

## Active Member Issue

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## Are You Prepared for Retirement?

There are a lot of questions that pop up when preparing for retirement. You don't have to guess or go through it alone, though. Every year, KPERS has pre-retirement seminars across the state that can help you prepare for your retirement date, even if you still have a few years before the big day.

*Do you know how two quarters can equal extra retirement dollars?* For every three months that you work and make contributions to the Retirement System, you receive one quarter of service credit (four quarters equal one year). When you retire, your quarters are converted to years to calculate your retirement benefit. Sometimes there is a remainder, which is rounded up or down (for example, 23 years and two quarters is rounded to 24 years). That's an extra year of service credit that will be used to calculate your retirement benefit, and an important fact to know when choosing your retirement date.

*Do you know there are 12 ways to receive your retirement benefit?* We cover everything from getting up-front money at retirement to ways to provide for loved ones after your death. We'll explain all your retirement benefit payment options so that you can choose the option that's right for you.

Answers to the above questions are just a sample of what you can learn at our pre-retirement seminars this year. Each seminar covers a variety of topics directly related to your KPERS retirement. If you are retiring anytime in the next five years, register to attend one of these free, one-hour seminars. Each seminar explains:

- Planning for retirement
- Choosing your retirement date
- How your retirement benefit is calculated
- The retirement process
- Retirement benefit payment options
- Working after you retire

See the flyer inside for location and registration details.

## New Legislation Allows You to Name Separate Beneficiaries

As an active member, you now have the option to name separate beneficiaries for your retirement benefits and your group life insurance. Previously, when you named a primary beneficiary, all of your benefits went to the same beneficiary. You can now choose to designate different beneficiaries to receive your:

- KPERS benefits (returned contributions and interest)
- Life insurance proceeds (basic and optional)

If you are happy with your current beneficiaries, you don't have to do anything. This new option is purely for members who wish to take advantage of the change.

Previously, naming your spouse and another beneficiary meant giving up the Special Spouse Benefit (see below). Now, you can provide for other loved ones, and your spouse can still choose to receive a lifetime benefit.

### Special Spouse Benefit

Your spouse may receive a lifetime monthly benefit instead of receiving your returned contributions if you die before retirement. Among other qualifications, your spouse must be your **sole** primary retirement beneficiary.

To learn more or to request a Designation of Beneficiary form, see your designated agent or visit [www.kpers.org](http://www.kpers.org).

## Retirement Eligibility: The 85 Point Rule

### What Is the 85 Point Rule?

You can retire at any age, **with full benefits**, when you have 85 points. The "85 point rule" is when your age and years of service 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.

### Do I Need 85 Points to Retire?

No. A common misconception is that you need 85 points to retire. The 85 point rule is only one of three ways that you can qualify for retirement. You can retire with full benefits if you meet **one** of these minimum requirements:

- Age 65 with at least one year of service credit
- Age 62 with at least ten years of service credit
- Any age when you reach 85 points

### Can I Retire Before I Have 85 Points?

You may retire as early as age 55 with ten years of service credit, but your benefit will be permanently reduced.

Age	Reduced by	<i>Example:</i> A \$1,000 benefit:
At age 55 ...	41%	would be reduced to <b>\$590</b> .
At age 56 ...	34%	would be reduced to <b>\$660</b> .
At age 57 ...	26%	would be reduced to <b>\$740</b> .
At age 58 ...	19%	would be reduced to <b>\$810</b> .
At age 59 ...	12%	would be reduced to <b>\$880</b> .
At age 60 ...	5%	would be reduced to <b>\$950</b> .
At age 61 ...	2%	would be reduced to <b>\$980</b> .

As an active member, your current retirement eligibility requirements and benefits cannot be changed. They are set by statute and guaranteed by Kansas law.

### Use this worksheet to find out when you'll have 85 points

1. Your current age: \_\_\_\_\_
2. Your current years of service: \_\_\_\_\_
3. \*Your current point total (Line 1 + Line 2): \_\_\_\_\_
4. Number of points needed (85 - Line 3): \_\_\_\_\_
5. Number of years to reach 85 points (Line 4 ÷ 2): \_\_\_\_\_
6. Your current age (same as Line 1): \_\_\_\_\_
7. You will have 85 points at age (Line 5 + Line 6): \_\_\_\_\_

\* If line 3 is greater than or equal to 85, you can retire now with full benefits.

