

KPERS Papers

Kansas Public Employees Retirement System

Serving public employees since 1962

July 2001

Retired Member Issue

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Members Elect Two Trustees to Board

Members of the Kansas Public Employees Retirement System have elected two of their fellow members to serve as trustees on the KPERS Board for the next four years.

The Retirement System is pleased to announce the newly-elected trustees are: Marjorie Lee Webb/school trustee position; and Bruce Burditt/non-school trustee position.

Marjorie Lee Webb is a retired high school teacher from the Shawnee Mission School District. She is currently teaching part-time in the Shawnee Mission Alternative Education Horizons High School. She won re-election to a third four-year term in the school trustee position. Bruce Burditt is Financial Reporting and Investments Manager with the Kansas Department of Transportation. He won re-election to a

second four-year term in the non-school position. Your new trustees began their Board service on July 1, 2001.

The KPERS Board is comprised of nine trustees. Four are appointed by the Governor, one is appointed by the President of the Senate, one by the Speaker of the House, two are elected by Retirement System members and one is the State Treasurer. Each trustee serves a four-year term on the Board. The gubernatorial appointees are: Jarold W. Boettcher, Board Chair; Vern R. Chesbro; Liz Miller; and Michael Braude.

Jarold W. Boettcher, from Beloit, is President and CEO of Boettcher Enterprises, Inc. and Boettcher Supply, Inc. Vern R. Chesbro, of Ottawa, is President of Vern R. Chesbro Consulting, Inc. Liz Miller, of Lawrence, is Senior Vice-President of UMB Bank. Michael Braude, of Mission Woods, is past President and CEO of the Kansas City Board of Trade.

The appointee of the President of the Senate is Don Steffes of McPherson. He is a retired banker and former Senator who served on the Joint Committee on Pensions, Investments and Benefits.

The appointee of the Speaker of the House is Lon Pishny of Garden City, owner of Pishny Financial Services.

State Treasurer, Tim Shallenburger from Topeka is a member of the Board of Trustees *ex officio*.

What's New on the Web Site?

Be sure to check out the following items at www.kpers.org:

- To keep informed of current items of interest, check out the "What's New" section on the main page of our web site.
- Review new information in the "Frequently Asked Questions" section.
- Check out the "Site Map & Other Helpful Links" to assist you in your search for information.

KPERs Recipient of 2000 Award

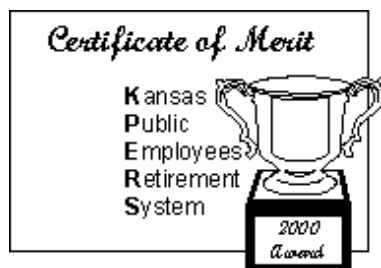
KPERs is proud to be the recipient of the 2000 Public Pension Coordinating Council's Achievement Award and Certificate of Merit.

This award was presented to KPERs for the high professional standards of the Retirement System.

The Achievement Award is based on compliance with specific principles that underlie retirement system achievements in the areas of benefits, actuarial valuations, financial reporting, investments, and disclosure to members. In summary, the principles are as follows:

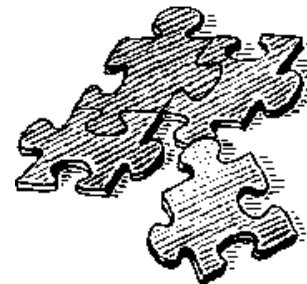
- Courteous Service
- Member Statements
- Information
- Annual Reports
- Financial Audits
- Actuarial Studies
- Adequate Funding
- Operated for Exclusive Benefit of Members
- Prudent Investments
- Ethical Conduct

The principles are adopted by prominent members of the public retirement system community and are widely acknowledged to be marks of excellence for retirement systems. Systems that adhere to these standards lead the way in their service to system members, public officials, and citizens alike.



Connect With Your Retirement System

Do you have questions about your benefits, need to know your account balance, or wish to change your beneficiary? If so, here are some tips to help you get “connected” with your Retirement System.



KPERs offers various publications and other helpful information through our web site at www.kpers.org. In addition, staff members are always happy to assist you in obtaining answers to your retirement questions.

- **Contact Information:** You may contact the Retirement System's Infoline toll-free at 1-888-ASK-KPERs (1-888-275-5737). In Topeka, call 296-6166. The Infoline is available Monday through Friday from 9:00 a.m. to 5:00 p.m. Our Infoline staff is trained in all aspects of the Retirement System and are able to answer most questions without having to transfer your call.

The Retirement System office is open weekdays from 8:30 a.m. to 5:00 p.m. Should you need to visit the office, please call to arrange an appointment first so that we can assist you more effectively when you arrive.

