

## Active Member Issue

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## Minnesota Life offers New Services, Reduced Premiums for Employees

When it comes to insurance protection, everyone's needs are different. No matter where you are in life, you need an affordable way to protect your financial security. The Retirement System provides part of that protection through your employee life insurance benefits.

The Retirement System is committed to providing you with access to quality benefit programs designed to meet your individual and family needs. As a part of this commitment, we are pleased to announce some exciting new options and opportunities to enhance your life insurance coverage.

As you may already know, on July 1, 2003, Minnesota Life Insurance Company became the new carrier for your basic and optional life insurance program. Although a new carrier is administering the plan, the plan design remains virtually unchanged. For example, KPERS and Judges System basic life insurance still provides coverage equal to 150 percent of your annual salary, at no cost to you.

### **New Open Enrollment Process**

Open enrollment for optional group life insurance with Minnesota Life works differently than it has before. Instead of waiting two years, *every* employee can enroll in or increase coverage October 1 to 31, 2003. *However, this is the only time open enrollment will occur.* In September, you will receive instruction packets for open enrollment from your employer.

- **Guaranteed Issue of \$35,000** – This special open enrollment is the only opportunity you will have to either enroll in optional coverage for \$35,000 or to increase your optional coverage by \$35,000 without answering any questions about your health. This coverage increase is guaranteed without proof of good health, and is available to all eligible employees, no matter their current coverage level.

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## Minnesota Life Offers New Services for Employees *cont.*

- **Request to increase your coverage any time** – Beginning January 1, 2004, you can start or increase your coverage at any time during the year *with* proof of good health. You no longer have to wait for an enrollment period.

### New Choices for 2004

Working together, the Retirement System and Minnesota Life have added enhancements to the program. The following is an overview of the changes to the **optional life insurance** program effective January 1, 2004:

- **Cost savings** – Your monthly premiums will be reduced 25 to 30 percent.
- **Waiver of Premium** – To reduce your premium rates, the Waiver of Premium benefit will be eliminated from the optional life insurance program. However, employees who become disabled can continue their optional coverage at the group premium rates. Employees already receiving disability benefits will continue to have their premiums waived. The Waiver of Premium on basic life insurance will continue.
- **Increased plan maximum** – The maximum optional life insurance amount you can purchase will increase from \$200,000 to \$250,000.

- **Family status change** – You may enroll or increase your coverage by \$25,000, *without* proof of good health, within 30 days of marriage, change in marital status, or the birth or adoption of a child.
- **Increased guaranteed issue amount for new hires** – Newly hired employees can receive \$50,000 of optional life insurance coverage without providing proof of good health.
- **Accelerated Death Benefit** – Under the Accelerated Death Benefit, if you are diagnosed as terminally ill with 12 or fewer months to live, you may be eligible to receive up to 100 percent of your basic and optional life insurance instead of the death benefit being paid to your beneficiary.

Remember, during open enrollment, from **October 1 to 31, 2003**, is the *only* time eligible employees can enroll for or increase coverage by \$35,000 under the optional life insurance plan *without proof of good health*.

### Customer Service

In response to being named the new life insurance carrier, Minnesota Life opened a branch office in Topeka. This office employs a staff of four and is dedicated to serving your life insurance needs. You can contact the Topeka Branch Office toll-free at (877) 215-1476.

## Benefits of Designating Your Spouse as Sole Beneficiary

Sometimes, naming your spouse as the sole primary beneficiary may be advantageous. If you name your spouse as sole primary beneficiary and at the time of your death:

- you have met the age and service requirements for retirement, but you have not actually retired, your spouse may choose to receive an ongoing retirement benefit instead of a one-time payment of your accumulated contributions.
- you had not reached retirement age, but you had at least 15 years of credit, or you had reached age 55 with ten years of credit, your spouse may leave your contributions with the System and begin receiving a retirement benefit after your retirement date.