#### An Example

John is 41 years old.  
 He has 10 years of service.  
 $41 + 10 = 51$  points now  
 $85 - 51 = 34$  points needed  
 $34 \div 2 = 17$  years to go  
 41 years old  
 $41 + 17 = 58$  years old  
 John can retire at age 58.

## April Board Election: Your Vote Counts

This April, let your voice be heard. It's time to vote in the KPERs Board of Trustees election. The Board plays an important role in overseeing Retirement System operations and safeguarding the System's assets. A growing Retirement System benefits from good leadership and a supportive membership. You can do your part by voting.

Every four years, members elect one board trustee from both the school and non-school groups. All active and retired members are eligible to vote.

### Board of Trustees School Candidates

- **L. Duane Anstine**, retired  
USD 308 (Hutchinson)
- **Janet E. Christian-LeDuc**, active  
USD 426 (Pike Valley)
- **Thomas V. Dolenz**, active  
USD 413 (Chanute)
- **George C. Knox**, active  
Cloud County Community College
- **Kenneth C. Tarrant**, active  
USD 355 (Ellinwood)
- **David L. Torbett**, active  
USD 446 (Independence)

In late March, you will receive a voting packet from your designated agent, which will include candidate information and voting instructions. You can vote anytime during April by calling the toll-free number and following the simple instructions. There also will be information in the voting packet if you would prefer to vote by paper ballot.

Voting will end April 30, and we will announce the winners at the May 20 board meeting. Names of the winners also will be published in the summer KPERs Papers.

### Board of Trustees Non-School Candidates

- **Jody Boeding**, active  
Unified Government of Wyandotte Co./Kansas City
- **Keith D. Haxton**, retired  
Kansas Department of Health and Environment
- **Deborah M. Kelly**, active  
City of Shawnee
- **Thomas L. Kohmetscher**, active  
Futures Unlimited, Inc.
- **Dennis Shell**, retired  
Kansas City Police Department
- **Elizabeth A. Spiess**, active  
Osawatomie State Hospital

## Death and Disability Program Needs Funding and Design Changes

The KPERs Death and Disability Fund provides death and disability benefits for active KPERs members. These benefits help protect you and your loved ones if you become disabled or die.

The program is funded with employer contributions and investment returns. Facing difficult financial challenges over the last four years, the Kansas Legislature placed several moratoriums on employer contributions. During this time, the State of Kansas and local employers saved over \$100 million, but the lack of contributions reduced the fund to a critical level. This underfunding could affect your benefits.

After analyzing many options, KPERs has developed a plan to strengthen the program's financial position. We need to both increase funding and contain costs, while continuing to provide good benefits that protect employees and their income if they become disabled or die.

KPERs recommends increasing employer contributions to 1.0 percent of payroll from the current 0.6 percent. We also recommend shifting benefits to match industry standards. Some of these changes reduce certain benefits and others enhance benefits. Any changes will not affect current disability recipients. While death and disability benefits can be changed, your retirement benefits are **guaranteed** by law.

The Governor has included the needed 1.0 percent contribution rate in her budget. The Legislature's Joint Committee on Pensions, Investments and Benefits has recommended a 0.8 percent contribution rate. The 0.8 percent rate would require additional benefit cuts.

You can track this funding issue as it progresses through the legislative process with KPERs' Legislative Summary on our web site. There is also more information about our recommendations and possible benefit changes.

## KPERS Briefs

### Watch for Your Annual Statement

You should receive your annual statement from your designated agent each spring. Annual statements show your contributions, earned interest and beneficiary information. Check that your beneficiary is current, especially with the new options available, and be sure your personal information is correct.

For more information, KPERS has an Annual Statement Guide to help you. For a copy, contact your designated agent or view it on our website under "Publications."

### Tax Reminder: Report KPERS Contributions on Your Kansas Income Tax Return

The amount you contribute each year from your salary to the Retirement System is subject to Kansas income tax. Your contributions are deducted from your pay on a pre-tax basis for federal income tax purposes. Because of this, you need to make a specific entry on your Kansas income tax return. All Retirement System members are included. This amount is listed on your annual statement. For more information, see the "Schedule S Line-by-Line Instructions" in the 2004 Kansas Income Tax Booklet or contact the Kansas Department of Revenue.

