



5 Things Retirees Should Know About KPERS

Vested **INTEREST** KPERS Newsletter for our Retired Members

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1 *COLAs Are Ad Hoc*

A cost-of-living adjustment (COLA) is an increase in monthly pension benefits. But COLAs are not automatic.

Unlike your benefit, COLAs were not prefunded. The Legislature must find additional funding before granting any benefit increase.

2 *When to Contact Us*

Please let us know if your mailing address, phone number or email address change. You can make most changes by logging in to your account at kpers.org. You can also call KPERS toll-free at 1-888-275-5737 or email us at kpers@kpers.org.

3 *When We Will Contact You*

You can expect a few things from KPERS in the mail each year. We mail 1099-R tax forms by January 31 each year, and we'll mail you this newsletter twice a year.

We'll also notify you by mail if your benefit amount changes for any reason.

4 *A Benefit Increase*

If you chose a joint-survivor option when you retired, your named survivor receives a continuing monthly benefit after your death. If your survivor dies before you, let us know. Your monthly benefit will “pop-up” to the maximum monthly benefit amount. This is the amount you would have received if you didn't choose a survivor option.

5 *Death Benefit*

All retirees have a \$4,000 death benefit. This benefit is paid to your beneficiary, or you can designate a funeral home to receive the benefit. It is not life insurance, so it is taxable to your beneficiary.

To change your beneficiary or designate a funeral home, login to your account at kpers.org or complete a Designation of Beneficiary – Retired form.

1099-Rs Coming Soon!

KPERS mails 1099-R forms every January. You can also download a copy from your KPERS account.



Revisiting Working After Retirement Rules

Here's a reminder about the simplified rules that took effect January 1, 2018. The Legislature passed these rules in 2017. As always, if you work for a non-KPERS employer, there are no rules.

If you go back to work for a KPERS employer (school, local or State employer including Regents institutions), you don't have an earnings limit. But that employer will make contributions for hiring a retiree. There are two employer rate levels, depending on your earnings. A lower statutory rate initially, and a higher rate if you earn more than \$25,000 in a year.

Employers may take into account the contributions they are required to make when negotiating a retiree's salary. That salary is always between the employer and you. Retirees cannot make contributions to KPERS. Find more info about working after retirement at kpers.org.

Tax Resources for Retirees

Tax season will be here before you know it. Now is a good time to start gathering all your required documents and information.

KPERS mails 1099-R tax forms by January 31 each year. You can also download your 1099-R form by logging in to your KPERS account.

Change Your Tax Withholding

You control the amount of taxes withheld from your benefit. If you don't specify, KPERS withholds as if you are married claiming three allowances.

See more info about how your benefits are taxed at kpers.org/taxes.html.

Login to your KPERS account to review or update your withholding. You can also download a Substitute W-4P form at kpers.org.

See the IRS Withholding Calculator at irs.gov/individuals, if you need help

calculating the right withholding amount. And see a tax advisor if you have tax questions.

Free Tax Help

The Internal Revenue Service offers two volunteer-based tax filing services.

The Volunteer Income Tax Assistance (VITA) program offers free basic tax return prep for certain groups, including the elderly and those earning \$54,000 or less.

In addition to VITA, the Tax Counseling for the Elderly (TCE) program offers free help, specializing in questions about pensions and retirement-related issues.

For more information and to locate the nearest volunteer site, visit irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers.

Protect Yourself From Senior Scams

Seniors are most likely to have a nest egg, to own their home and have good credit. This makes them especially attractive to scammers. It's important to be cautious if you're solicited on the phone, by email or at your door. The best way to protect yourself is to know what to look for.

Protecting Kansans from scams, telemarketing fraud and other deceptive practices is a priority for the Kansas Attorney General's office. Visit ag.ks.gov, then click "In Your Corner Kansas" at the top of the page for more information about their services. The Attorney General's Top 5 most common scams in Kansas are listed below:

- IRS Scam - Scammers pretending to be IRS investigators claim you owe back taxes. They ask you to contact them to set up payment options.
- Grandparent Scam - Scammers pretend to be your grandchild or other family member in an emergency situation, asking you to wire money right away.

