3 SOURCES OF RETIREMENT INCOME

- Experts recommend replacing at least 80% of retirement income
- Amount could be affected by individual expenses (e.g. health care)
- KPERS and Social Security alone won’t be enough
- Personal savings is vital income source for sound retirement
SOCIAL SECURITY

• KPERS will not affect Social Security
• Social Security will not affect KPERS
• Social Security Administration: 1-800-772-1213
  www.ssa.gov

STAYING IN KPERS 457 AFTER RETIREMENT

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

1-800-232-0024
kpers457.org
Counting Down the Last 12 Months

**BENEFITS WILL BE HERE**

- KPERS prefunded during your career
- About $20 billion in assets with about $1.3 billion in contributions each year
- Over $1.2 billion in investment income in FY 2019
- About $1.7 billion in benefits each year
- As your fiduciary, we’re keeping long-term funding needs in front of the Legislature

---

**Retirement Eligibility**

Counting Down the Last 12 Months **Webinar**

---

KPERS
KPERS MEMBERSHIP

KPERS 1
Hired before July 1, 2009, and active on July 1, 2009

KPERS 2
Hired between July 1, 2009 - December 31, 2014

WHEN CAN YOU RETIRE – KPERS 1

One of these criteria:
• Age 65 with 1 year
• Age 62 with 10 years
• Any age when your age and years of service equal 85

<table>
<thead>
<tr>
<th>Current age</th>
<th>52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current years of service</td>
<td>+ 29</td>
</tr>
<tr>
<td>Total points</td>
<td>81</td>
</tr>
<tr>
<td>Subtract total from 85</td>
<td>85 - 81 = 4</td>
</tr>
<tr>
<td>Divide by 2</td>
<td>4 ÷ 2 = 2</td>
</tr>
<tr>
<td>Add to current age</td>
<td>52 + 2 = 54</td>
</tr>
</tbody>
</table>

Age for 85 points
WHEN CAN YOU RETIRE – KPERS 2

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

EARLY RETIREMENT – KPERS 1

- Age 55 with 10 years

The earlier you retire, the more your benefit is reduced

<table>
<thead>
<tr>
<th>Age</th>
<th>Example</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>Full benefit = $1,500/month</td>
<td>0%</td>
</tr>
<tr>
<td>60</td>
<td>Reduced benefit = $1,425/month</td>
<td>5%</td>
</tr>
<tr>
<td>58</td>
<td>Reduced benefit = $1,215/month</td>
<td>19%</td>
</tr>
<tr>
<td>55</td>
<td>Reduced benefit = $885/month</td>
<td>41%</td>
</tr>
</tbody>
</table>
EARLY RETIREMENT – KPERS 2

- Age 55 with 10 years

*The earlier you retire, the more your benefit is reduced*
*Smaller reduction if you retire with at least 30 years of service*

<table>
<thead>
<tr>
<th>Age</th>
<th>Example</th>
<th>Reduction &lt; 30 years</th>
<th>Reduction &gt; 30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>Full benefit = $1,500/month</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>60</td>
<td>Reduced benefit = $930/month</td>
<td>38%</td>
<td>0%</td>
</tr>
<tr>
<td>58</td>
<td>Reduced benefit = $780/month</td>
<td>48%</td>
<td>24%</td>
</tr>
<tr>
<td>55</td>
<td>Reduced benefit = $600/month</td>
<td>60%</td>
<td>30%</td>
</tr>
</tbody>
</table>

THINGS TO CONSIDER BEFORE RETIRING EARLY

- The earlier you retire, the more your benefit is reduced
- Lifetime reduction
- No automatic COLA
- Inflation reduces your buying power over time
DISABILITY VS RETIREMENT

- Long-term disability benefits pays 60% of salary
- Continue receiving service credit and life insurance
- First 24 months: disabled from current job
- After 24 months: disabled from any job
- Apply for retirement benefits when disability benefits end
- Contact KPERS to discuss your options
## BENEFIT CALCULATION

