

KPERS Papers

Kansas Public Employees Retirement System

Serving public employees since 1962

January 2001

Retired Member Issue

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April 2001 KPERS Board Member Election

This April, KPERS will be gearing up for the Board of Trustees Election in which Retirement System members will elect their fellow members to serve as Trustees on the KPERS Board. The Retirement Act specifies that two members of the Board of Trustees are to be elected from the active and retired memberships of the Retirement System. All active and retired members of KPERS, KP&F, and the Retirement System for Judges are automatically registered to vote in the 2001 Board of Trustees election. The law requires one elected trustee be a school member and the other be a non-school member. "School" members vote to fill one position and "Non-School" members vote to fill the other position.

Note: According to Kansas statutes, inactive members may neither vote in the election nor serve on the KPERS Board of Trustees. Only active and retired members are eligible to vote or serve on the KPERS Board.

The Spring, 2001 Trustee election will be conducted as follows:

- Candidate biographies and voting instructions will be made available to eligible voters before the election.
- Voting will begin in April.
- Votes may be cast toll-free by touch-tone phone using the voice response system; or, if a touch-tone phone is unavailable, by calling the Retirement System to request a paper ballot to complete and return by mail.
- Voting will cease April 30, 2001.
- An election committee, appointed by the Retirement System's Executive Secretary, will certify the election results at the end of the election period.
- Election results will be published in the KPERS Papers newsletter, to provide notice to all members of the Retirement System.
- Following the certification of the election results, the newly elected Trustees will begin their service on the Board of the Retirement System beginning on July 1, 2001.

Candidates

Those who successfully completed petitions to become candidates for the two elected positions and the cities where they reside are:

Non-School Trustee Position	School Trustee Position
Becky Allen-Bouska/Wichita	Kenneth E. Fisher/Lawrence
Bruce Burditt/Auburn	George Goebel/Topeka
Rick Fleming/Topeka	LeRoy Jagers/Russell
Robert M. Halloran/Garden City	Errol Logue/Leavenworth
Keith D. Haxton/Topeka	Marlene A. Merrill/Lawrence
Erica Johnson-Wootson/Wichita	Delores E. Pokorny/LaCrosse
D. Keith Meyers/Lawrence	LeeRoy B. Schuckman/Hays
David P. Mikesic/Kansas City	Loyal A. Vincent/Omaha
Hazel Mordy/Independence	Marjorie Lee Webb/Merriam
Gilbert O. Shapiro/Mission	
Dennis Shell/Kansas City	
Darrell Wilson/Salina	

For more information about Board member candidates, visit our web site at www.kpers.org.

1099-R TAX STATEMENTS

By now, you should have received an envelope in the mail marked “*Important Tax Return Document Enclosed.*” Inside are 1099-R forms with data needed to file your 2000 tax returns. Your benefit is subject to federal taxes, but it is not subject to Kansas state taxes. Following is a sample of the 1099-R tax statement for 2000 and an explanation of the figures entered on the form.

Box 1 - Indicates your total KPERS benefits for 2000 (including payment issued on December 27, 2000).*

Box 2a - Indicates taxable portion of your 2000 payments calculated by KPERS.* Depending on the benefit classification, this applies to:

Retired Members:

If you retired before July 1986, KPERS doesn’t calculate your taxable amount. If you have recovered all your previously taxed contributions under the IRS Three-Year Rule, your benefit will now become fully taxable.

If you retired after June 1986, only a portion of your benefit is non-taxable. You were notified at retirement of the percentage or the amount which KPERS had calculated as excludable from tax. If you elected an alternate method to calculate your excludable portion, attach a note to your tax returns stating that you are using a different method to report the taxable amount in Box 2a.

Beneficiaries:

If you are the beneficiary of a retired member who is deceased, your benefit has the same tax status as did the retired member’s benefit.

Box 4 - Indicates the federal tax KPERS withheld, if any, in 2000. If you are a retired member who has federal income tax withheld, the benefit you receive on or about March 1, 2001, will reflect changes to the IRS withholding tables.

Box 5 - Indicates your investment in the contract, if any, that was recovered tax-free this year.*

Box 7 - Indicates the type of benefit you receive. See instructions on the reverse side of the 1099-R form.

Box 9b - If it is your first year of retirement, the amount in this box shows your total plan investment.

In the lower left corner of the form, you will find your retirement date, taxed contributions or Internal Revenue Service (IRS) net investment if you retired after June 1986, total benefits paid through 2000, and 2000 Group Health Insurance premiums for state employees. Additional information and IRS instructions are printed on the reverse side of Copy B and Copy 2 of the 1099-R form. Questions about your individual tax situation should be directed to a qualified tax professional or to the Internal Revenue Service.

* The easy explanation: Box 1 is the total amount the System paid you last year. Box 2a is the taxable portion of that total. Box 5 is the portion that is not taxable. So, by subtracting the amount in Box 2a (the taxable amount) from the amount in Box 1 (total distribution), you will arrive at the amount in Box 5 (the non-taxable portion).

Sample 2000 1099-R Tax Form

9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		2000 Form 1099-R Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2000 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		\$		
		\$	\$	
PAYER'S Federal identification number		3 Capital gain (included in box 2a)	4 Federal income tax withheld	
RECIPIENT'S identification number		\$	\$	
RECIPIENT'S name		5 Employee contributions or insurance premiums	6 Net unrealized appreciation in employer's securities	
Street address (including apt. no.)		\$	\$	
City, state, and ZIP code		7 Distribution code	8 Other	
		IR/SIMPLE <input type="checkbox"/>	\$	
Account number (optional)		9a Your percentage of total distribution	9b Total employee contributions	
		%	\$	
		10 State tax withheld	11 State/Payer's state no.	12 State distribution
		\$	\$	\$
		\$	\$	\$
		13 Local tax withheld	14 Name of locality	15 Local distribution
		\$	\$	\$
		\$	\$	\$

Form 1099-R Cat. No. 14436Q Department of the Treasury - Internal Revenue Service
 Do NOT Cut or Separate Forms on This Page — Do NOT Cut or Separate Forms on This Page

System in Sound Condition

KPERS actuarial projections have been in the newspapers lately. The news coverage may have raised concerns about the overall condition of the Retirement System. The KPERS Board of Trustees believes it is important to assure KPERS members and retirees that the Retirement System remains in solid financial and actuarial condition.