If you need to submit information to KPERs in a hurry, you may fax documents and forms to KPERs at 785-368-7105. If you're faxing a death certificate or court order, it will be necessary to send the original document by mail to: Kansas Public Employees Retirement System (KPERs), 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803. You may also send any questions or concerns to us by contacting us through our web site address at kpers@kpers.org.

(Continued on Page 3)

Connect With Your Retirement System (Cont.)

- **Confidentiality:** Unless you authorize it, the Retirement System is bound by law not to release information from your file to anyone other than you, except to a person who holds your power of attorney. Therefore, no one may obtain information about your records, including your current spouse, former spouse, friends or relatives. You may ask for information about your records only. This is to ensure your privacy as well as the privacy of all other members of the Retirement System.
- **Statistics:** KPERs received nearly 125,000 calls from our members in the year 2000. We continually strive to improve the quality of our customer service to better meet the needs of more than 200,000 active and retired members. Your comments and suggestions are valuable and always welcome.

Does KPERs Know Where You Are?

Remember to keep your mailing address current with KPERs - even if you have chosen to use direct deposit to receive your monthly benefit payments. This will allow you to continue receiving tax forms, KPERs Papers and other correspondence.



To request a change of address with KPERs, members may call the office and visit with one of our Infoline representatives. Requests may also be submitted in writing to the address listed on the last page of this newsletter. Members should provide their name, social security number or retirement number and new address. Please remember to provide your old address as well.

Planning a Visit to Our Office?

The KPERs office is located at 611 South Kansas Avenue in Topeka, Kansas. For those of you planning to visit our office, the following tips are suggested to assist in making your visit a pleasant one:

1. *Make an appointment to visit with a KPERs representative.* By scheduling an appointment, KPERs can be better prepared for your visit by having your account information available when you arrive. You can make an appointment by calling the Infoline at 785-296-6166 or by calling our toll-free number at 1-888-275-5737. If you decide to cancel your appointment for any reason, please call to reschedule your appointment for another time.
2. *Write your questions down and bring them with you at the time of your appointment.* Taking this step will help to ensure that all of your questions and concerns are addressed at the time of your visit.
3. *Bring all applicable documentation with you.* If you have questions about your Annual Statement or other information that you have received from KPERs, having them readily available will assist our representative in explaining them to you in a convenient, timely manner.

Following these simple steps will help to ensure that your visit is a helpful and satisfying one.

Each one of us will one day be judged by our standard of life, not by our standard of living; by our measure of giving, not by our measure of wealth; by our simple goodness, not by our seeming greatness.

- William Arthur Ward

Featured FAQ's

The following information, recently requested by some of our members, may also be found in the "Frequently Asked Questions" section of our web site (www.kpers.org).

Is the \$4,000 retirant death benefit an insurance policy and if so, what is my policy number? No. The \$4,000 retirant death benefit is not an insurance policy. The \$4,000 is a death benefit provided by legislation.

Is there a tax exclusion for the death benefit? Prior to August of 1996, there was a federal tax exclusion for this type of death benefit. After August 1996, the exclusion was repealed by Congress. The \$4,000 death benefit is now subject to federal income tax.

Is the \$4,000 death benefit subject to state income tax? No. The \$4,000 death benefit is not subject to Kansas tax.

Can I name a funeral home as my beneficiary? Beginning July 1, 2001, retirants can choose to name a funeral establishment (instead of a person, estate, or trust) as the beneficiary for their \$4,000 KPERS death benefit. A retirant may wish to do this because, under federal tax law, the \$4,000 KPERS death benefit is counted as taxable income to the beneficiary. Thus, without this change, even if the beneficiary assigns the death benefit to a funeral home to go toward the retirant's burial expense, the beneficiary nevertheless receives a 1099R the next January showing the benefit amount as taxable income. Under this new provision, if the retirant chooses to name a funeral establishment instead of an individual as beneficiary, the \$4,000 will go directly to the establishment and no individual will be taxed for it.

Beneficiary designation forms may be obtained through our web site at www.kpers.org, or feel free to contact our office for assistance.

Is the death benefit always going to be \$4,000 or will it increase? Legislation would have to be passed to increase the \$4,000 death benefit.

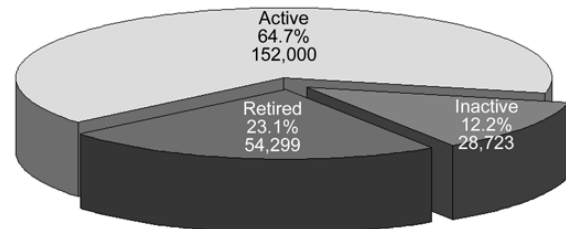
Is the death benefit \$4,000 no matter how long I work or how much my monthly benefit is? Yes.