Under the two previous options, your spouse would receive monthly payments under any available retirement option. He or she can choose between lifetime benefits, or life-certain options in five-, ten-, or 15-year increments. Your spouse can also choose a reduced monthly benefit and partial lump-sum payment option.

You can add or change beneficiaries any time by completing a Designation of Beneficiary form (KPERS-7/99). Only members can complete the form. Even conservators, guardians, and those with power of attorney cannot select or change a Retirement System beneficiary. The change is not effective until we process the form. Please contact us at (888) 275-5737 or [kpers@kpers.org](mailto:kpers@kpers.org) for a copy of the Designation of Beneficiary form.

## Visit the new [www.kpers.org](http://www.kpers.org)

The Retirement System's web site is a useful tool, and starting September 1, it will be easier than ever. As part of our goal to improve customer service and communication, we've been updating and redesigning our web site over the last year. The result is a fresh look with new features.

### Easier Navigation

We reorganized the content. The site will be split into three sections:

- active members
- retired members
- affiliated employers

The section for active members will be tailored to your needs. It will include forms, publications and much more. You will also be able to find out about issues that affect you, like life insurance and preparing for retirement.

There are sections dedicated to each Retirement System plan. Find out about your specific benefits, whether you're a teacher, a police officer or a judge.

### Practical Information

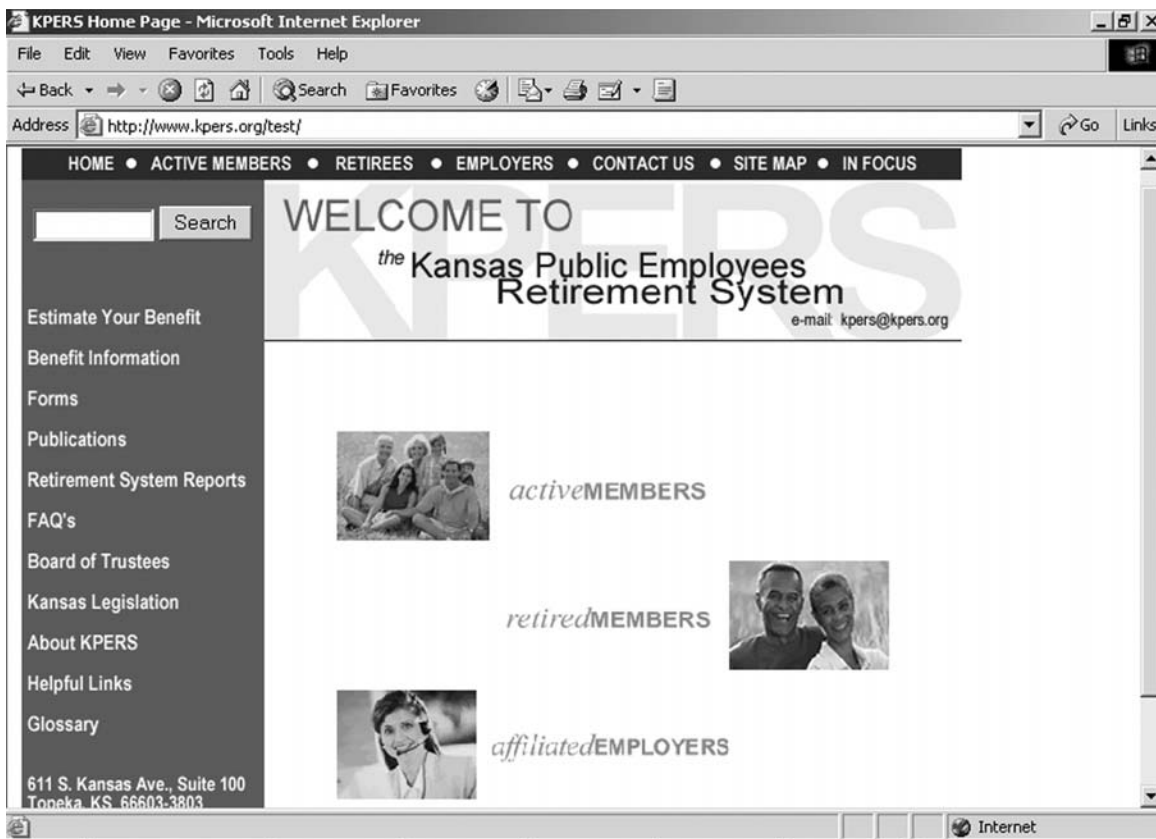
Ever wonder what *actuarial present value* is? The new site will include a glossary that translates retirement terms into understandable language. It will be easy to find for quick reference while you're exploring the site.