- E-mail: [tac@kdor.state.ks.us](mailto:tac@kdor.state.ks.us)
- Toll-free: (877) 526-7738
- In Topeka: (785) 368-8222

### KPERS Has New Disability Administrator

On January 1, DCG Resource Options, LLC began administering KPERS' disability program. DCG specializes in managing disability claims. They are committed to assisting disabled employees with receiving appropriate benefits as well as helping those who are able to return to work. This change will not directly affect you as an active member.

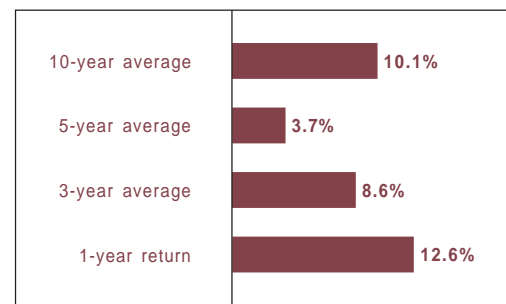
### Optional Group Life Insurance

Remember, you no longer have to wait for open enrollment to change your optional life insurance coverage. With proof of good health, you can start or increase your coverage at any time. To contact the Minnesota Life branch office in Topeka, call toll-free (877) 215-1476.

### KPERS Investment Update

Thanks to positive investment returns, KPERS assets now total approximately \$11.2 billion. Recent growth is mainly due to improving stock market returns within both domestic and international markets. The System's real estate portfolio and fixed income investments also continue to contribute consistent returns.

Investment Performance  
for the period ending December 31, 2004



Our long-term goal is to earn an 8 percent investment return. Over the last ten years, the portfolio's returns have actually averaged 10.1 percent.

For more detailed information on the KPERS investment portfolio, please visit [www.kpers.org/reports.htm](http://www.kpers.org/reports.htm).

### KPERS Annual Report Available

The KPERS Comprehensive Annual Financial Report for Fiscal Year 2004 can be viewed on our website. To receive a printed copy, contact the InfoLine.

**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*      Liz Miller, *Vice-Chair*      Jody Boeding  
Jarold Boettcher      Bruce Burditt      Lynn Jenkins  
Don Steffes      Marjorie Lee Webb      Doug Wolff

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# Pre-Retirement SEMINARS

## Are You Within Five Years of Retirement?

Mark your calendar to attend one of the **KPERS** or **KP&F** pre-retirement seminars held across the state this spring. Each seminar will cover the steps you need to take before retiring. KP&F members will have a separate seminar at the locations indicated on the schedule. Attendees will receive a booklet with detailed information they can take home for reference. If you cannot attend a seminar, but would like to receive a booklet, contact the Retirement System or download one at [www.kpers.org](http://www.kpers.org).

All seminars will be from 6:30 p.m. to 7:30 p.m. Attendance is free and pre-registration is required.

Register by one of the following:

- Complete and return the registration form to KPERS
- Call (877) 205-4916 or (785) 296-6166
- E-mail [kpers@kpers.org](mailto:kpers@kpers.org)

Feb. 28: **Beloit**  
Municipal Building • 119 N Hersey

March 2: **Marysville**  
City Hall • 209 N Eighth St

March 3: **Concordia**  
Cloud Co Community College • Cook Theater

March 8: **Independence - KPERS and KP&F**  
Independence High School • 1301 N 10th  
(cafeteria, **classroom**)

March 9: **Pittsburg - KPERS and KP&F**  
Pittsburg High School • 1978 E 4th St  
(auditorium, **side room**)

March 10: **Fort Scott - KPERS and KP&F**  
Fort Scott High School • 1005 S Main  
(auditorium, **classroom**)

March 15: **Hays**  
Hays High School • 2300 E 13th  
(little theater)

March 16: **Great Bend**  
Great Bend High School • 2027 Morton St  
(auditorium)

March 17: **Pratt**  
Liberty Middle School • 300 S Iuka St  
(auditorium)

March 22: **Garden City - KPERS and KP&F**  
GCCC • 801 Campus Drive  
Math & Science Bldg (lecture hall, **Rm 132**)

