

KPERS 3 for EMPLOYERS

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What we'll talk about

Basics

Service purchase

Retirement

Q&A

KPERS 3 Basics

January 1, 2015 & After

System automatically puts employees in correct plan during enrollment

- All new KPERS members (except correctional)
- Returning members who left before vesting
- Returning members who withdrew their previous KPERS membership

“Cash Balance” Plan

- Defined benefit/defined contribution
- Benefit based on **contribution account** balance and value of **retirement credits**

Employee Contribution Account

- Employee pays 6%
- Interest paid quarterly

Employer Contributions

- Regular rate
- Funds system like other plans
- Nothing to do with employee accounts

Retirement Credits

- Credits earned quarterly based on years worked so far →
- Interest paid quarterly
- Represented as dollar amount
- **Available only at retirement**

Years Worked	Annual Rate
1-4	3%
5-11	4%
12-23	5%
24+	6%

Service Purchase

3 main reasons to purchase service

1. Vest sooner
2. Retire earlier
3. Get higher benefit

Most of the time,
it's not beneficial
for KPERS 3

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT			
Life-Certain 10 Years	\$324.14	\$291.73	\$226.90
Partial Lump-Sum Option	\$0.00	\$4,769.74	\$14,309.23
Life-Certain 5 Years	\$327.27	\$295.21	\$230.80
Life-Certain 15 Years	\$314.31	\$282.88	\$220.01
Joint-Survivor 50%	\$308.96	\$278.06	\$216.27
Joint-Survivor 75%	\$297.64	\$267.88	\$208.35
Joint-Survivor 100%	\$287.13	\$258.42	\$200.99

With 2 years of service & retiring at age 65

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT			
Life-Certain 10 Years	\$344.57	\$310.12	\$241.20
Partial Lump-Sum Option	\$0.00	\$5,070.38	\$15,211.13
Life-Certain 5 Years	\$348.68	\$314.45	\$245.91
Life-Certain 15 Years	\$334.12	\$300.71	\$233.88
Joint-Survivor 50%	\$328.43	\$295.59	\$229.90
Joint-Survivor 75%	\$316.40	\$284.76	\$221.48
Joint-Survivor 100%	\$305.23	\$274.70	\$213.66

Same person with a **6-year service purchase**

KPERS 3 Service Purchase

Types of service	Years of service	Rate	Cost of purchase	Benefit/mo
KPERS 3	2	3%	–	\$486
Forfeited	14.25		\$22,880	–
Total	16.25	5%	\$22,880	\$541 (+\$55)

Years of service	Rate
< 5	3%
5-11	4%
12-23	5%
24+	6%

Would take 34 years
in retirement
to break even

KPERS 3 Service Purchase

2017 Member Annual Statement

Coverage Group: KPERS 3 Membership Date: 08/13/2015 Years of Service: 8.25 years Current Pay: \$37,358.19 Status: Vested	Your Contribution Account	
	Account Balance (12/31/2016)	\$4,092.08
	Employee Contributions	\$2,241.50
	Interest (4% annually)	\$194.52
	Account Balance (12/31/2017)	\$6,528.10
	Retirement Credits	
	<i>Retirement credits are only available at retirement.</i>	
	Retirement Credit Value (12/31/2016)	\$2,046.06
	2017 Credits	\$1,303.21
	Interest (4% annually)	\$97.68
	Retirement Credit Value (12/31/2017)	\$3,446.95

Retirement Beneficiaries		Life Insurance
Primary:	Contingent:	Primary:
None	None	None

Ballpark estimate of what you could earn in the future if you keep working.
**You may actually become eligible before the projected retirement estimate due to earning additional service credit and would like an exact eligibility date.*

Benefit Estimates		
	Max Benefit	10% lump sum + reduced annuity
Age 65 w/8.00 yrs of service	\$175.00/mo	\$2,588.00 Lump sum + \$158.00/mo
Age 64 w/30.00 yrs of service	\$1,090.00/mo	\$16,325.00 Lump sum + \$981.00/mo

Service Purchase Balance

Your service purchase contributions are separate from your regular contribution balance. They don't count toward retirement, but purchased service helps you increase your retirement credit rate sooner and counts toward vesting.

Service Purchase Balance (12/31/16)	\$0.00
Service Purchase Cost	\$4,510.00
Interest 4% annually	\$89.32
Service Purchase Balance (12/31/17)	\$4,599.32

Service Purchase Balance
 Your service purchase contributions are separate from your regular contribution balance. They don't count toward retirement, but purchased service helps you increase your retirement credit rate sooner and counts toward vesting.

