

## Retirement - KPERS 2

Retirement is a major life change most employees look forward to and work hard for. With a combined effort, let's honor their public service by making the retirement process easy and rewarding.

The [Retirement Info Center](#) is **the** resource for members within 5 years of retirement. Find answers to the when, how-much and how-to questions, and a lot more.

### Retirement Eligibility

Full Retirement - Unreduced Benefit		Early Retirement - Reduced Benefit	
Age	Service credit	Age	Service credit
At least 65	At least 5 years*	55	At least 10 years, but less than 30 years
60+	At least 30 years	55-59	At least 30 years

There is a different actuarial factor table for each scenario listed above.

\*Two quarters round up to one year; 18 quarters round up to 5 years.

#### KPERS 2 Correctional Officers retirement eligibility

Full retirement eligibility	Group A	Age 55 with 10 years of service	Must be a Group A Correctional Officer at least 3 years immediately before retirement and retire on the first day of the month after the last day on the payroll
	Group B	Age 60 with 10 years of service	Must be a Group B Correctional Officer at least 3 years immediately before retirement and retire on the first day of the month after the last day on the payroll
Early retirement eligibility	Group A	Age 50 with 10 years of service	Must be a Group A Correctional Officer at least 3 years immediately before retirement and retire on the first day of the month after the last day on the payroll
	Group B	Age 55 with 10 years of service	Must be a Group B Correctional Officer at least 3 years immediately before retirement and retire on the first day of the month after the last day on the payroll

**Note:** If a correctional officer leaves employment before retiring, regular KPERS age and service requirements apply, not correctional eligibility requirements.

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## Retirement - KPERS 2

### Calculating Final Average Salary (FAS)

Retirement benefits are calculated using a formula set by state statute. When member retires, the formula takes into account the following:

- The employee's final average salary
- A statutory multiplier
- The employee's years of service

The final average salary for KPERS 2 employees is calculated using a 5-year final average salary without add-on compensation (such as sick leave and annual [vacation] leave paid to employee).

#### Final average salary "Cap law"

Kansas law states that if a KPERS 2 member's compensation used in calculating his or her final average salary is more than 7.5% higher than the preceding year, the amount which exceeds the 7.5% will not be included in compensation.

#### Compensation that is capped:

- Part-time employees who stay in the same position and whose salary is over the 7.5% because they work more hours (not overtime hours)
- Raises
- Bonuses
- Extra duties, teaching extra classes (without a supplemental contract)

#### Compensation that is not capped:

- Any increase in compensation for any member due to reclassification or reallocation to a higher range or level
- Overtime

### Calculating Retirement Estimates

#### Requesting an estimate from KPERS

A retirement estimate is calculated the same way as an actual retirement benefit but may use projected salary information. KPERS requires a Retirement Benefit Estimate Request form ([KPERS-15E](#)) for all estimate requests. If the member requests the estimate, he or she will sign the form. If the designated agent requests it, he or she will need to sign it. Processing will take approximately four weeks.

To calculate the actual retirement benefit we will use salary information reported on the retirement certification. In the event of a discrepancy between an estimate and the actual monthly benefit, the benefit received will be paid in accordance with applicable laws and regulations.

#### KPERS 2 online calculator

Remind employees they can estimate their benefits at any time using their online account.

