

## Active Member Issue

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## Hot Topics on the InfoLine

Our “InfoLine” is a toll-free customer service call center dedicated to helping you get the benefit information you need and processing your retirement-related business. Here are the answers to some of the most frequently asked questions.

### **How can I purchase service credit?**

You can purchase service for past public employment and credit for the first year you worked to become eligible for KPERS if you are a non-school member. Cost is based on your age and current salary.

Service credit can be purchased by payroll deduction, personal check, Discover Card, or a rollover or trustee-to-trustee transfer from another retirement plan like a 457(b), 403(b) or an individual retirement account (IRA).

See your designated agent if you are interested in purchasing service credit.

### **If I purchase service credit, can I retire sooner?**

Maybe. Purchasing service gives you more years toward vesting and retirement eligibility. For KP&F, military service doesn’t count toward your eligibility, but could increase your benefit amount.

### **What is my account balance?**

The annual statement you received this spring from your designated agent shows your contributions and earned interest as of December 31, 2004. Accounts are updated once a year.

### **Can I borrow money from my KPERS account?**

No. State law bars us from offering a loan program.

### **How much interest do my contributions earn?**

If you became a member:

- *Before July 1, 1993*, your contributions earn 8 percent.
- *On or after July 1, 1993*, your contributions earn 4 percent.

*continued on page 2 ...*

## Hot Topics on the InfoLine (cont...)

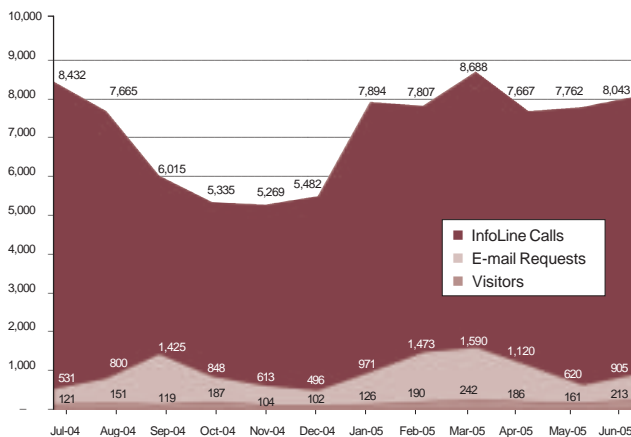
**How do I get a copy of my last annual statement?**  
Contact the InfoLine and we can mail you a copy of your last annual statement.

**I'm a KPERS member. When can I retire?**

- Age 65 with one year of service credit
- Age 62 with ten years of service credit
- Any age when your age and years of service credit added together equal 85 (85 points)

You can receive reduced benefits at age 55 with ten years of service.

InfoLine Activity, Fiscal Year 2005



**When will I have 85 points?**

KPERS members can retire at any age, **with full benefits**, with 85 points. The “85 point rule” is when your age and years of service credit added together equal 85.

Every year you work, you will gain two points – one for each birthday and one for the year of service credit.

**Which retirement option should I choose?**

Choosing the ideal retirement option will depend on your individual situation. You may need a lump-sum at retirement or you may wish to provide a benefit for someone after your death. Research all of your options carefully and talk with your loved ones before making a decision.

**How can I withdraw my contributions?**

You can withdraw your contributions 31 days after your last day on payroll if, in the meantime, you have not begun other Retirement System-covered employment.

**How long does it take to process my withdrawal?**  
Approximately four weeks.

**If I withdraw my contributions, will I also get what my employer paid in?**

No. If you withdraw your contributions, you take out your own accumulated contributions plus interest. Employer contributions stay with KPERS.

**Does my employer need to complete the employer certification part on the withdrawal application?**

If you are withdrawing your contributions in the same year you ended employment, your former employer must complete the employer certification.

**Who is my beneficiary?**

Your beneficiaries are listed on your most recent annual statement. If you have questions or don't know who your beneficiaries are, contact your designated agent.

It's a good idea to review your beneficiaries when you receive your annual statement each spring.

**How do I change my beneficiary?**

You can change beneficiaries any time by completing a Designation of Beneficiary form (KPERS-7/99). You can download any of our forms at [www.kpers.org](http://www.kpers.org) or contact your designated agent.

**How much life insurance do I have?**

KPERS' basic group life insurance equals 150 percent of your annual salary. In addition, you have any optional life insurance you have enrolled for.

### We're Here For You

If you have benefit questions, please contact us. The InfoLine is open Monday through Friday from 8 a.m. to 4 p.m.