### KPERS 1

<table>
<thead>
<tr>
<th>Final Avg Salary</th>
<th>Statutory Multiplier</th>
<th>Years of Service</th>
<th>Annual Benefit</th>
<th>Months in Year</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,000</td>
<td>1.75%</td>
<td>20</td>
<td>$14,000</td>
<td>12</td>
<td>$1,167</td>
</tr>
<tr>
<td>40,000</td>
<td>1.85%</td>
<td>10</td>
<td>+ $7,400</td>
<td>12</td>
<td>+ $617</td>
</tr>
<tr>
<td>Combined (Total)</td>
<td></td>
<td></td>
<td>$21,400</td>
<td>12</td>
<td>$1,784</td>
</tr>
</tbody>
</table>

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

Account balance doesn't determine your benefit. Your balance is important only if you withdraw or die before retirement.

### KPERS 2

<table>
<thead>
<tr>
<th>Final Avg Salary</th>
<th>Statutory Multiplier</th>
<th>Years of Service</th>
<th>Annual Benefit</th>
<th>Months in Year</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,000</td>
<td>1.85%</td>
<td>30</td>
<td>$22,200</td>
<td>12</td>
<td>$1,850</td>
</tr>
</tbody>
</table>

Account balance doesn't determine your benefit. Your balance is important only if you withdraw or die before retirement.
**FINAL AVERAGE SALARY (FAS)**

**KPERS 1**

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

Hired on or after July 1, 1993
- Highest **three year average** (12 quarters)

**KPERS 2**
- Highest **five year average** (20 quarters)
Purchasing Service Credit

- Possibly retire earlier and increase benefit
- Cost based on age and salary
- Paid with lump sum or payroll deduction
- Paid for before last day on payroll
- Call KPERS for estimate
CHOOSING YOUR RETIREMENT DATE

All Non-School and School Non-Licensed (classified)

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

CHOOSING YOUR RETIREMENT DATE

School-Licensed (certified)

- Teachers – As early as June 1, if work under contract is complete
- Principals and Superintendents – As early as June 1, if work under contract is complete
- If using additional pay, first of the month after the end of the contract
CHOOSING YOUR RETIREMENT DATE

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

Rounding Quarter Example

- John has 19.25 years of service on January 1
- John's rounding quarter is the 2nd quarter, which starts April 1 at his employer
- John only needs to work through April 1 to earn credit in the 2nd quarter
- John will then have 19.50 years of service, rounding to 20 years
Benefit Options

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

MAXIMUM MONTHLY BENEFIT OPTION

- Maximum benefit amount
- Lifetime benefit
- No survivor benefit
- Beneficiary receives any remaining contributions
JOINT-SURVIVOR BENEFIT OPTIONS

- Lifetime monthly benefit + lifetime monthly survivor benefit after your death
- Reduction for survivor benefit varies by survivor’s age
- 3 options for survivor benefit
  - 50%
  - 75%
  - 100%

If survivor dies before you, increases to Maximum Monthly. Can’t name someone else

LIFE-CERTAIN BENEFIT OPTIONS

- Lifetime monthly benefit
- Guaranteed 5, 10 or 15-year benefit from retirement date
- If you die within the guaranteed period of time, beneficiary receives benefit for the remaining guaranteed period
- Change beneficiaries anytime and name any number of beneficiaries to share benefit
### LIFE-CERTAIN BENEFIT EXAMPLE

**John chooses a 10-year life-certain option**

Scenario #1
- John dies 5 years after retirement. His beneficiary receives the same benefit for 5 more years.

Scenario #2
- John dies 15 years after retirement. There is no benefit after his death because the 10-year guaranteed period is over.

