**
- Under age 80 and actively at work
- Coverage begins to reduce at age 65
- Within 60 days of last day on payroll

Conversion – Basic & Optional

- **Whole-life** option
- **No health questions**
- Higher rates, builds cash value
- Premiums payable to age 100
- Within 60 days of last day on payroll

RETIREE DEATH BENEFIT (KPERS 1, 2, & 3)

- $4,000 death benefit
- Taxable for federal tax, but not Kansas taxes
- Person, estate, trust or funeral establishment
- Beneficiary responsible for taxes
- No death benefit for joint annuitant

Working After Retirement

Pre-Retirement **Webinar**

KPERS

WORKING AFTER RETIREMENT (KPERS 1, 2, & 3)

- No restrictions for **non-KPERS employers**
- Only when working for a KPERS employer
- No additional contributions to KPERS
- Must resign **all KPERS employment** before retirement. Even part-time

NO PREARRANGEMENTS (KPERS 1, 2, & 3)

No prearrangements before retirement or during waiting period

- Important for KPERS qualified plan status
- Penalties for retiree
  - ✓ Benefit **suspended** starting the month you return to work, and ending 6 months after you stop employment
  - ✓ Must **repay** benefits received while working after retirement
- *Employer will also have penalties*

WAITING PERIOD (KPERS 1, 2, & 3)

- 180-day waiting period if retiring before age 62
- 60-day waiting period if retiring age 62 or older
- Begins with retirement date

- Remember, no prearrangements!

Retirement Resources

Pre-Retirement **Webinar**

KPERS

RETIREMENT INFORMATION CENTER (www.kpers.org)

Member Resources

Working today for your tomorrow.

New Member

Career Stage & Finances

Save With KPERS 457

Leaving Employment

Retire Ready

Name a Beneficiary

Search.

Search Topic

I want to find...

Select an option

CONTACT INFORMATION

Thank You!

KPERS	Social Security	KPERS 457
Email: kpers@kpers.org	**Website**: ssa.gov	**Email**: kpers457@kpers.org
Toll-free: 1-888-275-5737	**Toll-free**: 1-800-772-1213	**Toll-free**: 1-800-232-0024
Topeka: 785-296-6166	**Topeka**: 1-888-327-1271	**Topeka**: 785-414-3600