Service Purchase Balance (12/31/16)	\$0.00
Service Purchase Cost	\$4,510.00
Interest 4% annually	\$89.32
Service Purchase Balance (12/31/17)	\$4,599.32

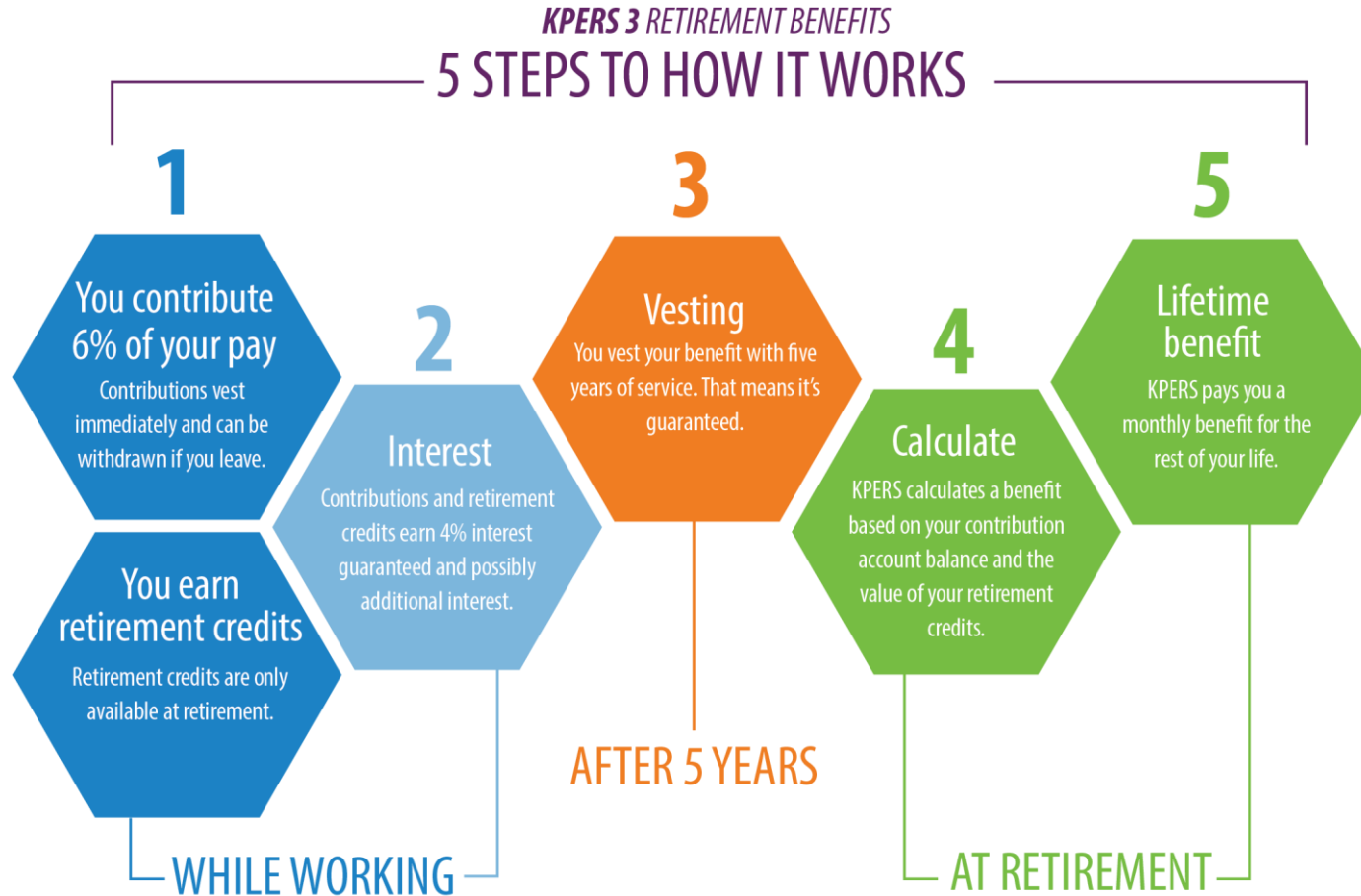


Retirement

KPERS 3 Retirement

		5 years	10 years	30 years
FULL	Age 60			✓
	Age 65	✓		
REDUCED	Age 55		✓	

KPERS 3 Retirement



Benefit Options

All retirees get lifetime benefit

- Joint-survivor options (50%, 75% or 100%)
- Life-certain options (5-, 10- or 15-year)

Benefit Options

- Annual COLA options (1% or 2%)
- Partial lump-sum options (up to 30%)
- Both reduce monthly benefit

Retirement Options (KPERS 3)

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT			
Life-Certain 10 Years	\$3,143.86	\$2,829.47	\$2,200.70
Partial Lump-Sum Option	\$0.00	\$46,261.83	\$138,785.48
Life-Certain 5 Years	\$3,186.22	\$2,874.45	\$2,244.71
Life-Certain 15 Years	\$3,048.46	\$2,743.61	\$2,133.92
Joint-Survivor 50%	\$3,009.34	\$2,708.40	\$2,106.54
Joint-Survivor 75%	\$2,904.09	\$2,613.68	\$2,032.86
Joint-Survivor 100%	\$2,805.95	\$2,525.35	\$1,964.16

Age 24, \$38,000 salary
& retiring at age 65

Not Enough



Experts suggest replacing **at least 80% of your income** in retirement. KPERs & Social Security won't be enough. Employees need to save on their own.

Questions?