### PARTIAL LUMP-SUM OPTION (PLSO)

- Percentage of retirement benefit in a lump sum
- Must choose a monthly benefit option also
- Percentage of **actuarial present value** of lifetime benefit, not account balance
- **KPERS 1** 10, 20, 30, 40, or 50%
  - **KPERS 2** 10, 20, or 30%
- Permanently reduces monthly benefit
THINGS TO CONSIDER WITH A PLSO

- PLSO permanently reduces your benefit for life
- Eligible for rollover
- 20% federal withholding if paid directly to you
- Possible 10% IRS penalty if under age 59 ½
- Can you make up the monthly income reduction?

Your Online Account

Counting Down the Last 12 Months Webinar

KPERS
WHAT YOU CAN DO ONLINE

- Keep your address, phone and email up-to-date
- View and update beneficiaries

More options after retirement:
- Change your tax withholding
- Print 1099-R tax form

YOUR ACCOUNT

Click here

Go to login

Member Login

Portal Home

Click here

Go to

KPERS
Human Services Insurance Retirement System

Home About Us Form About Us Form

Inbox Calculations Contact Us

Search

Kpersorg
Tel/fax: 1-888-275-5737 or Topeka: 785-298-6155

Contact

Kpersorg
Tel/888-275-5737 or Topeka: 785-298-6155

Home About Us Form About Us Form
ACCOUNT SUMMARY

Account Summary (as of 12/31/2017)

Snapshot

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

Employee Contributions

<table>
<thead>
<tr>
<th>Taxed</th>
<th>Untaxed</th>
<th>*Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$45,862.76</td>
<td>$21,293.85</td>
</tr>
</tbody>
</table>

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

Service Credit

<table>
<thead>
<tr>
<th>Type</th>
<th>Multiplier</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned</td>
<td>23.75 years</td>
<td>Service @ 1.75%</td>
</tr>
<tr>
<td>Purchased</td>
<td>1.00 years</td>
<td>Service @ 1.85%</td>
</tr>
<tr>
<td>Total Service Credit</td>
<td>24.75 years</td>
<td>Total Service Credit</td>
</tr>
</tbody>
</table>

Calculate an Estimate

Counting Down the Last 12 Months Webinar

KPERS
PERSONALIZED BENEFIT ESTIMATE

Account Summary  (as of 12/16/2017)

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

**Employee Contributions**

<table>
<thead>
<tr>
<th>Type</th>
<th>Taxed</th>
<th>Untaxed</th>
<th>*Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$45,862.76</td>
<td>$21,293.85</td>
<td></td>
</tr>
</tbody>
</table>

*Includes interest credited to the account on 06/30/2017

**Service Credit**

<table>
<thead>
<tr>
<th>Type</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned</td>
<td>23.75 years</td>
</tr>
<tr>
<td>Purchased</td>
<td>1.00 years</td>
</tr>
<tr>
<td>Total Service Credit</td>
<td>24.75 years</td>
</tr>
</tbody>
</table>

The earliest date you can receive a full retirement benefit is 02/03/2018.

* I will retire on [12/16/2018] [mm/dd/yyyy]. Must be the first day of a month.

*You may actually become eligible sometime in the previous year before the 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 $61,934.45. **What is FAS?**

☐ Use $61,934.45 as my FAS.

☐ Use [ ]% 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% = 25.75%**

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 [ ]% 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 [12/16/1994] [mm/dd/yyyy].
PERSONALIZED ESTIMATE EXAMPLE

Retirement Date: 07/01/2018
Retirement Age: 68
Final Average Salary: $61,931.45
Total Service: 35.00 years
Service @ 1.75%: 21.00 years  Service @ 1.50%: 4.00 years
Annual Benefit = $27,342.73

