VestedINTEREST
KPERS Newsletter for our Retired Members

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Get the Latest on KPERS Funding

Join us for a **Funding Basics** online webinar hosted by KPERS Executive Director Alan Conroy.

September 19 @ 10:30 a.m.

Visit kpers.org to register.

Financial Planning After You Retire

Financial planning doesn't end on the day you retire. In fact, careful money management is important throughout your retirement years.

One of the reasons is that people are living longer and healthier lives. If you retired at age 55 and are in good health, you might reasonably expect to spend 20 to 30 years in retirement. So you'll want to ensure your savings will last for that same time. It's also key to maintaining the lifestyle you want amid rising healthcare costs, inflation and other challenges.

Tackling Health Care Costs

The cost of health care is rising. That includes medical care, prescription drugs, health insurance and long-term care. For your financial security, consider whether to set aside savings for future costs or to purchase insurance policies that provide the coverage you need.

Taking the Bite Out of Inflation

Although you have the peace of mind knowing that your KPERS benefit is guaranteed for the rest of your life, increases in everyday living costs can erode your purchasing power over time. To offset inflation, your retirement income must increase, too. Keep in mind, KPERS does not have a permanent cost-of-living adjustment (COLA). Only the Legislature can grant an increase. Any retirement "raises" must come from your personal savings and investments.

Making Your Savings Last

Financial advisors say that investing too conservatively during retirement is one of the most common pitfalls. In an ultraconservative portfolio, inflation can eat away at your nest egg over time.

Most financial planners suggest a diversified, well-balanced portfolio that includes stable investments as well as stocks. This approach generally provides growth and inflation protection while managing risk.

Time for Action

Remember, even though you're retired, your financial planning days are not over. And, while a very conservative portfolio might feel safer, it may not have the staying power you need. Take time to review your financial plan or get started on a new one. For help with your financial planning or to locate a certified financial planner, visit the Certified Financial Planner Board of Standards at cfp.net.

4 Simple Ways to Stay Healthier in Retirement

Adopting healthy habits in retirement has many benefits. On one hand, you may simply feel better and be able to do more things you enjoy. After all, living life to the fullest is what retirement is about.

On the other hand, it can also help save you some money on health care. Something retirees say is one of their highest expenses. Consider these four ways you can boost your health in retirement.

Eat Healthy

Good nutrition is even more important as you age. A balanced diet can help reduce your risk for chronic diseases like high blood pressure, diabetes and heart disease.

It's a good idea to choose whole or fresh foods from each food group. Add variety to keep meals interesting. It's also important to eat enough protein. This will help you to maintain muscle mass. Avoid packaged and processed foods as many contain excess sugar, sodium and saturated fats. And don't forget to stay hydrated. Water is essential to nearly all bodily functions.

Visit the U.S. Department of Agriculture's myplate.gov to find more nutrition tips and easy, healthy recipes. You can even start your own personalized MyPlate Plan.

Stay Active

Regular physical activity can help you stay strong and independent. Other health benefits include less pain, better balance, improved mood and a lower risk for some diseases. The Centers for Disease Control and Prevention recommends 150 minutes a week of moderate activity like brisk walking. Plus two days a week of strength training.

Challenge Your Brain

The more active you keep your brain, the better you can protect yourself from cognitive decline or memory problems. Learn a new skill or hobby, or challenge yourself to improve an existing one. You can volunteer or take a part-time job, join a mentor program to share your knowledge, or take classes to enhance your own. The list is endless.

