

## KPERS Tier 2 Retirement

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## **Tier 2 Retirement**

### **Retirement Eligibility**

#### Unreduced Benefit

A Tier 2 KPERS member may retire and receive an unreduced benefit if the member meets one of the following requirements:

- Age 65 with five (5) years of participating service credit.
- Age 60 with 30 years of service credit.

#### Reduced Benefit

A Tier 2 KPERS member may retire and receive a reduced benefit if the member meets the following requirements.

- Age 55 with at least 10 years of service credit but less than 30 years of service credit.
- Age 55 but less than age 60 with at least 30 years of service credit.
- There will be a different actuarial factor table for each scenario listed above.

### **Tier 2 Correctional Officers Retirement Eligibility**

#### **Group A-Full Retirement Eligibility**

- Age 55 with 10 years of service.

Must be a Group A Correctional Officer at least three (3) years immediately before retirement and retire on the first day of the month after the last day on the payroll

#### **Group B-Full Retirement Eligibility**

- Age 60 with 10 years of service.

Must be a Group B Correctional Officer at least three (3) years immediately before retirement and retire on the first day of the month after the last day on the payroll.

#### **Group A-Early Retirement Eligibility**

- Age 50 with 10 years of service

Must be a Group A Correctional Officer at least three (3) years immediately before retirement and retire on the first day of the month after the last day on the payroll

## **Group B-Early Retirement Eligibility**

- Age 55 with 10 years of service credit

Must be a Group B Correctional Officer at least three (3) years immediately before retirement and retire on the first day of the month after the last day on the payroll.

*If member leaves employment before retiring, regular KPERS age and service requirements apply. Tier 2 Early Reduction Factors Apply.*

## **Calculating the Final Average Salary**

Retirement benefits for members of the Retirement System are calculated using formulas that are set by state statute. When a member retires, the formula takes into account the following:

- The member's final average salary
- A statutory multiplier
- The member's years of service

The final average salary for Tier 2 members is calculated using a five (5) year final average salary without add-ons (such as sick leave annual leave paid to employee).

## **Final Average Salary "Cap Law"**

Kansas law states for KPERS Tier 2 members that if a member's compensation used in calculating his or her final average salary is more than 7.5 percent higher than the preceding year, the amount which exceeds the 7.5 percent will not be included in compensation.

### **Compensation not subject to cap:**

- Any increase in compensation for any member due to reclassification or reallocation to a higher range or level.
- We do not cap overtime.

### **Compensation that is subject to cap:**

- Part-time members who stay in the same position and whose salary is over the 15% because they work more hours (not overtime hours)
- Raises
- Bonuses
- Extra duties, teaching extra classes
- Back pay to a teacher's contract is paid in year it is paid and is subject to cap. All non-school must submit KPERS-17 and apply to back wages for those years.

Any contributions over the 7.5% will be returned to the member.

## Calculating Retirement Estimates

- Retirement Estimates are calculated the same way as an actual retirement benefit.
- A retirement estimate may use projected salary information.
- The KPERS office requires a KPERS-15E (Retirement Benefit Estimate Request) form for all estimate requests. You can obtain this form from our website at [www.kpers.org](http://www.kpers.org).
- If the **designated agent is requesting the estimate**, the designated agent will need to sign the estimate request form.
- If the **member is requesting the estimate**, the member will need to sign the estimate request form.
- In the event of a discrepancy between an estimate and the actual monthly benefit, the benefit received will be paid in accordance with applicable laws and regulations.
- To calculate the actual retirement benefit we will use salary information reported on the certification form.

How to use the Tier 2 website calculator at [www.kpers.org](http://www.kpers.org)

**Coming Soon !!!**

## How to Retire

### Complete a Retirement Application

- Submit a retirement application (KPERS-15) 30 to 60 days prior to the member's retirement date.
- From the KPERS website [www.kpers.forms.org](http://www.kpers.forms.org) click on the KPERS-15 (Application for Retirement Booklet)