Monthly Benefit

<table>
<thead>
<tr>
<th>Benefit Option</th>
<th>No Lump Sum</th>
<th>10% Lump Sum</th>
<th>20% Lump Sum</th>
<th>30% Lump Sum</th>
<th>40% Lump Sum</th>
<th>50% Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLSO</td>
<td>$0.00</td>
<td>$23,148.05</td>
<td>$46,296.10</td>
<td>$69,444.15</td>
<td>$92,592.20</td>
<td>$115,740.23</td>
</tr>
<tr>
<td>Maximum</td>
<td>$2,278.56</td>
<td>$2,056.70</td>
<td>$1,832.85</td>
<td>$1,594.99</td>
<td>$1,367.14</td>
<td>$1,139.28</td>
</tr>
<tr>
<td>56% Joint-Survivor</td>
<td>$2,119.05</td>
<td>$1,967.16</td>
<td>$1,695.26</td>
<td>$1,483.34</td>
<td>$1,271.44</td>
<td>$995.53</td>
</tr>
<tr>
<td>75% Joint-Survivor</td>
<td>$2,039.31</td>
<td>$1,825.38</td>
<td>$1,631.45</td>
<td>$1,427.52</td>
<td>$1,223.59</td>
<td>$919.66</td>
</tr>
<tr>
<td>100% Joint-Survivor</td>
<td>$1,959.56</td>
<td>$1,763.61</td>
<td>$1,567.65</td>
<td>$1,371.69</td>
<td>$1,175.74</td>
<td>$975.78</td>
</tr>
<tr>
<td>5-Year Life Certain</td>
<td>$2,232.99</td>
<td>$2,009.69</td>
<td>$1,786.39</td>
<td>$1,563.09</td>
<td>$1,329.79</td>
<td>$1,116.49</td>
</tr>
<tr>
<td>10-Year Life Certain</td>
<td>$2,104.63</td>
<td>$1,948.17</td>
<td>$1,731.71</td>
<td>$1,515.24</td>
<td>$1,299.70</td>
<td>$1,082.32</td>
</tr>
<tr>
<td>15-Year Life Certain</td>
<td>$2,005.13</td>
<td>$1,804.62</td>
<td>$1,604.11</td>
<td>$1,403.59</td>
<td>$1,203.08</td>
<td>$1,002.57</td>
</tr>
</tbody>
</table>

WRITTEN ESTIMATE FROM KPERS

- KPERS-15E form at kpers.org
- 30-day turnaround
- Especially for members expecting add-on pay
- Best to involve your employer for pay info
SUBMITTING YOUR RETIREMENT APPLICATION

- Submit paper application at least 30 days before retirement date
- Include proof of age and name change documents
- You’ll get a confirmation letter from KPERS with your benefit amount
RECEIVING MONTHLY BENEFIT PAYMENTS

- Direct Deposit on last business day of the month
- Get notice of changes, but no regular payment notice
- Payment summary online
- First benefit example:
  March 1 retirement date    First payment March 30
Counting Down the Last 12 Months

FEDERAL AND STATE INCOME TAXES

- 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

---

Account Information

<table>
<thead>
<tr>
<th>Benefit Start Date:</th>
<th>08/01/2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Option:</td>
<td>75% Joint-Survivor</td>
</tr>
<tr>
<td>Total Contributions:</td>
<td>$187,569.52</td>
</tr>
<tr>
<td>Lifetime Benefits to Date:</td>
<td>$867,419.58</td>
</tr>
</tbody>
</table>

Monthly Benefit Information

<table>
<thead>
<tr>
<th>Item</th>
<th>Item Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Base Benefit</td>
<td>$4,741.68</td>
</tr>
<tr>
<td>Fed Withholding - Monthly</td>
<td>$970.00</td>
</tr>
<tr>
<td>Net Amount</td>
<td>$3,771.68</td>
</tr>
</tbody>
</table>

Tax Withholding Information

<table>
<thead>
<tr>
<th>Your current tax withholding info</th>
<th>Update tax withholding information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status: Single</td>
<td>Marital Status: Single</td>
</tr>
<tr>
<td>Allowances: 0</td>
<td>Allowances: 0</td>
</tr>
<tr>
<td>Additional Amount: $200.00</td>
<td>Additional Amount: $200.00</td>
</tr>
</tbody>
</table>

Type directly in the box below to update tax withholding. Click Add/Update button. For no withholding click the No Withholding button.