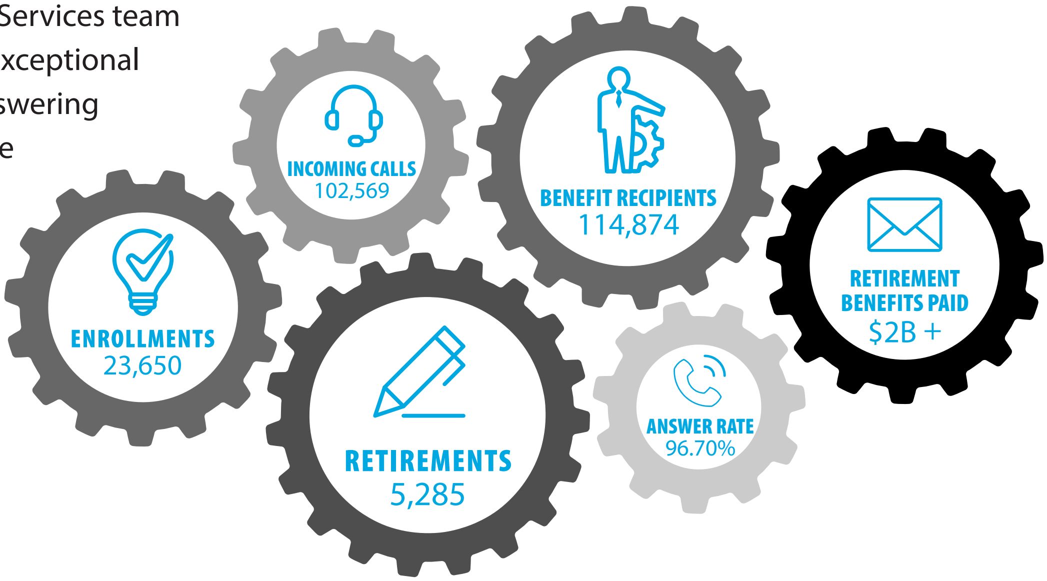
Keep Tabs on Your Health

Regular medical checkups are important. Your doctor can help spot issues before they become serious. Whether you're covered by Medicare or another plan, screenings, preventative exams and wellness programs may be covered at no additional or out-of-pocket costs to you. See Medicare.gov for more information.

FY 2023 by the Numbers: Serving Members

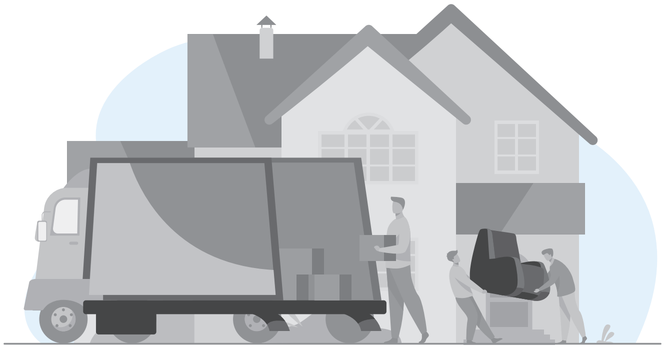
KPERS Benefits & Member Services team is dedicated to providing exceptional customer service. From answering member questions over the phone to making sure retirement benefits are paid on time each month.

Here are a few highlights of our customer service operations for Fiscal Year 2023.



Things to Remember If You're Moving

It's important to keep your address up-to-date with KPERS. We send you a 1099-R tax form each year, a notice of any tax withholding changes, and of course, this retiree newsletter. But you'll also want to keep us in the loop on other changes.



Address Changes

If you move, it's important to keep your address updated.

1. Complete a **Change of Address** form. Download the form at kpers.org, or call us for a paper copy.
2. Send the form to 611 S. Kansas Ave., Suite 100, Topeka, KS 66603.

Banking Changes

If you change financial institutions, mail or fax a new Direct Deposit Agreement to KPERS. You cannot update this information online. Download this form at kpers.org.

Tax Considerations

If you're moving to another state, be sure to check if your retirement benefit is taxable in that state. Kansas does not tax your KPERS benefits because you paid state taxes on your contributions while you were working. Other states may have different tax rules.

Protect Your Information

There is one important note for all members. Never email sensitive personal information to KPERS. This includes your full Social Security number, driver's license, bank account numbers or other financial information.