<ul style="list-style-type: none"><li>• <a href="#">KPERS-7/99R</a>, Designation of Beneficiary - Retired, Revised 6/09 (PDF, 255KB)</li><li>• <a href="#">KPERS-7/99A</a>, Designation of Beneficiary for Life Insurance - Board of Regents , Revised 6/08 (PDF, 387KB)</li><li>• <a href="#">Additional Retirement Beneficiaries</a>, Revised 6/05 (PDF, 135KB) - use this additional page if you have more retirement beneficiaries than space allows on the KPERS-7/99.</li><li>• <a href="#">Additional Life Insurance Beneficiaries</a>, Revised 6/05 (PDF, 137KB) - use this additional page if you have more life insurance beneficiaries than space allows on the KPERS-7/99.</li><li>• <a href="#">KPERS-10</a>, Employer Certification of Service, Revised 7/99 (PDF, 45KB)</li><li>• <a href="#">KPERS-10LR</a>, Certification of Legislative Service (For Session Employees), Revised 1/99 (PDF, 24KB)</li><li>• <a href="#">KPERS-12</a>, Request for Member Information Change, Revised 8/09 (PDF, 196KB)</li><li>• <a href="#">KPERS-13 Booklet</a>, Application for Withdrawal of Contributions and Related Forms, Revised 9/09 (PDF, 466KB) – <a href="#">Available in print</a></li><li>• <a href="#">KPERS-13</a>, Withdrawal of Contributions, (Form Only) Revised 9/09 (PDF, 268KB)</li><li>• <a href="#">KPERS-14</a>, Authorization to Release Information, Revised 3/09 (PDF, 156KB)</li><li>• <a href="#">KPERS-15 Booklet</a>, Application for Retirement Benefits and Related Forms, Revised 6/09 (PDF, 563KB) – <a href="#">Available in print</a></li><li>• <a href="#">KPERS-15</a>, Application for Retirement Benefit, (Form Only) Revised 6/09 (PDF, 275KB)</li><li>• <a href="#">KPERS-15B</a>, Direct Deposit - Agreement for Payment of Benefit to Financial Institution, Revised 6/09 (PDF, 133KB)</li><li>• <a href="#">KPERS-15E</a>, Retirement Benefit Estimate Request, Revised 2/06 (PDF, 35KB)</li><li>• <a href="#">KPERS-15S</a>, KPERS Retiree Earnings Limitation Form, Revised 6/09 (PDF, 187KB)</li><li>• <a href="#">KP&amp;F-15S</a>, KP&amp;F Retiree Earnings Limitation Form, Revised 5/06 (PDF, 49KB)</li><li>• <a href="#">KPERS-17 EPD</a>, Arrearage Adjustment to Prior Contribution Report -- Employer Paid, Revised 7/04 (PDF, 43KB)</li><li>• <a href="#">KPERS-17 OPT</a>, Arrearage/Refund Adjustment to Prior Contribution Report,</li></ul>
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### Documents Needed for Retirement

#### Member

- A photocopy of the member's birth document
- A photocopy of member's name change document if name is different than name on birth document.

#### Joint Annuitant

- A photocopy of the joint annuitant's birth document.
- A photocopy of the joint annuitant's name change document if name is different than name on birth document.

#### Acceptable Proof of Birth

A photocopy of **one of the following:**

- Birth certification

- Baptismal certificate or a statement as to the date of birth shown by a church record, certified by the custodian of the record
- Notification of registration of birth in a public registry of vital statistics
- Certification or record of age by the U.S. Census Bureau
- Hospital birth record, certified by the custodian of the record
- Foreign church or government record
- Signed statement by the physician or midwife who was in attendance at birth, as to the date of birth shown on their records
- Naturalization record
- Immigration papers

You may submit a photocopy of **two of the following** documents:

- Military record
- Passport
- School record, certified by the custodian of the record
- Vaccination record, certified by the custodian of the record
- Insurance policy application that shows the age or date of birth
- Marriage records showing date of birth or age (application for marriage license or church record, certified by the custodian of the record or marriage certificate)
- Other evidence such as signed statements from persons who have knowledge of the date of birth

#### Acceptable Proof of Name Change

A photocopy of **one of the following**:

- Marriage or other court records showing birth name and present name (If a person has had more than one name change, records submitted must reflect all name changes.)
- Name Change Affidavit (KPERS-40NC) or other affidavit from a parent listing all name changes
- Request for Member Information Change form (KPERS-12) signed and submitted to KPERS by designated agent at the time of the name change will be acceptable for name changes occurring during employment

You may submit a photocopy of **two of the following** documents:

- Name Change Affidavit (KPERS-40NC) or other affidavit from two persons declaring that the persons have known the applicant by all names in question
- Birth documents of natural child if document shows both the given name and the married name
- Other documents showing both names in question, such as school records, medical records, insurance policy application, etc.