Will my joint survivor also receive a \$4,000 death benefit? The \$4,000 death benefit is only payable upon the death of the member. The only exception is if the joint survivor is also a KPERS member.

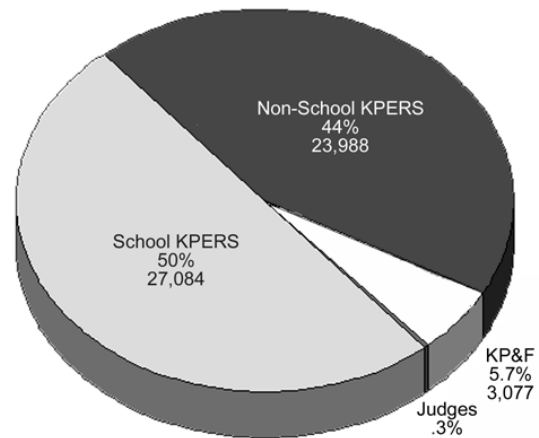
If I have membership in more than one Retirement System administered by KPERS, will my beneficiary receive more than one \$4,000 death benefit? No. Only one \$4,000 death benefit will be payable per member.

Membership Stats as of June 1, 2001

KPERS Membership
235,022 Members



Retired Members
54,299 Total



Direct Deposit Payment Dates

Direct deposits occur on a set schedule of dates that generally coincide with the last working day of the month. For those of you having your checks directly deposited, the following schedule indicates the dates of deposit for the remainder of calendar year 2001.

<u>Month</u>	<u>Deposit Date</u>
July:	July 31
August:	August 31
September:	September 28
October:	October 31
November:	November 30
December:	December 27

If you would like information on signing up for direct deposit, please contact the Retirement System at the address or telephone number listed on the last page of this newsletter. Our staff will be happy to assist you.

Long-Term Gains Through Short-Term Losses

The decline in the world's stock markets has continued over the course of the fiscal year. Over the last 12 months ending April 30, 2001, the Dow Jones Industrial Average has lost .71 percent, the Standard & Poor's 500 lost 14.90 percent, and the technology-laden NASDAQ lost 46.53 percent. With the stock market in the red and the Retirement System invested in the stock market, the System has suffered reductions in value as well. As of the end of April, the System's investment portfolio had declined by 7.1 percent over the course of the fiscal year, and was down 5.1 percent for the trailing one year. Naturally, many participants in KPERS may have concerns about the System's investment fund and how losses may impact KPERS' benefits.

KPERS is a defined benefit plan. As such, your benefits are defined by formula within the state

statutes. Investment returns (either positive or negative) have no impact upon the definition of the benefits that have been promised by the employers participating in KPERS.

Although periods of poor investment returns do not impact the benefits promised to KPERS' members, the overall long-term returns on the fund are still very important. When KPERS' investments perform better than expected, the System grows stronger financially, providing greater assets and flexibility. As a large portion of the benefit obligations will not become payable until well into the future, it is important that the fund sustain a long-term, total return perspective. By investing the funds over the long term, the fund will weather both good economic periods (mid to late 90's) and weak economic periods (the last 12 months).

During difficult times, the System's investments are aided by diversification. The System's assets are spread across a broad spectrum of assets and asset categories that react differently in different economic periods. During the previous 12 months, this diversification has helped limit the funds total losses. Over the longer term, diversification helps provide average returns that are more consistent and that support the long-range funding of future benefits. For example, the five-year period ending in April 2001 saw the fund realizing an average annual return of 9.8 percent. This was significantly higher than the eight percent return that had originally been assumed and provides some cushion for more difficult return periods, such as the last year.

As we seek long term gains, history demonstrates that we will sometimes experience short term losses. The Board of Trustees will continue to invest the assets of the fund with an eye for the long term, seeking at all times to generate consistent levels of investment return to support the payment of benefits. During difficult periods in the stock market, or in any asset class, it is encouraging to remember these facts.

Social Security and You

PLEASE NOTE: The following information was provided by Barbara Lewerenz, Public Affairs Specialist of the Social Security Area Director's Office in Topeka, Kansas. The principles and expectations mentioned in the section on the new Social Security Commission are those of the Bush administration.

Some Beneficiaries to Receive Automatic Back-Pay

If you receive social security benefits or Supplemental Security Income (SSI), then you know that there is a cost-of-living adjustment (COLA) every year. The COLA is based on the Consumer Price Index (CPI). In 1999, the Bureau of Labor Statistics made an error in calculating the CPI. What this means to you is that the 2000 COLA increase should have been 2.5 percent instead of the 2.4 percent that you received. To fix the problem, more than 45 million social security and six million SSI beneficiaries will receive an automatic back-pay sometime in July along with a letter of explanation. For most people, the payment will be between \$12 and \$19.