**Toll-Free:** (888) 275-5737

**In Topeka:** (785) 296-6166

**E-mail:** [kpers@kpers.org](mailto:kpers@kpers.org)

## Trustees Elected, Appointed to Board

Two new trustees have joined KPERS' Board and three returning members began new terms.

Our membership elected two of its peers, Duane Anstine and Jody Boeding, in the 2005 KPERS Board of Trustees election earlier this year. If you voted, thank you for your participation. These Board members will be your voice in the Retirement System for the next four years.

Governor Kathleen Sebelius appointed Rachel Lipman Reiber and reappointed Michael Braude. Lon Pishny was appointed by the President of the Senate.

The KPERS Board is comprised of nine trustees. Four are appointed by the Governor, two are appointed by legislative leaders, two are elected by Retirement System members, and one is the elected State Treasurer.

### Duane Anstine

- Retired Hutchinson classroom teacher and elementary school counselor
- Elected twice to the Hutchinson Board of Education and served on the United Way Board, the Hutchinson Concerts Board and the Mental Health Association Board
- Active member of the Hutchinson and Kansas Associations for Retired School Personnel

### Jody Boeding

- Senior Assistant Counsel, Unified Government of Wyandotte County/Kansas City, Kansas, and has been a lawyer for 25 years
- Legal advisor to the Board of Public Utilities of Kansas City, Kansas, regarding its \$300 million retirement plan
- Served as a KPERS trustee from 1991-1995 and was appointed last year to fill an unexpired term to represent non-school members

### Michael Braude

- Retired President and CEO of the Kansas City Board of Trade
- Board member since March 2001

### Lon Pishny

- Founder, Pishny Financial Services
- Served as a KPERS trustee from 1999-2003 and has been involved in many organizations and governing boards, on both the state and local level

### Rachel Lipman Reiber

- Vice President of Regulatory and Governmental Affairs, Everest Connections
- Previously a member of the Kansas Corporation Commission

KPERS holds board elections every four years for both the school and the non-school positions. The next election is scheduled for Spring 2009.

## Financial Security for Your Spouse

Few would argue that the key element of financial security is income. If you die before retirement, would your spouse be able to maintain his or her financial security without your income? In addition to group life insurance, KPERS offers a way to provide security for your surviving spouse with a continuing monthly benefit.

### Surviving Spouse Benefit

If you die before retirement, your spouse can choose a monthly benefit for the rest of his or her life, instead of receiving your returned contributions and interest. You must have designated your spouse as your sole primary beneficiary for retirement benefits.

#### *Situation #1*

*If you were eligible to retire, your spouse begins receiving a monthly benefit immediately.*

#### *Situation #2*

*If you were not yet eligible to retire but had ten years of service, your spouse begins receiving a monthly benefit when you would have reached age 55.*

You can name contingent beneficiaries or separate beneficiaries for your life insurance without affecting this benefit option.

You can change your beneficiaries at any time by completing a Designation of Beneficiary form (KPERS-7/99).

## Are You a New Member?

If you're just getting started in your public service career, retirement may be the last thing on your mind. Even if you have 20 to 30 years until retirement, taking a few moments today to consider your future may be one of the smartest things you can do to help ensure your financial security tomorrow.

### How Does KPERS Work?

Throughout your career, you contribute a percentage of your pay to the Retirement System. Your employer also contributes into the System on your behalf. You automatically earn service credit for the years you work in a covered position. After ten years of service, you are *guaranteed* a monthly retirement benefit for the rest of your life. This is called "vesting" your benefit. If you leave before retirement, you can take your contributions, but not employer contributions.

In addition to retirement benefits, the Retirement System also provides life insurance, long-term disability and death benefits while you are working.

### Where Can I Learn More About My Benefits?

You can locate publications and loads of other information about your membership and benefits at [www.kpers.org](http://www.kpers.org).

You also have a KPERS **designated agent** who works for the same employer as you and is your local connection for KPERS information.

### Saving Early Can Make a Big Difference Later

While an important part of retirement income, your KPERS benefits will be just one part. KPERS was designed to *supplement* Social Security and personal savings. As you work toward your vesting goal with KPERS, it is equally important to save on your own.

It's easy to begin saving for retirement by participating in tax-sheltered plans like 457(b) deferred compensation plans, 403(b) annuity plans or individual retirement accounts (IRAs). State of Kansas employees can participate in the State's 457(b) plan administered by ING Financial Services. Many local employers have adopted the State's plan or sponsor similar plans. If your employer doesn't participate in a 457(b) or 403(b) plan, you can still save on your own by setting up an IRA directly through a financial institution.