## **Retirement Date**

### **Non-School**

The retirement date is the later of the following:

- The first day of the month following the member's last day on the payroll or if the member has left employment longer than a month, the
- The first day of the month after the receipt of the application for retirement in the KPERS office.

### **School**

New legislation now allows licensed school professionals to retire June 1. A school licensed employee cannot retire June 1, if the employee is working any part of June.

### **Board of Education's List of Licensed Employees**

- Educator (teacher, administrator)
- Audiologist
- Speech Pathologist
- Occupational Therapist
- Physical Therapist
- Social Worker
- Registered Nurse
- Dietician
- Licensed Professional Counselor
- Licensed Clinical Professional Counselor
- Psychologist
- Orientation and Mobility Instructor

## **Teachers**

### **June 1 Retirements Date**

If any teacher retires June 1, do not report KPERS contributions later than May 31. Do not deduct contributions for any of the following compensation:

- Compensation paid for June, July and August of the teacher's contract
- Compensation paid for any unused sick leave
- Compensation paid for any unused vacation leave
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay

### **July 1 Retirement Date**

If any teacher retires July 1, do not deduct contributions from any of the following compensation:

- Compensation paid for July and August of the teacher's contract

- Compensation paid for any unused sick leave
- Compensation paid for any unused vacation leave
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay

### **August 1 Retirement Date**

If a teacher retires August 1, do not deduct contributions from any of the following compensation:

- Compensation paid for August of the teacher's contract
- Compensation paid for unused sick leave
- Compensation paid for unused vacation leave
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay

### **September 1 Retirement Date**

If a teacher retires September 1, do not deduct contributions for any of the following compensation:

- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for unused sick leave
- Compensation paid for unused vacation leave

## **School Administrators with a Contract End Date of June 30<sup>th</sup>**

### **June 1 Retirement Date**

If the contract end date is June 30<sup>th</sup>, then the administrator may retire June 1. Do not deduct contributions from any of the following:

- Compensation paid for June of the Administrator's contract.
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for sick leave
- Compensation paid for annual leave

### **July 1 Retirement Date**

If the contract end date is June 30<sup>th</sup> then the administrator may retire July 1. Do not deduct contributions from any of the following:

- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for sick leave
- Compensation paid for annual leave

## **School Administrators with a Contract End Date of July 31**

### **June 1 Retirement Date**

If the contract end date is July 31, then the administrator may retire June 1. Do not deduct contributions from any of the following:

- Compensation paid for June of the administrator's contract.
- Compensation paid for July of the administrator's contract
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for sick leave
- Compensation paid for annual leave

### **July 1 Retirement Date**

If the contact end date is July 31, then the administrator may retire July 1. Do not deduct contributions from any of the following:

- Compensation paid for July of the administrator's contract
- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for sick leave
- Compensation paid for annual leave

### **August 1 Retirement Date**

If the contract end date is July 31, then the administrator may retire August 1. Do not deduct contributions from any of the following:

- Compensation paid for an early retirement incentive
- Compensation paid for severance pay
- Compensation paid for sick leave
- Compensation paid for annual leave

## **Non-Licensed School Employees**

Employee may retire the first of the month after their last day on their employer's payroll.

## **Community Colleges**

All teachers employed at **community colleges** are covered by the "continuing contract law." Community college teachers have special guidelines for selecting their retirement date.

### **Breaking School Contracts (retirement)**

If a teacher retires before the end of the school year, the following applies:

- A KPERS-32 form (Request for Retirement before the End of the School Year) must be completed and approved by the School Board.

- When reporting compensation, KPERS can only accept one twelfth of the member's school contract through the last month of work.
- Additional pay such as sick leave, vacation leave, etc. cannot be reported
- **Do not pro-rate, give daily per diem or daily rates of pay.**

**Teacher Breaks School Contract-Example (applies for any break of contract)**

Teacher's last day is March 10. The teacher's school contract is \$48,000. Report 1/12 of the contract amount for each month in the calendar year through March.

$\$48,000/12 = \$4,000$ .