Better actuarial procedures have generated revised projections. The projections show that employer contribution rates need to increase, over time, to a level that will be higher than previously expected. Introducing the corrected actuarial data now means recognizing real costs in a more timely fashion. Analysis shows that employer rates would have had to go up in any event, because promised benefits must be funded. In the long run, doing so today rather than tomorrow saves money.

The bottom line is that all benefits are safe, no benefits are jeopardized, and the System is in sound condition for paying benefits now and in the future.

The Benefits of Direct Deposit

Convenience and peace of mind are two reasons more and more KPERS retired members are choosing direct deposit for their benefit checks. Those who have it enjoy the security of knowing their benefit checks are automatically deposited to their individual checking or savings accounts electronically each month. The following schedule indicates the dates of deposit for the upcoming year:

Payment Month	Deposit Date	Payment Month	Deposit Date
January:	January 31	July:	July 31
February:	February 28	August:	August 31
March:	March 30	September:	September 28
April:	April 30	October:	October 31
May:	May 31	November:	November 30
June:	June 29	December:	December 27

Direct deposit ensures your retirement benefit funds are available regardless of weather, temperature, or season, even if you aren't home. Direct deposit resolves so many concerns - from braving inclement weather conditions, to check-theft, that you may wish to sign up too. If you would like more information, please contact the Retirement System at the address or telephone number listed on page 4. Our staff will be happy to assist you.

Your Right to Change Tax Withholding

Once each year the Retirement System is required to remind you, as a benefit recipient, of your ongoing right to start, stop, or change your federal withholding tax.

You aren't required to have federal tax withheld from your benefit check, but you may need to file quarterly estimated tax returns if sufficient tax isn't withheld to cover your annual tax liability. If your estimated payments or withheld amounts don't meet your obligation, you may owe the IRS interest or penalty charges in addition to the taxes owed.

If you wish to make a change, you may file an IRS W-4P form with the Retirement System. To receive a form, contact the Retirement System at the address or telephone number listed on page 4.

Check Out Our Web Site

Many of you may have noticed that the KPERS web site (www.kpers.org) has a new look. Although the new site displays much of the same information as before, a few new features have been added:



- * More graphics and a new color scheme give the page a fresh appearance.
- * The site theme is consistent throughout and pages are clean and uncluttered, making navigation easier.
- * A "What's New" section informs viewers of current news and information.
- * Each page contains a link to the site map.
- * Frequently asked questions and a glossary of terms have been added.

KPERS plans to continue improvement of our web site by keeping information current and accurate, adding more forms and publications as they become available and concentrating on suggestions and comments from those of you who frequent the page. Future improvements include interactive web accessibility development after February 2002.

Should you have any comments or suggestions about the KPERS web site, please feel free to e-mail Tracy Rafferty at TRafferty@kpers.org.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Fiscal Year 2000 Operating Results

Net Assets at July 1, 1999		\$	9,625,666,125
Additions:			
Contributions			
Member	\$ 192,777,255		
Employer	185,264,106		
Total Contributions	\$ 378,041,361	\$	378,041,361
Investment Income			
Gross Investment Income	\$ 1,340,287,814		
Less Manager, Custodian Fees, Expenses	(25,517,316)		
Net Investment Income	1,314,770,498		
Other Miscellaneous Income	245,354		
Total Additions	1,693,057,213		
Deductions:			
Monthly Retirement Benefits Paid	497,869,985		
Refunds of Contributions	43,631,850		
Death Benefits	8,071,779		
Insurance Premiums and Benefits	42,199,878		
Administrative Expenses	5,689,571		
Total Deductions	597,463,063		
Net Increase		1,095,594,150	
Net Assets at June 30, 2000		\$	10,721,260,275

Kansans Vote “Yes”

In November 2000, Kansas citizens had the opportunity to vote for a constitutional amendment which would allow the Retirement System to own shares of bank stocks as part of its investment portfolio.

The amendment passed by an overwhelming number of votes. A grand total of 905,038 votes were cast with 556,715 (62%) voting in favor of the amendment.

The Retirement System is now requesting that a bill be introduced and passed early in the 2001 legislative session which would allow necessary changes to similar language in current retirement law.

For more detailed information on the amendment that was passed, refer to the October 2000 issue of the KPERS Papers currently posted on our web site.

Mission Statement of the Retirement System: The Kansas Public Employees Retirement System is a plan of retirement, disability, and survivor benefits provided by law for Kansas public servants and their beneficiaries.

The Board of Trustees and the Staff of the Retirement System strive at all times to safeguard the System's assets by adhering to the highest standards of fiduciary and professional care, complying strictly and fairly with the law, and conducting business in a courteous, timely and effective manner.

KPERS Board of Trustees:

	Jarold Boettcher, Chair	Patrick Smith, Vice-Chair
Bruce Burditt	Vern Chesbro	Frank Gaines
Liz Miller	Lon Pishny	Tim Shallenburger
		Marjorie Lee Webb

The **KPERS Papers** newsletter is published by the Kansas Public Employees Retirement System,
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