- Computer Security Warning - A pop-up on your computer tells you illegal activity was performed on your computer and to send payment/fine.
- Credit Card Solutions - Someone on the phone offers to lower your interest rate if you press a number. You will be prompted to reveal personal information that can be used for identity theft.
- "You are a Winner!" - A phone call or email tells you you've won a prize, and all you have to do is send money for the taxes or delivery fee.

How KPERS Protects Your Information

We will never request your date of birth, Social Security number or other personal information by email. Never reveal your KPERS account password or other personal information openly over email. In order to protect your information over the phone when you call, we will also ask you questions to verify your identity when you speak to us.

Serving Members Is Our #1 Core Value

KPERS has six core values that guide us in everything we do. Although they are all important, **service** is at the top of the list.

Our Benefits & Member Services division is dedicated to providing exceptional customer service. Five main activities are at the heart of what we do to serve members. And with those, we've set and maintained some lofty goals.

Goal #1

Answer 99% of incoming telephone calls

Over the last year, we've averaged about 9,300 calls in addition to 1,500 emails per month. The average wait time to talk to a knowledgeable person is only 9 seconds.

Goal #2

Process 100% of retirement applications within 30 days

Retirement means income for new retirees. We know how important this monthly income becomes once retirees stop receiving work wages. In 2018, we processed an average of 500 retirement applications per month.

Goal #3

Pay 100% of monthly benefits on time

As a retiree, we know you rely on your monthly benefits. We pay benefits totaling about \$135 million to more than 103,000 retirees and beneficiaries each month.

Goal #4

Complete 100% of retirement estimates within 30 days

Members nearing retirement rely on timely estimates to make decisions about their upcoming retirement.

Goal #5

Issue 100% of account withdrawals within 30 days

Members who leave employment before retiring can withdraw their contributions and interest. KPERS helps these members continue their retirement journey by transferring retirement assets in a timely manner.



About 45 staff make up KPERS' Benefits & Member Services division. Here, our dedicated phone team takes a quick timeout.

Money Matters – Investment Snapshot

Our actuarial projections currently assume an average, long-term investment return of 7.75%. In some years, returns will be below that rate, and in others, returns will exceed it. While investment returns each year are important, healthy returns over time are essential for proper funding.

KPERS' 25-year investment return average is 8.0%*, exceeding the 7.75% target.

*average annualized total returns

KPERS Returns Over Time

Total assets = \$19.28B



*average annualized total returns as of November 30, 2018

Questions?



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2019 BENEFIT PAYMENT DATES

January 31	July 31
February 28	August 30
March 29	September 30
April 30	October 31
May 31	November 27
June 28	December 31

Our Mission: In our fiduciary capacity, we exist to deliver retirement, disability and survivor benefits to our members and their beneficiaries.

The fiduciary standard is our driving force. That means we put the interest of our members first. It is the highest standard of care and accountability. A fiduciary relationship is highlighted by good faith, loyalty and trust.

Board of Trustees: Kelly Arnold, *Chairman* Shawn Creger Michael Rogers, CPA
Suresh Ramamurthi, *Vice-Chairman* James C. Cusser, CFA Ryan Trader
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Letter From the Executive Director



For us, there is no greater priority than making sure your promised benefits are there.

While KPERs does have

a long-term funding shortfall, we are slowly making progress. The last actuarial valuation showed the funded ratio improved slightly to 68%. The funded ratio is the ratio of assets to future liabilities.

The unfunded liability also improved. It decreased by about \$154 million. It is now at \$8.9 billion and should hold steady for a few years, then begin

decreasing significantly. We are on schedule to have the legacy unfunded actuarial liability funded by 2033.

Earlier this year, the State met its obligation to start making up some past

delayed and reduced contributions with its first annual payment. They will continue over the next 20 years along with regular employer contributions.

It is important to remember that for continued improvement, KPERs needs consistent and full employer contributions over time. That, along with meeting our investment target will keep us moving in the right direction.

As always, we welcome your comments and questions. Please feel free to contact me anytime at 785-296-1017 or aconroy@kpers.org.

KPERs Funding Ratio