- January = \$4,000
- February = \$4,000
- March = \$4,000
- Report \$12,000 in compensation
- Report \$480 in contributions

If the teacher is paid for unused sick leave and vacation leave, do not deduct KPERS from the sick or annual leave because the teacher did not complete their contract.

## Retirement Payment Options

### Maximum Monthly Benefit

KPERS will calculate the member's maximum monthly benefit amount. This amount will provide a basis for the rest of the options. The member may choose the maximum monthly benefit amount without any additional options. The member will receive a payment each month for the member's entire lifetime. Upon the member's death, there is no continued benefit to a joint survivor. The member's beneficiary will receive any remaining monies in the member's account that has not been paid out in benefits.

### Joint Survivor Options

Joint and ½ Survivor Option: The member will receive their maximum monthly benefit, adjusted for age difference. Upon the member's death, the member's joint survivor will receive 50 percent of the member's reduced benefit for his or her lifetime.

Joint and ¾ Survivor Option: The member will receive their maximum monthly benefit, adjusted for age difference. Upon the member's death, the member's joint survivor will receive 75 percent of the member's reduced benefit for his or her lifetime.

Joint and Same Survivor Option: The member will receive their maximum monthly benefit, adjusted for age difference. Upon the member's death, the member's joint survivor will receive 100 percent of the member's reduced benefit for his or her lifetime.

### Pop-up Feature

On all the **joint survivor options**, if the person the member chooses to receive a benefit after their death dies before the member, the retirement option chosen is canceled. The member's benefit will increase to the original maximum monthly benefit amount. This is called the "**pop-up feature**". The member cannot choose someone else to continue to receive a monthly benefit after their death.

### Life Certain Options

With a life-certain option, the member will receive a reduced benefit for the rest of his or her lifetime. If the member dies within a guaranteed period of time from their retirement date, the member's beneficiary will receive the same monthly benefit for the rest of the guaranteed period of time.

The member can change their primary beneficiaries at any time, and the member can have more than one primary beneficiary at once. The named beneficiaries will share equally the benefit for the remaining time period. The life certain options are:

- 5-year Life-Certain Option
- 10-year Life-Certain Option
- 15-year Life-Certain Option

### Partial Lump Sum Option (PLSO)

The Partial Lump Sum Option is available in 10, 20 or 30 percent amounts. The percentage the member selects determines the size of the lump sum and the resulting decrease in the member's monthly benefit amount.

For example, a 30 percent PLSO payment would result in a single lump-sum payment equal to 30 percent of the actuarial present value of the member's lifetime benefit, along with a permanent 30 percent reduction in the member's regular monthly payments.

### **Spousal Consent**

If the member has chosen the maximum option, one of the life-certain options or the Partial Lump Sum Option, the spouse must complete the spousal consent section of the retirement application. This verifies that the spouse has read, understands and agrees with the retirement option that the member has chosen. The spouse's signature must be notarized.

### **Qualified Domestic Relations Order**

In the event a Retirement System member divorces, any annuity, benefit, or accumulated contributions from the Retirement System may be subject to claims by a former spouse under the provisions of a Qualified Domestic Relations Order (QDRO). A QDRO is a court order providing for:

- Maintenance
- Child support, or
- Property division

Retirement accounts assets are considered marital assets to the extent they have accumulated during the marriage. Most QDROS result from an agreement between the parties. A former spouse may not receive payment from the Retirement System under a QDRO unless and until the member becomes eligible and applies to:

- **Retire** - If the member becomes eligible to retire with monthly benefits, the former spouse may be awarded either a lump-sum distribution or a percent of each monthly benefit; or
- **Withdraw** - If the member ceases employment and withdraws his/her contributions, the former spouse may be awarded a portion of the lump-sum distribution.
- **Death** - In the case of the death of a member before retirement, the former spouse's award may be enforceable against the refund of accumulated contributions or the lump-sum death benefit.

**Retired Members:** The QDRO in the proper form may become effective immediately resulting in the division of the member's benefits.

## Certifications (v-letters)

### Notification of Certification on Message Board

When our office receives an application for retirement, KPERs will require a last day on payroll and certified money amounts for that member. You will receive a request on your message board under the action required messages. This message is requesting you report current year contributions for your employee that is retiring.