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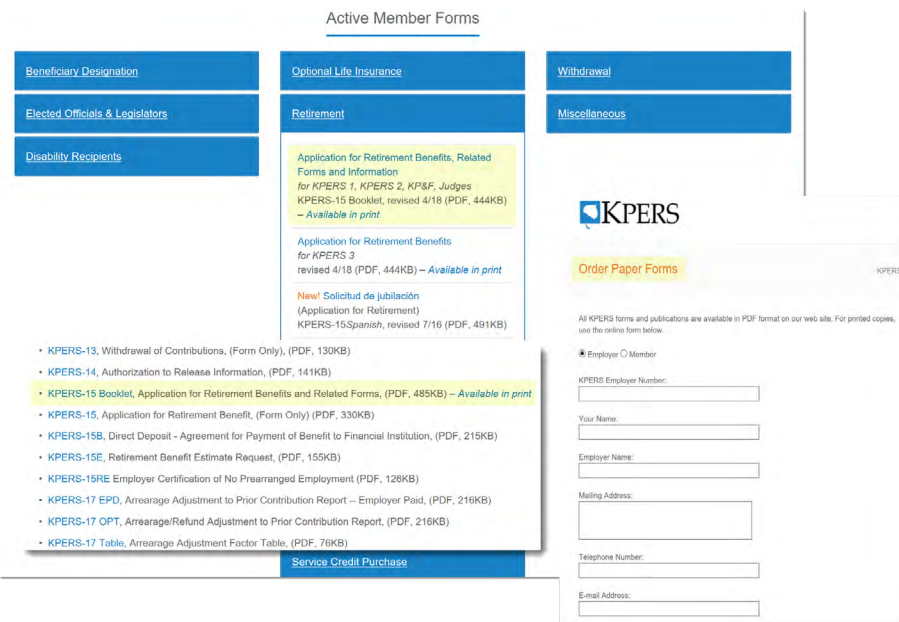
### How to Retire

#### Completing retirement application

When a member retires, he or she must do the following:

- Submit a retirement application 30 to 60 days before the retirement date.
- From the [KPERs forms page](#), click on the Application for Retirement Booklet ([KPERs-15 Booklet](#)). Sort by user or number.

You can order a supply of printed retirement applications [here](#).



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#### Documents needed for retirement

Use [Secure Upload](#) on the EWP to send documents to KPERs.

##### Member

- A photocopy of the member's birth document
- A photocopy of member's name change document if name is different than name on birth document

##### Joint annuitant

- A photocopy of the joint annuitant's birth document
- A photocopy of the joint annuitant's name change document if name is different than name on birth document

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### Acceptable proof of birth

A photocopy of one of the following:

- Birth certification
- Baptismal certificate or a statement as to the date of birth shown by a church record, certified by the custodian of the record
- Notification of registration of birth in a public registry of vital statistics
- Certification or record of age by the U.S. Census Bureau
- Hospital birth record certified by the custodian of the record
- Foreign church or government record
- Signed statement by the physician or midwife who was in attendance at birth, as to the date of birth shown on their records
- Naturalization record
- Immigration papers

You may submit photocopies of two of the following:

- Military record
- Passport
- School record, certified by the custodian of the record
- Vaccination record, certified by the custodian of the record
- Insurance policy application that shows the age or date of birth
- Marriage records showing date of birth or age (application for marriage license or church record, certified by the custodian of the record or marriage certificate)
- Other evidence such as signed statements from persons who have knowledge of the date of birth

### Acceptable proof of name change

A photocopy of one of the following:

- Marriage or other court records showing birth name and present name (If a person has had more than one name change, records submitted must reflect all name changes.)
- Name Change Affidavit ([KPERS-40NC](#)) or other affidavit from a parent listing all name changes
- Federal Employment Eligibility Verification form (1-9)
- Driver's License
- Social Security Card

Request for Member Information Change form ([KPERS-12](#)) signed and submitted to KPERS by designated agent at the time of the name change will be acceptable for name changes occurring during employment.

You may submit photocopies of two of the following:

- Name Change Affidavit ([KPERS-40NC](#)) or other affidavit from two persons declaring that the persons have known the applicant by all names in question
- Birth documents of natural child if document shows both the given name and the married name
- Other documents showing both names in question, such as school records, medical records, insurance policy application, etc.

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### Retirement - KPERs 2

#### Retirement Date and End Date: Non-School

##### Non-school retirement date

Non-school members may retire the first of any month after their last day on payroll. KPERs must receive the member's retirement application at least 30 days before his or her retirement date. Ideally, encourage members to submit their application 60 to 90 days ahead of time. This gives KPERs' staff time to process the applications with the required documents and time for you to certify member pay.

**Example:** Kim submits her retirement application in early April. Her last day on the payroll is May 25. The retirement date she selects is the first of the following month, June 1. Kim could also retire the first of any month June 1 or after.