### Contact Information

#### Kansas Deferred Compensation

- **Toll-Free:** (800) 232-0024
- **In Topeka:** (785) 296-7095
- **Web Site:** [www.ingretirementplans.com/custom/ks](http://www.ingretirementplans.com/custom/ks)

**School employees:** Most school districts offer a 403(b) annuity plan. Check with your employer.

**Local employees:** Check with your employer about participation in the State's or a similar 457(b) plan.

## Get Ahead by Purchasing Service Early in Your Career

Purchasing additional service credit could help you vest your benefit faster, get more at retirement and possibly retire sooner. You can purchase service for past public employment or service credit for your "year of service."

### Purchasing Your "Year of Service"

**Non-school** employees work for one year in a covered position before becoming a KPERS member. As a new member, you can purchase this year of service. The best time to do this is during your first year of membership. During that time, your year of service will cost 4 percent of your

annual salary. As your age and salary increases in the coming years, your purchase cost will increase.

You can also buy other kinds of service, including forfeited service, military service, out-of-state teaching and numerous others. For a complete list, visit [www.kpers.org](http://www.kpers.org) or check with your designated agent to see if your past public service qualifies.

Service credit can be purchased by payroll deduction, personal check, Discover Card, or a rollover or trustee-to-trustee transfer from another retirement plan. To get started, see your designated agent.

## Mid-Career Retirement Savings Check-up: Are You on Target?

With ten to 15 years left before retirement, now is a great time to review your retirement savings plan. And, if you don't have one, it's time to get started.

### How Much Will I Need?

You'll probably need between 70 and 80 percent of your current income to maintain your current standard of living in retirement. Individual situations may vary, depending on many factors, such as your lifestyle in retirement and projected expenses.

Most financial experts suggest a retirement income plan consisting of three income sources – Social Security, pension benefits, and your personal savings and investments. This is called the “three-legged stool theory.”

### Get a Ballpark Estimate

Using the American Savings Education Council's “Ballpark Estimate” worksheet at [www.choosetosave.org](http://www.choosetosave.org), you can see how your current retirement assets stack up to your retirement goals. Inventory your current resources and plug the figures into the “Ballpark Estimate” worksheet. This will give you a basis for your savings goals.

*Your KPERS Benefits:* Your future retirement benefit is based on your final average salary and your years of service. To estimate your benefit, visit [www.kpers.org](http://www.kpers.org). Your most recent annual statement is helpful.

By entering various scenarios, you can see how working longer, retiring early, taking a partial lump-sum option, or providing a benefit for someone after your death will affect your benefit amount.

*Social Security Benefits:* If you are covered, the Social Security Administration sends annual statements with estimates of the annual benefits you may qualify for in the future. You can also estimate your future benefit online at [www.ssa.gov](http://www.ssa.gov). However, with the uncertainty surrounding the future design of the program, your personal savings becomes even more important.

*Personal Savings and Investments:* Review your current personal savings and investments. You can use one of the online retirement calculators at [www.choosetosave.org](http://www.choosetosave.org) to help you estimate the future worth of your retirement assets.

### Setting Your Savings Goals

Compare your Ballpark Estimate with your future needs to see if you're on track. If your current savings fall short, don't panic. You still have time to meet your retirement income needs with careful planning and budgeting. Save as much as you can, up to the federal limits, in tax-sheltered plans like 457(b) deferred compensation plans, 403(b) annuity plans or individual retirement accounts (IRAs).

### Catch-Up Provisions

If you are age 50 or older, you can save additional money above the federal limits in your retirement plan.

If you're already contributing the maximum limit, catch-up contributions can help you boost your savings in the last years before retirement. Take advantage now, though. These generous limits and catch-up provisions are set to expire in 2011.

## Contribution Limits and Catch-Up Provisions (age 50 and older)

### IRAs (Roth or Traditional)

2005	\$4,000 + \$500 catch-up
2006-2007	\$4,000 + \$1,000 catch-up
2008	\$5,000 + \$1,000 catch-up
After 2008	Adjusted for inflation in \$500 increments

### 403(b) and 457(b) Employer Plans

2005	\$14,000 + \$4,000 catch-up
2006	\$15,000 + \$5,000 catch-up
After 2006	Adjusted for inflation in \$500 increments

**Note:** Contribution limits will revert to 2001 amounts and the catch-up amounts will be eliminated in 2011 if the 2001 tax law is not extended by Congress.

## Partial Lump-Sum: Weigh the Options

At retirement, you have the option to take part of your retirement benefit in an up-front lump sum. However, you should consider the following points before choosing an option that could compromise your long-term retirement income.

