Navigating Your Path to Retirement

3 SOURCES OF RETIREMENT INCOME

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

- Different forms like a 403b, KPERS 457 or individual retirement account (IRA)
- Starting late is better than not saving at all
- Catch-up contributions – over age 50

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
**HOW ARE BENEFITS PAID?**

**KPERS Funding Sources**

- 51% KPERS Investments
- 32% Employer Contributions
- 17% Member Contributions

**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
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

Benefit Calculation
**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><strong>Combined (Total)</strong></td>
<td></td>
<td></td>
<td>$21,400</td>
<td>12</td>
<td><strong>$1,784</strong></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.

---

**BENEFIT CALCULATION**

**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, or
- Highest four year average including additional compensation

Hired on or after July 1, 1993
- Highest three year average

**KPERS 2**
- Highest five year average

---

**Purchasing Service Credit**

Navigating Your Path to Retirement Webinar

KPERS
WHY PURCHASE SERVICE CREDIT?

- Increase years of service
- Increase lifetime monthly retirement benefit
- Possibly retire earlier

TYPES OF SERVICE AVAILABLE TO PURCHASE

- Year of Service
- Forfeited service – KPERS
- Military
- Elected official
- Out-of-state teaching (not private school)
- In-state or out-of-state non-federal public service
- Forfeited service – Board of Regents
- VISTA or Peace Corp service
**SERVICE PURCHASE DETAILS**

- Cost based on age and salary
- Must be paid for before last day on payroll
- Call KPERS to get cost estimate
- See kpers.org for form to get process started

**Ways to Pay**
- Payroll deduction or lump sum

---

**Benefit Options**

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

• All benefit options provide a lifetime benefit
• Your option can’t be changed after retirement

• Maximum Monthly – no survivor benefit
• Joint Survivor – provides lifetime survivor benefit
• Life-Certain – limited time period of guaranteed benefits to beneficiary

PARTIAL LUMP-SUM OPTION (PLSO)

• Percentage of lifetime benefit in a lump sum
• Also choose a monthly benefit option
• KPERS 1 10, 20, 30, 40, or 50%
  KPERS 2 10, 20, or 30%
• Reduced monthly benefit
PARTIAL LUMP SUM CONSIDERATIONS

• PLSO reduces your benefit for life
• Eligible for rollover into a qualified retirement account
• 20% federal withholding if paid directly to you
• Possible 10% IRS penalty if under age 59 ½
• Can you make up the income difference?
WHAT YOU CAN DO

Access your secure account for:
• Contributions and interest
• Service Credit
• Membership Date
• Final average salary
• Beneficiary designations
• Annual statements
• Personalized benefit estimates

ONLINE ACCOUNT ACCESS

Click here
Click here
Member Login
Employee Login

Go to Login
Portal Home

Navigating Your Path to Retirement
### PERSONALIZED BENEFIT ESTIMATE

#### Account Summary (as of 12/16/2017)

<table>
<thead>
<tr>
<th>Snapshot</th>
<th>Total Service Credit</th>
<th>Membership Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>$67,156.61</td>
<td>24.75 years</td>
<td>02/18/1994</td>
<td>Active</td>
</tr>
</tbody>
</table>

#### 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>
</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>
• Use most-recent annual statement

The Retirement Process

Navigating Your Path to Retirement Webinar
GETTING READY

• Find out when you’re eligible
• Estimate KPERS benefits
• Estimate Social Security benefits
• Review personal savings
• Estimate retirement income needs

RETIREE DEATH BENEFIT

• $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
**KEEP BENEFICIARY UP-TO-DATE**

- Time to review beneficiaries
  - Marriage
  - Divorce
  - Retirement
  - Birth/adoption
  - Death

- Change beneficiaries any time online
LIFE INSURANCE – WHAT YOU HAVE NOW

• Basic life insurance = 150% of current salary
• Optional group life insurance
• See your current coverage in your account
• Continue coverage within 60 days of last day on payroll

CONTINUING LIFE INSURANCE

Portability
• 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
CONTINUING LIFE INSURANCE

Conversion

• Whole-life option
• No health questions
• Higher premium, builds cash value
• Premiums payable to age 100

HEALTH INSURANCE

• KPERS does not provide health insurance coverage
• Contact your personnel office
WORKING AFTER RETIREMENT

- No restrictions for non-KPERS employers

**Working for a KPERS employer**

- No member contributions, but employers do
- No prearrangements
- Waiting period
- Penalties
PREARRANGEMENTS

No prearrangements before retirement or 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!
Checklist for Retirement

3-5 years before retirement
- Review KPERS Pre-Retirement Guide
- Find out when you’re eligible to retire
- Consider service purchase, if eligible

1 year
- Estimate KPERS benefits
- Review benefit payment options

6 months
- Estimate Social Security benefits
- Review retirement application, gather documents
- Consider 1-on-1 with KPERS retirement counselor
- Review life insurance, health insurance, Social Security, tax withholding and other retirement plans and savings

3 months
- Pick your retirement date
- Submit retirement application
### CONTACT INFO

<table>
<thead>
<tr>
<th>KPERS</th>
<th>Social Security</th>
<th>KPERS 457</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Email:</strong> <a href="mailto:kpers@kpers.org">kpers@kpers.org</a></td>
<td><strong>Website:</strong> ssa.gov</td>
<td><strong>Email:</strong> <a href="mailto:kpers457@kpers.org">kpers457@kpers.org</a></td>
</tr>
<tr>
<td><strong>Toll-free:</strong> 1-888-275-5737</td>
<td><strong>Toll-free:</strong> 1-800-772-1213</td>
<td><strong>Toll-free:</strong> 1-800-232-0024</td>
</tr>
<tr>
<td><strong>Topeka:</strong> 785-296-6166</td>
<td><strong>Topeka:</strong> 1-888-327-1271</td>
<td><strong>Topeka:</strong> 785-414-3600</td>
</tr>
</tbody>
</table>

Thank You

Navigating Your Path to Retirement** Webinar**