##### Non-school end date

Using the employer web portal, enter the employee's last day on payroll as the end date. Choose retirement as the reason code. [Quick Vid: End Dates](#)

#### Retirement Date and End Date: School

##### School non-licensed employees

Non-licensed employees may retire the **first of any month** after their last day on payroll. KPERs must receive the member's retirement application at least 30 days before his or her retirement date. Ideally, encourage members to submit their application 60 to 90 days ahead of time. This gives KPERs' staff time to process the applications with the required documents and time for you to certify member pay.

Using the employer web portal, enter the employee's last day on payroll as the end date. Choose retirement as the reason code. [Quick Vid: End Dates](#)

##### School licensed employees (including teachers at community colleges)

Licensed employees have special guidelines for selecting a retirement date. School members under the "Continuing Contract Law" must wait until June 1 or after to retire.

If licensed employees choose to retire June 1, they must complete all work on their contract before June 1. Even if your employer's second quarter does not end until after June 1, you cannot report salary past May 31 if the employee selects a June 1 retirement date. He or she cannot retire June 1 if working any part of June.

##### Licensed employee

Retirement date	End date
June 1	May 31
July 1	June 30
August 1	July 31
September 1	August 31

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### Retirement - KPERs 2

Using the employer web portal, enter the employee's last day on payroll as the end date. Choose retirement as the reason code. [Quick Vid: End Dates](#)

**Note:** Employers must pay all compensation owed to the employees by the first payroll date after their selected retirement date.

### Contributions

#### Non-school members and non-licensed school employees

Employees may use pay earned through their last day at work as part of their final average salary.

#### Licensed school employees (including teachers at community colleges)

Whether you deduct and report KPERs contributions from pay depends on the contract end date and the retirement date.

Retirement date	Contact end date	Contributions
June 1	June 30	Deduct KPERs contributions from all pay through May 31. Do not deduct KPERs contributions from employee's June pay.
June 1	July 31	Deduct KPERs contributions from all pay through May 31. Do not deduct KPERs contributions from the employee's June and July pay.
June 1	Aug 31	Deduct KPERs contributions from all pay through May 31. Do not deduct KPERs from the employee's June, July and August pay.
July 1	June 30	Deduct KPERs contributions from all pay through June 30. Deduct KPERs contributions from all pay through June 30.
July 1	July 31	Deduct KPERs contributions from all pay through June 30. Do not deduct KPERs contributions from the employee's July pay.
July 1	Aug 31	Deduct KPERs contributions from all pay through June 30. Do not deduct KPERs contributions from the employee's July and August pay.
Aug 1	July 31	Deduct KPERs contributions from all pay through July 31. Deduct KPERs contributions from all pay through July 31.
Aug 1	Aug 31	Deduct KPERs contributions from all pay through July 31. Do not deduct KPERs contributions from the employee's August pay.
Sept 1	Aug 31	Deduct KPERs contributions from all pay through August 31.

Note: Current statutes provide freedom in how you write contracts for your employees.

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### Retirement - KPERS 2

However, K.S.A. 74-4940 states that compensation must be paid in 12 equal monthly installments when reporting to KPERS.

**Reminder:** Do not deduct KPERS contributions from any early retirement incentives or severance payments.

**Early retirement incentive:** a bonus paid to all retiring employees because of their pending retirement.

#### School nine- or 10-month employee

- If a nine-month or 10-month employee has previously been paid in 12 monthly checks and elects to take a payout at the end of May for the balance earned, the final average salary is subject to the 7.5% cap law for KPERS 2 members.
- If a nine-month or 10-month employee has previously been paid in 12 monthly checks and does not elect to be paid for the balance earned in May, the employee must wait to retire until all wages have been paid (including all summer pay).
- Please designate on the employer certification if employee was paid over nine, 10, or 12 months in previous years.

#### Breaking school contracts

If licensed employees retire before the end of the school year, the following applies:

- When reporting compensation, KPERS can only accept a prorated contribution amount based on the number of days of service in the last month.
- Do not report additional pay such as sick leave, vacation leave, etc.
- Do not give daily per diem or daily rates of pay.

#### For example:

Teacher's last day is March 10. The teacher's school contract is \$48,000. Report 1/12 of the contract amount for each month in the calendar year through February  $\$48,000/12 = \$4,000$ .