President Bush Announces Social Security Commission

President Bush has announced the establishment of a bipartisan Social Security Commission to develop a proposal for modernizing and restoring social security's fiscal soundness.

The President set down a number of principles that he expects recommendations to adhere to. They include the following:

- Social security benefits for retirees or near-retirees must not be changed.
- The entire social security surplus must be dedicated only to social security.

- Social security payroll taxes must not be increased.
- The government must not invest social security funds in the stock market.
- Social security's disability and survivors insurance must be preserved.
- Modernization must include individually controlled, voluntary personal retirement accounts to augment social security.

Public hearings will be scheduled to garner broad public opinion about modernizing social security.

The Commission is being asked to submit an interim report describing the challenges facing the social security system and the factors affecting reform proposals. The final report, due in the fall, will include recommendations on how to strengthen social security with personal retirement accounts. To become effective, the recommendations would require legislative and presidential action.

The 16-member Commission, appointed by the president, consists of eight republicans and eight democrats with a member from each party serving as co-chair.

The co-chairs are former Senator Daniel Moynihan and Richard Parsons, Chief Operating Officer of AOL/Time Warner.



Eight Tips to Avoid Falling Victim to Fraud

Con artists are everywhere, taking advantage of unsuspecting victims in any number of dishonest ways. Seniors in particular are prime targets to deceitful schemes. It is always wise to be cautious when signing contracts or making purchases. Following are some tips to help *you* avoid becoming a victim of fraud:

1. *Beware of invest-by-home schemes.* Anyone with a telephone is a target for these unscrupulous dealers. Their goal is to persuade *you* into investing in worthless commodities, securities and tax shelters. Never give money to anyone without carefully checking them out first.
2. *Read and understand everything you sign.* Ask yourself these questions before you sign anything:
 - Is the guarantee clear and specific?
 - Are all blank spaces completed?
 - Are all charges itemized?
 - Are all promises in writing?

Remember to read the fine print, watch for legal jargon or double-talk and always make a copy for yourself. If you have any questions, seek the advice of an attorney.

3. *Avoid home repair swindles.* Be alert for dishonest contractors who overcharge or don't finish the job and then skip town. Contact your Better Business Bureau and



ask them for information about the contractor before you hire them. It's best to have work done by a person you know or one that has been referred to you by a friend or relative.

4. *If you "win a prize," it should never cost you money to collect it.* For example, a store credit "good for \$50" is often good for nothing because prices are usually raised to offset it.
5. *Beware of scams that prey upon family members who have lost a loved one.* Con artists have been known to read obituary notices, then send widowed spouses bills for nonexistent debts such as a "gift" that a deceased spouse ordered before their death. Don't pay until you are sure.
6. *Don't be fooled by get rich quick ads.* "Opportunity" ads that promise fast profits and easy formulas for success frequently involve offers of jobs, business plans, etc. Often these ads will require you to make some type of purchase or investment.
7. *Don't fall for a "sympathy" sales pitch.* Lines such as "I'm working my way through college" are often used as a technique to persuade you into signing up. Organized groups of "salespeople" are frequently trained to tell sob stories. Once you sign, they move on to the next neighborhood or town.

8. *Be cautious of "bait and switch" advertising.* Ads offering deals that seem too good to be true are often enticements to buy an item that is not really on sale. Once you are in the store, the salesperson may try to get you to switch to an overpriced item. Also watch for fake measurements of products and "grades" of merchandise.



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Future issues of the KPERS Papers will feature retirees who are willing to share interesting stories about their lives since retirement. We encourage members to submit articles relating to such topics as:



- new careers in volunteering,
- involvement with special groups and organizations,
- special birthday celebrations,
- travel, or
- other topics that might be interesting or inspirational to other readers.

Let us know about your post-retirement experiences by contacting KPERS at the address listed below. Please indicate in your correspondence that you wish to submit your article for the “In the Spotlight” section of the KPERS Papers. Member photographs for article accompaniment are welcome.



Suggestion BOX Are there items of interest that you would like to see included in an upcoming issue of the KPERS Papers? Send your suggestions to the address below or e-mail us at kpers@kpers.org.

Name/Date: _____

Suggestion/Comment: _____

Signature: _____

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	Michael Braude	
	Bruce Burditt	Vern Chesbro	Liz Miller
Lon Pishny	Tim Shallenburger	Don Steffes	Marjorie Lee Webb

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