- You'll have a permanent reduction in your monthly benefit payments.
- Spending any portion of your funds today reduces your retirement assets, with potentially no future opportunity to replenish these lost dollars.
- Investing a PLSO payment with the hope of "out-earning" the *guaranteed* monthly benefit may involve risky investments with no guaranteed return.
- The decision to take a PLSO is irrevocable. You cannot "buy back" your PLSO to increase your monthly benefit.
- A PLSO will reduce the monthly benefit if you intend to provide a benefit for someone after your death.

For more information, you can download a PLSO brochure at [www.kpers.org](http://www.kpers.org) or get one from your designated agent.

## Countdown to Retirement Checklist

- Attend a pre-retirement seminar.* The seminar will help you get ready to retire. Watch for the Spring 2006 schedule in the next KPERS Papers.
- Find out when you'll meet the age and service requirements to retire.* Knowing when you are eligible to retire can help you decide on the best retirement date.
- Request a retirement benefit estimate.* Complete a Benefit Estimate Request form (KPERS-15E). Your designated agent can help you complete the form with the most accurate pay information.
- Complete an Application for Retirement form (KPERS-15).* Submit your application 60-90 days before your retirement date. You need to apply to receive your benefits. They do not begin automatically. You will need to provide birth and name change documents.
- Choose a retirement payment option.* Review the *Retirement Options* publication to understand your options. You can use the benefit calculator at [www.kpers.org](http://www.kpers.org) to see how taking a partial lump-sum option or providing a benefit for someone after your death affect your benefit amount.
- Review your life insurance.* If you would like to continue your basic and optional group life insurance in retirement, you can convert your coverage to an individual policy. You can convert up to your current coverage without proof of good health. See your designated agent for a conversion form or you can download one on our web site.
- Determine your tax/withholding requirements.* In general, your benefits will be subject to federal income taxes, but not Kansas state income taxes. If you are going to live in another state, check if your retirement benefit is taxable in that state.
- Confirm your Social Security benefits.* Obtain quick and accurate information about Social Security applications and benefits by calling the Social Security Administration's toll-free number, (800) 772-1213 or contacting your local SSA office.
- Determine your health insurance needs.* If you have been with your current employer for ten years or more, Kansas law allows you to remain in your current health plan by paying the entire premium. Contact your employer's personnel office for more information. If you're close to age 65, check into your Medicare options at your local Social Security office.
- Review your other retirement plans and savings.* You'll need a method for turning your retirement savings into income. Different plans have different payout options and requirements. To figure out the best way to supplement your KPERS income, you'll need to consider all your options. To learn more, contact your plan administrator.

## KPERS Briefs

### 2005 Legislation Affecting KPERS

The Kansas Legislature faced yet another difficult budget year, with K-12 education financing in the spotlight. No legislation passed to increase retirement benefits for current retirees. However, the Legislature did improve the Surviving Spouse Benefit Option for active members. The service requirement was reduced from 15 to ten years for a surviving spouse to become eligible for retirement benefits if a KPERS member dies before retirement. For details on this benefit option, see the related article on page 3.

After several moratoriums on employer contributions reduced the KPERS Death and Disability Fund to a critical level, legislation passed this year to facilitate the Fund's recovery. Funding increases and timely design changes over the next year should strengthen the program's financial position while continuing to provide good benefits to employees. Watch for an in-depth explanation of the program design in the next KPERS Papers.

You can download a summary explaining all 2005 KPERS legislative activity at [www.kpers.org](http://www.kpers.org). If you would prefer to have a printed copy mailed to you, please call the Retirement System or e-mail [CRafferty@kpers.org](mailto:CRafferty@kpers.org).

### Need Help Understanding Your Benefits?

The Retirement System has several new and revised publications available. The *Benefits at a Glance* series provides a brief overview of membership and key benefits. These publications are available for KPERS, KP&F, the Retirement System for Judges and KPERS Corrections Officers.

For a more detailed look at your membership and benefits, check out the new KPERS and KP&F *Membership Guides*. These membership guides can help you understand your current benefits as an active member and show you what is in store when you are ready to retire.

You can download all of our publications at [www.kpers.org](http://www.kpers.org). To receive a printed copy, ask your designated agent or contact the Retirement System.

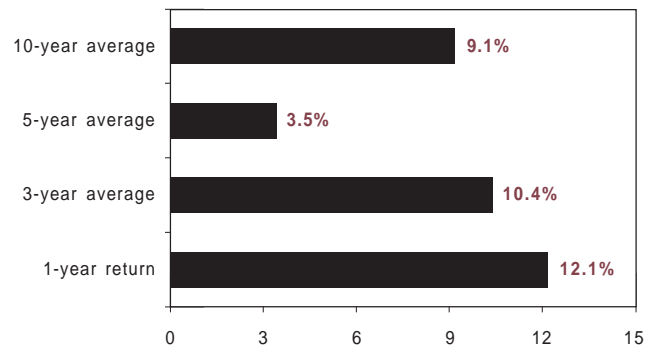
### We'll Come to Your Employer

Our field representatives visit employers throughout the year to give educational presentations. If you are interested in having a presentation at your employer, ask your designated agent to schedule a visit.