	Compensation	Contributions	
January	\$4,000	\$240 (6%)	\$4,000/31 (days in March) = \$129.03 x10 days of service = \$1,290.30
February	\$4,000	\$240 (6%)	
March	\$1,290.30	\$77.42 (6%)	

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## Who Is a Licensed School Employee?

Board of Education's list of licensed employees:

- Educator (teacher, administrator)
- Audiologist
- Speech pathologist
- Occupational therapists
- Physical therapist
- Social worker
- Registered nurse
- Dietitian
- Licensed professional counselor
- Licensed clinical professional counselor
- Psychologist
- Orientation and mobility instructor

## Retirement Payment Options

### Maximum monthly benefit

KPERs will calculate the member's maximum monthly benefit amount. This amount will provide a basis for the rest of the options. The member may choose the maximum monthly benefit amount without any additional options. The member will receive a payment each month for the member's entire lifetime. When the member dies, there is no continued benefit to a joint survivor. The member's beneficiary will receive any remaining account balance that has not been paid out in benefits.

### Joint-survivor options

Joint-survivor options	Employee retirement benefit	If employee dies first, beneficiary receives
1/2	maximum benefit (adjusted for age difference)	50% of employee's reduced benefit for life
3/4		75% of employee's reduced benefit for life
Same		100% of employee's reduced benefit for life

Member cannot change survivor after he or she retires.

### Pop-up feature

On all the joint-survivor options, if the joint survivor dies before the member dies, the retirement option chosen is canceled. The member's benefit will increase to the original maximum monthly benefit amount. This is called the "pop-up feature." The member cannot choose someone else to continue to receive a monthly benefit after his or her death.

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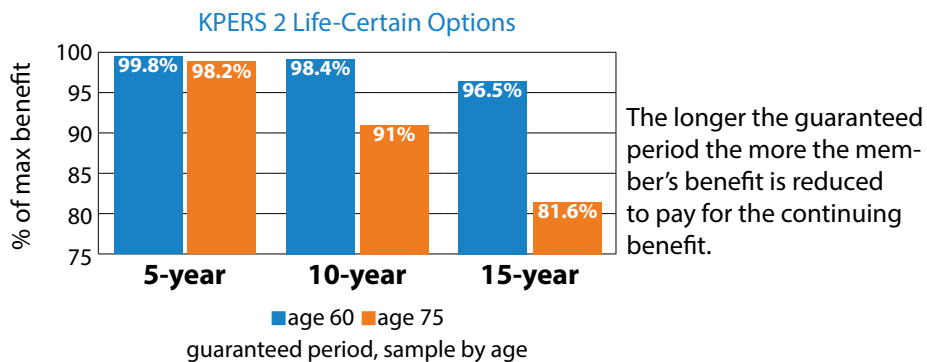


### Retirement - KPERS 2

#### Life-certain options

With a life-certain option, the member will receive a reduced benefit for the rest of his or her lifetime. If the member dies within a guaranteed period of time from his or her retirement date, the member's beneficiary will receive the same monthly benefit for the rest of the guaranteed period of time.

The member can change his or her beneficiary at any time, and the member can have more than one beneficiary. The named beneficiaries will share equally the benefit for the remaining time period. The life certain options are:



#### Example

- Mary is age 60, and her maximum monthly benefit is \$1,000.
- Mary's chooses 15-year life-certain option that reduced her benefit.
- Mary's monthly benefit is now 96.5% of her maximum benefit, or \$965/month as long as she lives.
- Mary dies 7 years after retirement.
- Mary's beneficiary then receives \$965/mo. for 8 years.
- Mary's 7 years + beneficiary's 8 years = 15 years guaranteed

#### Partial lump-sum option (PLSO)

The partial lump-sum option is available in 10%, 20% or 30% amounts. The percentage the member selects determines the size of the lump sum and the resulting decrease in the member's monthly benefit amount. For example, a 30% PLSO payment would result in a single lump-sum payment equal to 30% of the actuarial present value of the member's lifetime benefit, along with a permanent 30% reduction in the member's regular monthly benefit.