Please see the Monthly Benefit section above to view the amount currently withheld from your benefit.
FEDERAL AND STATE INCOME TAXES

Payment History (up to last 3 years)

<table>
<thead>
<tr>
<th>Payment Year</th>
<th>Gross Benefit</th>
<th>Taxable</th>
<th>Non-Taxable</th>
<th>Federal Taxes</th>
<th>Deductions</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$56,900.16</td>
<td>$56,900.16</td>
<td>$0.00</td>
<td>($11,644.00)</td>
<td>$0.00</td>
<td>$45,256.16</td>
</tr>
<tr>
<td>2016</td>
<td>$56,900.16</td>
<td>$56,900.16</td>
<td>$0.00</td>
<td>($11,688.00)</td>
<td>$0.00</td>
<td>$45,212.16</td>
</tr>
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</table>

Payment History

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Gross Benefit</th>
<th>Taxable</th>
<th>Non-Taxable</th>
<th>Federal Taxes</th>
<th>Deductions</th>
<th>Net Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($974.00)</td>
<td>$0.00</td>
<td>$3,767.68</td>
</tr>
<tr>
<td>02/28/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>03/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>04/28/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>05/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>06/30/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
</tbody>
</table>

RETIREE DEATH BENEFIT

- $4,000 death benefit
- Taxable
- Person, estate, trust or funeral establishment
- No death benefit for joint annuitant
KEEP BENEFICIARY UP-TO-DATE

- When to review beneficiaries
  - Marriage - Birth/adoptions
  - Divorce - Death
  - Retirement

- Change beneficiaries any time online

LIFE INSURANCE – WHAT YOU HAVE NOW

- Basic life insurance = 150% of current salary
- Optional group life insurance

- Continue coverage within 60 days of last day on payroll
## CONTINUING LIFE INSURANCE

### Portability
- **Term** insurance option
- No health questions
- Under age 80 and actively at work
- Coverage begins to reduce at age 65
- Must port some member coverage to port spouse coverage

### Conversion
- **Whole-life** option
- No health questions
- Higher premiums, builds cash value
- Premiums payable to age 100
HEALTH INSURANCE

- KPERS does not provide health insurance coverage
- Contact your human resources office

Working After Retirement

Counting Down the Last 12 Months Webinar
WORKING AFTER RETIREMENT BASICS

- No restrictions for non-KPERS employers

Working for a KPERS employer
- No member contributions, but employers do
- No prearrangements
- Waiting period
- Penalties

NO PREARRANGEMENTS

- Anytime before retirement
- Anytime during waiting period
- Important for KPERS qualified plan status
- Penalties for retiree and employer
WAITING PERIOD

- 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!

PENALTIES

- 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

Note: Employer will have to pay penalties as well
Retirement Resources

Counting Down the Last 12 Months Webinar

RETIREMENT INFORMATION CENTER

Are You Ready to Retire?

When Can I Go? How Much Will I Get? How Do I Apply? What Else Do I Need to Know?
RETIRED COUNTDOWN

- Find out when you’re eligible
- Calculate an estimate
- Review payment options
- Submit application
- Review life insurance
- Determine tax withholding
- Confirm Social Security
- Review health insurance needs
- Review your other retirement plans and savings

CONTACT INFO

<table>
<thead>
<tr>
<th>KPERS</th>
<th>Social Security</th>
<th>KPERS 457</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email: <a href="mailto:kpers@kpers.org">kpers@kpers.org</a></td>
<td>Website: ssa.gov</td>
<td>Email: <a href="mailto:kpers457@kpers.org">kpers457@kpers.org</a></td>
</tr>
</tbody>
</table>
Thank You