The screenshot shows a web interface titled "Messages and Alerts". At the top, there are two tabs: "Action Required Messages" (which is circled in blue) and "Informational Messages". Below the tabs, there are sections for "Unread Messages" and "Read Messages". In the "Unread Messages" section, there is a table with columns "Date Published" and "Document". A message is listed with the date "7/1/2009" and the text "Certification for Dianna Berry is required.", with a blue arrow pointing to the text. There are "Mark As Read" and "Delete" buttons for unread messages, and a "Delete" button for read messages.

### Opening Your Certification

The screenshot shows a web interface for searching certifications. On the left is a navigation menu with items like "Message Board", "Organization Details", "Annual Reporting", "Forms", "Adjustment", "Certification" (circled in blue), "Enrollments", "File Upload", and "File". The main content area is titled "Page Instructions" and contains a search form. The form has a "Msg ID : 5 [ Please enter search criteria and press the search button ]" field. Below this are "Search Criteria" fields for "SSN" (with a masked input), "Status" (set to "All"), and "Submitted" (set to "All"). There are "Search", "Reset", and "Store Search" buttons. Below the search criteria is a "Search Result" section with an "Open" button and a table. The table has columns for "Dianna Berry" (with a checkbox), "Status", and "Submitted to KPERs".

- Go to forms on your site menu and click on **certification**.
- Enter your employee's social security number and click on the "Search" button.
- Your employee's name will appear. Click in the box in front of the member's social security number
- Click on the "Open" button

## Certification (v-letter) – Non-School

Under Certification Details, click on the “New” button

The screenshot shows the 'Certification Details' form. At the top left, there are three buttons: 'New', 'Open', and 'Delete'. The 'New' button is circled in blue. Below the buttons is a table header with columns: 'Payroll Year', 'Department', 'Contribution Type', 'Member Type', 'Begin Date', 'End Date', 'Employee Contributions', and 'Buy Back Factor'. The table currently contains the text 'No records to display'. At the bottom of the form, there is a section labeled 'Certification Add-On'.

The screenshot shows the input fields for the 'Certification Details' form. The fields are: 'Year' (2010), 'Contribution Type' (Regular), 'Department' (01), 'Begin Date' (empty), 'End Date' (08/31/2010), 'Employee Contribution' (1500.00), and 'Buy Back Factor' (empty).

- Enter year you are certifying
- Enter contribution type. You will enter Regular if reporting the employee's regular 4%. When finished entering the employee's regular contributions, if you are reporting purchase of service contributions, you will need to enter separately by clicking on the “New” button and entering purchase of service contributions.
- Enter the Department Number
- Enter the end date
- Enter employee contribution amount.
- Click on the “Save” button when finished
- Click on the yellow return button at top of page

The screenshot shows the 'Certification Details' form with the certification information displayed in the table. A text box highlights the table content: 'The certification information is now showing under the Certification Details section.' The table has columns: 'ID', 'Payroll Year', 'Department', 'Contribution Type', 'Begin Date', 'End Date', and 'Em Contrib'. The table contains one record: ID 32728, Payroll Year 2010, Department 01, Contribution Type Regular, Begin Date (empty), End Date 08/31/2010, and Em Contrib \$1,500.00.

## Certification (v-letter) – School

Position at Retirement :  Contract end date :

Members cannot retire until all compensation is paid. Provide the following for all staff:

Is this member paid in 9,10, or 12 monthly installments?

If paid in 12 monthly installments, will the summer checks be paid in June via a lump sum?

How was the employee paid in the previous school year?

Is this a licensed position as defined by the state department of education?

Membership Date : 8/1/1979

Comments :

**Certification Details**

- Employee is a teacher with a contract end date of August 31.
- Type in school position of employee
- Enter contract end date
- From “drop-down” choose how compensation is paid
- Teacher may retire as early as June 1 only if all work on contract is complete prior to June 1
- KPERS contributions are deducted from January through May 31
- KPERS cannot be deducted from the June, July or August school checks
- KPERS cannot be deducted from unused sick leave and or vacation leave paid to the teacher

Click on the “New” button under Certification Details and enter information.

Year :  Contribution Type :

Department :

Begin Date :  End Date :

Employee Contribution :  Buy Back Factor :

### Add-on pay

Tier 2 members may not use add-on pay (pay for unused sick leave, annual leave, etc.).  
Do not deduct KPERS from any add-on pay