#### Spousal consent

If the member has chosen the maximum option, one of the life-certain options or the partial lump-sum option, the spouse must complete the spousal consent section of the retirement application. This verifies that the spouse has read, understands and agrees with the retirement option the member has chosen. The spouse's signature must be notarized.

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## Retirement - KPERs 2

### Qualified domestic relations order (QDRO)

In the event a Retirement System member divorces, any annuity, benefit, or accumulated contributions from the Retirement System may be subject to claims by a former spouse under the provisions of a qualified domestic relations order (QDRO). A QDRO is a court order providing for:

- Maintenance
- Child support
- Property division

Retirement account assets are considered marital assets to the extent they have accumulated during the marriage. Most QDROs result from an agreement between the parties. A former spouse may not receive payment from the Retirement System under a QDRO unless and until the member:

- **Retires** - If the member becomes eligible to retire with monthly benefits, the former spouse may be awarded either a lump-sum distribution or a percent of each monthly benefit.
- **Withdraws** - If the member ends employment and withdraws his/her contributions, the former spouse may be awarded a portion of the lump-sum distribution.
- **Dies** - If a member dies before retirement, the former spouse's award may be enforceable against the refund of accumulated contributions or the lump-sum death benefit.

### Certifications

#### Notification of certification on EWP message board

When KPERs receives an application for retirement, we will require a last day on payroll and certified year-to-date contributions for that member. A notice will appear on your EWP To-Do List. [Quick Vid: Certifications](#)

### Retirement Checklist

After an employee has decided to retire, use this quick reference checklist to help you get through the final steps without missing a beat.

- Have the employee get a retirement benefit estimate**
  - Direct employee to calculator on his or her online KPERs account

- Enter employee's end date on the EWP as soon as you know it, up to 90 days ahead**

[Quick Vid: End Dates](#)

- End date must be earlier than retirement date

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## Retirement - KPERS 2

- Give or point employee to the** Application for Retirement Benefits, Related Forms and Information ([KPERS-15 Booklet](#))
  - Booklet has application, instructions, tax info, as well as forms for withholding, direct-deposit and designation of beneficiary
  - Employee should submit application at least 30 days (encourage 60 to 90 days) before retirement date
  - KPERS will process application and may send you a request to certify final pay
  
- Give life insurance conversion and portability forms to employee**  
[The Standard Conversion Packet](#)  
[The Standard Life Portability Insurance Application](#)
  - Kansas law requires you give employees notice of life insurance conversion rights at least 15 days before end of 60-day conversion period
  - Employers must certify to this on retirement application
  
- Go over working-after-retirement rules**  
[Webpage for employees](#)  
[Webpage for employers](#)
  - 60- or 180-day waiting periods
  - Prearrangements to return are not allowed
  - No earnings limit
  - Retirees do not pay contributions
  
- If employee is in a service purchase, have him or her contact KPERS as soon as possible**
  - If doing lump-sum, purchase has to be complete before last day on payroll
  - If doing payroll deduction, employee only gets credit for complete quarters that were purchased
  
- Complete retirement certification on the EWP**  
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#### Ounce of Prevention

Problem	Prevention
An employee approaching retirement has never estimated his or her retirement benefit and is now worried.	Remind the employee to use the online Benefit Calculator (KPERS 1   KPERS 2   KPERS 3   KP&F   Judges) at <a href="http://kpers.org">kpers.org</a> , and read his or her Member Annual Statements by accessing his or her <a href="#">online account</a> .
Your employees often struggle getting through the retirement process.	Encourage employees who are within 5 years of retirement to attend at least one Pre-Retirement Seminar, read the Pre-Retirement Planning Guide ( <a href="#">KPERS 1 &amp; 2</a> ) or ( <a href="#">KP&amp;F</a> ), and visit the <a href="#">Retirement Info Center</a> at <a href="http://kpers.org">kpers.org</a> .
You sent the application in, but haven't heard back from KPERS.	Within about one week of receiving the application, KPERS will process it. We'll notify you on your <a href="#">EWP To-Do</a> list when it's ready for certification. If you don't see the notification within 30 days of retirement date, call the infoline.

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