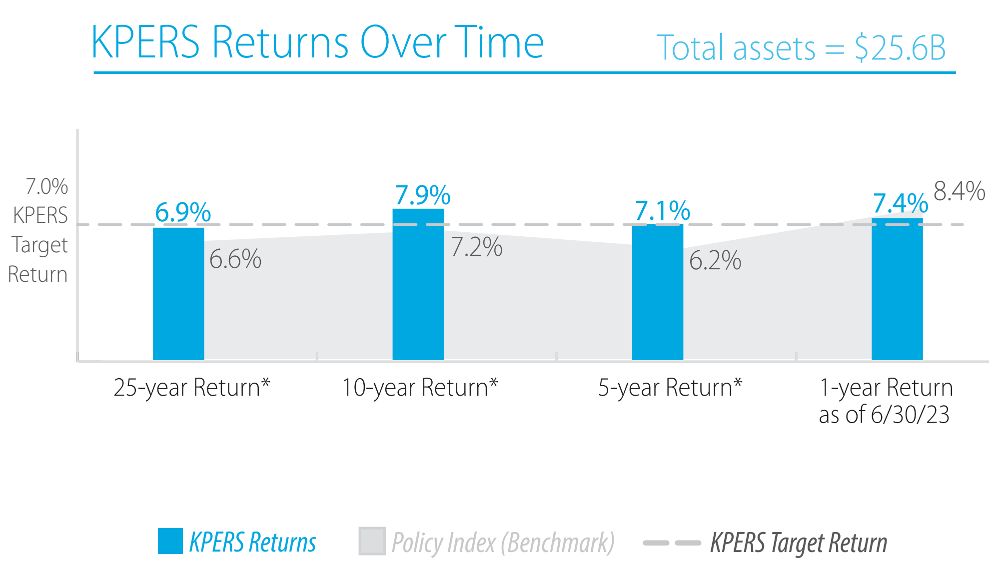
Cybercriminals use this information to commit identity theft and other crimes. Although KPERS has extensive security systems and procedures in place, email is not secure and can be intercepted in transit.

Money Matters – Investment Snapshot

Our actuarial projections currently assume an average long-term investment return of 7.0%. 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 6.9%*, just under the 7.0% target.

*average annualized total returns



*average annualized total returns as of June 30, 2023

Questions?

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NEXT BENEFIT PAYMENT DATES

August 31	November 30
September 29	December 29
October 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.

Letter From Alan Conroy, Executive Director

This July, KPERS received its latest actuarial valuation (as of December 31, 2022). It is an annual snapshot of our financial health. Although the Retirement System saw negative investment returns in 2022, KPERS' overall funding improved. This was due largely to the additional $1.125 billion in employer contributions from the State.

Two very important measures of our funding progress are the unfunded actuarial liability (UAL) and the funded ratio. In 2022, the UAL decreased by $260 million to $9.6 billion. This is the difference between Trust Fund assets and the cost to pay future benefits. KPERS' funded ratio also increased by 2.5% to 73.4%. For pension systems like KPERS, a funded ratio of 80% and rising is good, with the goal of 100%. Having a stronger funding position is important because it allows the System to better absorb fluctuations in the market.

One other note is that the KPERS School group funded ratio increased by 5% in 2022, to 73.6%. This is up from a low of 49% in 2012. KPERS' combined funding has improved from a low of 56% in 2012. We are on the right track. But full funding of the actuarial required contribution rates and investment returns are key to continued progress.

As I mentioned, market volatility yielded a net -9.8% investment return for CY 2022. While not ideal, KPERS' portfolio is well-diversified and built to weather market downturns. Over the last 25 years, KPERS has exceeded the 7.0% investment target. With the 2022 valuation, the 25-year return was 7.1%. As of June 30, 2023, the KPERS Trust Fund has $25.6 billion in assets to pay promised benefits, and our fiscal year-to-date return is 7.4%, exceeding the 7.0% target.

No matter the economy, it is important to know that your benefits are safe. To learn more about KPERS' funding, please visit kpers.org/about/funding. You are also invited to join me for our "Funding Basics" webinar on September 19 at 10:30 a.m. Register for the webinar at kpers.org.

Your comments and questions are always welcome. Please feel free to contact me at 785-296-1017 or aconroy@kpers.org.