You will also be able to estimate your future retirement benefits online. Grab your last annual statement and plug in the numbers to get an idea of what you can expect.

The web site will have the same services you counted on before. It will just be easier and more convenient, allowing you to learn about your retirement and take care of Retirement System business on your schedule, not ours.

### Let Us Know

We hope the new site will be a practical resource for you, whether you just joined the Retirement System or you are almost ready to retire. We welcome any comments, so we can continually improve the web site. Please send any questions and your opinions to [kpers@kpers.org](mailto:kpers@kpers.org). Plan to explore our new web site September 1.



## 2003 Kansas Legislative Session KPERS Summary

House Bill 2014 was the KPERS omnibus bill, the only KPERS bill to pass during this year's legislative session. It included a number of different topics and folded in the provisions of several individual bills that passed in either the Senate or House. Here are a few sections of the bill that affect members.

### Long-Term Funding

Benefits for retirees and current employees are secure and guaranteed by the State of Kansas. However, the System has been working to improve its long-term funding because of the growing unfunded actuarial liability.

This session, the Legislature took significant steps toward ensuring KPERS' long-term financial health. Two parts of the plan to tackle these funding problems are an increase in employer contributions and the authorization to issue pension obligation bonds.

- **Increase in Employer Contributions** – The Legislature increased employer contributions for the State of Kansas and schools. Beginning in fiscal year 2006, the employer contribution cap will increase from 0.2 percent to 0.4 percent. Contribution rates will continue to increase gradually in the following years until they meet the actuary's recommended amount.
- **Pension Obligation Bonds** – The Legislature authorized the State to issue up to \$500 million in pension obligation bonds to help reduce the funding gap for state and school district employees. These bonds would be paid by increased employer contribution rates. Issuing bonds will depend upon further extensive review.

These steps focused on funding for the *state/school group* of KPERS, which includes all State employees and anyone who works for a Kansas school district. The *local group*, composed of employees from Kansas counties and municipalities, was not affected because it has different employer contribution rates. KPERS plans to work with state and local leaders to address the growing gap on the local side.

The funding problem is not something we will fix overnight, but these measures are a step in the right direction.

### Death and Disability Funding

Legislation was passed and signed to continue the moratorium on employer contributions to the Death and Disability Fund from April 1, 2003, to June 30, 2004. Since April 2000, the State of Kansas and local governments have been able to use the moratorium to help balance their budgets during the difficult economic environment of the last few years. Lack of contributions and poor investment returns have greatly reduced the death and disability fund balance.

Without efforts to restore the balance, the program may have to become a "pay-as-you-go" program. This type of funding will eventually cost more annually and leave little to no cushion for rising costs. As with the long-term funding issue, the Retirement System will work with the Governor and Legislature to develop an appropriate plan to finance death and disability benefits.

### For More Information

For a complete summary covering these and other legislative topics, see [www.kpers.org](http://www.kpers.org) or call (785) 296-1017, to receive one by mail.

**Mission Statement of the Retirement System:** The Kansas Public Employees Retirement System, in its fiduciary capacity, exists to deliver retirement, disability and survivor benefits to its members and their beneficiaries.

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