March 23: **Dodge City - KPERS and KP&F**  
Dodge City Library • 1001 2nd Ave  
(S. Exhibit Room, **Lois Flannigan Room**)

March 29: **Newton - KPERS and KP&F**  
McKinley Administration Center • 308 E First

March 30: **Hutchinson - KPERS and KP&F**  
Hutchinson High School • 1401 N Severence  
(auditorium, **cafeteria**)

March 30: **Seneca**  
Nemaha Valley High School • 214 N 11th St

March 31: **McPherson - KPERS and KP&F**  
McPherson High School • 801 E First  
(little theater, **library**)

March 31: **Hiawatha**  
Fisher Community Center • 201 E Iowa

April 5: **Emporia - KPERS and KP&F**  
Emporia High School • 3302 W 18th Ave  
(auditorium, **classroom**)

April 6: **Chanute - KPERS and KP&F**  
Chanute Memorial Building • 101 S Lincoln  
(auditorium, **commission room**)

April 7: **Ottawa - KPERS and KP&F**  
Ottawa High School • 11th & Ash  
(multi-purpose room, **classroom**)

April 11: **Ulysses**  
Kepley Middle School • 113 N Colorado  
(auditorium)

*schedule continued on back...*

- April 12: **Liberal**  
Liberal High School • 1622 W 2nd  
(cafeteria, NW door)
- April 12: **Lawrence - KPERS and KP&F**  
Free State High School • 4700 Overland Drive  
(auditorium, **classroom**)
- April 13: **Overland Park - KPERS and KP&F**  
Shawnee Mission North High School  
7401 Johnson Drive  
(auditorium, **Rm 146**)
- April 14: **Scott City**  
Bryant Educational Center • 416 Main
- April 14: **Olathe - KPERS and KP&F**  
Pioneer Trails Junior High  
15100 West 127th Street  
(auditorium, **classroom**)
- April 18: **El Dorado**  
Civic Centre • 201 E Central
- Apr. 19/20: **Wichita - KPERS and KP&F**  
(Seminars held both nights at each location)  
E. Hughes Metro Complex • 29th & Oliver  
(Roger Lowe Auditorium)  
(**Meeting Hall, Door C on east side**)
- Sedgwick Co Zoo • 5555 Zoo Blvd  
RL Blakely Ed Center  
(auditorium, **classroom**)
- April 21: **Winfield - KPERS and KP&F**  
Winfield High School • 300 Viking Blvd  
(auditorium, **classroom**)
- April 25: **Wakeeney**  
Wakeeney High School • 1200 Russell Ave  
(auditorium)
- April 26: **Norton**  
Norton High School • 600 N State Street  
(auditorium)
- April 26: **Junction City - KPERS and KP&F**  
Municipal Building • 700 N Jefferson  
(auditorium, **commission room**)
- April 27: **Colby**  
Community Building • 285 E 5th
- April 27: **Salina - KPERS and KP&F**  
Bicentennial Center • 800 The Midway
- April 28: **Manhattan - KPERS and KP&F**  
Headquarter Fire Station • 2000 Denison  
(training room, **conference room**)
- May 3: **Leavenworth - KPERS and KP&F**  
Warren Middle School  
3501 New Lawrence Road  
turn west at 10th & Gatewood  
(commons, **classroom**)
- May 4: **Topeka - KPERS and KP&F**  
**KPERS**, Kansas Museum of History  
6425 SW 6th Ave
- KP&F**, at KPERS Office • 611 S Kansas Ave
- May 5: **Topeka - KPERS and KP&F**  
**KPERS**, Topeka & Shawnee Co Public Library  
Marvin Auditorium • 1515 SW Tenth
- KP&F**, at KPERS Office • 611 S Kansas Ave

## 2005 Pre-Retirement Seminar Registration

Name: \_\_\_\_\_

# attending: \_\_\_\_\_ Seminar location/date: \_\_\_\_\_

Daytime phone number: \_\_\_\_\_ E-mail: \_\_\_\_\_

*Please return form to:*  
KPERS, Member Services, Pre-retirement seminar registration  
611 S. Kansas Ave., Suite 100  
Topeka, KS 66603-3803

*I am attending:*  
r KPERS pre-retirement seminar  
r KP&F pre-retirement seminar