### Investment Summary

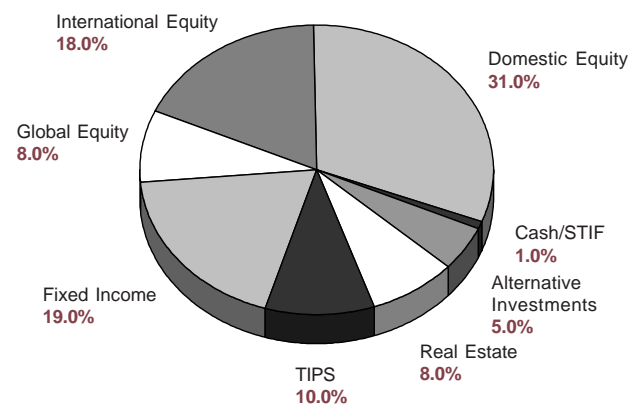
As of June 30, 2005, KPERS assets totaled approximately \$11.3 billion. Preliminary results show that the return on these assets for the fiscal year was 12.1 percent. KPERS' long-term goal is to earn an 8 percent return on investments. The average total return over the last ten years has been 9.1 percent.

Investment Performance  
Through June 2005



Over the past six months, KPERS has implemented several changes to allow for more diversity and potential for growth in the portfolio. A global equity allocation was added to the portfolio in early March. The remaining seven asset classes were reassessed and allocations adjusted accordingly.

Target Asset Allocation



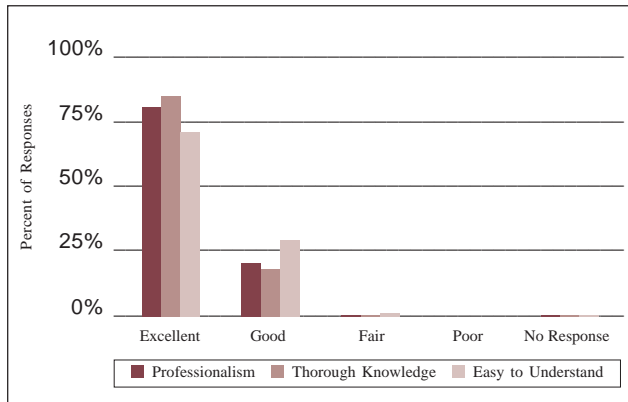
For more information on the investments, click on Retirement System Reports at [www.kpers.org](http://www.kpers.org).

## Pre-Retirement Seminars Earn High Marks in Member Survey

Earlier this year, 5,400 members attended our pre-retirement seminars in 37 locations across the state. These seminars help members navigate the last steps to retirement.

We wanted to know what members thought about the seminars, so we asked.

Satisfaction with Presenters



### Survey Results

- 1,727 survey responses (32 percent)
- 97 percent were satisfied with the seminar.
- 98 percent said the handouts were helpful.
- 98 percent rated the presenters as “excellent” or “good” in three categories: professionalism, knowledge and clarity.

Overall, responses were positive. Most thought the materials were helpful and the presenters were knowledgeable and clear. In addition, members had an opportunity to comment on specific areas of the seminars.

Members said the most useful topics were:

1. Retirement eligibility.
2. Choosing retirement options and beneficiaries.
3. Benefit estimates. The benefit calculator on our web site also received many positive comments.

### Who’s Attending Pre-Retirement Seminars?

We also wanted to know how soon members are preparing for retirement by attending a pre-retirement seminar.

- Less than 15 percent were retiring in under a year.
- Over 25 percent were one to two years from retiring.
- Overall, more than 80 percent attended a pre-retirement seminar at least one year before their estimated retirement date.

When Are Members Attending?



### If You’re Within Five Years of Retirement

How can you reach your destination if you don’t know the way? A pre-retirement seminar can help you better prepare for your retirement date. If you’re planning to retire in the next five years, make time to attend a seminar next spring. Watch for the schedule at [www.kpers.org](http://www.kpers.org) and in KPERS Papers.

**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.

**KPERS Board of Trustees:** Michael Braude, *Chair*      Jody Boeding, *Vice-Chair*      Duane Anstine  
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