

Retired Member Issue

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2003 Kansas Legislative Session KPERS Summary

The “13th Check”

Retirees who started receiving a monthly benefit before July 2, 1987, are now guaranteed a 13th check each October. The Kansas Legislature passed, and Governor Sebelius signed, a bill to make the additional payment permanent and untie it from KPERS investment returns.

These retirees have received a 13th check since it was created, but the payment was conditional, based on KPERS investment income. Negative investment returns over the past two years meant for the first time recipients might not have received a full payment this year. The situation caused the Legislature and Governor to make the change.

This closed group has approximately 15,000 retirees and joint annuitants, or 26 percent of all KPERS retirees. The group’s average age is 84.

The additional benefit will be funded with increased employer contributions from the State of Kansas and local government employers.

Long-Term Funding

The Legislature took significant steps toward ensuring KPERS’ long-term financial health. To help tackle KPERS’ growing unfunded actuarial liability, the Legislature increased employer contributions for the state/school group beginning in fiscal year 2006. The contributions will continue to increase gradually over the coming years until they meet the actuary’s recommended amount.

In addition, the bill authorizes the State to issue a maximum of \$500 million in pension obligation bonds to reduce a portion of the unfunded actuarial liability for the state/school group. Issuing bonds will be contingent upon further review and approval by the KPERS

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Service

Integrity

Respect

Accountability

Innovation

Teamwork

Personal Information Changes That Affect Your Payments

Members often ask why it takes two to three months to make an address change or have retirement benefits deposited in a new bank account.

In an average month, we receive more than 1,000 requests to change personal information, like new addresses and bank accounts. To handle the volume and ensure accuracy, the 15th of each month is our cut-off date to make changes affecting the current month.

Address Changes

If we receive your form or change request before the 15th of the month, the new information will take effect in that month. If we receive your change request after the 15th, the change will take effect the next month.

For example, if we receive your address change notice on August 12, your address change will become effective August 31. If we receive your change on or after August 16, then your change will become effective September 30.

Direct Deposit Changes

Direct deposit changes are more involved and take longer than address changes. When we send your monthly retirement payment to a new bank account for the first time, we must first send a “prenote” to the bank to ensure that all the information about your account is correct.

The month we send the prenote, we will also send your benefit payment as a paper check to your home address. If all the account information is correct, the next month we will deposit your benefit payment directly at your bank and you will not receive anything by mail.

For example, if we receive your completed bank form on August 16, then the prenote will be sent in September. That means the first benefit payment going to your new bank account will be the one issued at the end of October.

We hope these examples help explain our timelines. We strive to consistently meet them. In an effort to serve you better, we are currently researching faster options for direct deposit changes. If at any time you have questions about your payments, please contact the InfoLine at (888) 275-5737, (785) 296-6166 or kpers@kpers.org.

Remaining 2003 Benefit Payments

July 31	October 31
August 29	November 26
September 30	December 29

The Retirement System makes direct deposits and mails checks on the last working day of each month. With direct deposits, you will not receive a monthly payment notice by mail, but your deposit will always be made.

2003 Kansas Legislative Session KPERS Summary (cont.)

Board, the Kansas Development Finance Authority, the Joint Committee on Pensions, Investments and Benefits, and the State Finance Council, chaired by the Governor.

KPERS will continue to work with the Legislature and Governor to finalize pieces of the long-term funding plan over the next year. The funding issue is not something we will fix overnight, but these measures are a positive step in the right direction.

Death and Disability Moratorium

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. This issue does not directly affect retirees, but it is an important component of the System’s overall financial health. As with the long-term funding issue, KPERS 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 or call Cathy Rafferty, (785) 296-1017, to receive one by mail.

Member Services Staff Earn High Marks in Satisfaction Surveys

One of the Retirement System's primary goals is to provide excellent customer service to our members. To help measure member satisfaction and identify areas for improvement, the Retirement System conducted two surveys in this last fiscal year. One survey measured satisfaction when members applied for retirement benefits, and the other surveyed members who called the InfoLine. Overall, responses were positive, and members showed high levels of satisfaction with the service and information KPERS staff provides.

Retirement Process Survey

- 300 surveys mailed
- 171 responses (57 percent)
- 94 percent said they received "good" or "excellent" service
- 96 percent said they were "satisfied" or "very satisfied" with the retirement process
- 93 percent said retirement payment options were "adequately explained" or "well explained"
- 75 percent said retirement forms and instructions were "easy to understand"

Areas for improvement mentioned by members:

- Pre-retirement seminars
- Life insurance conversion

- Payments and direct deposit
- Understanding payment options

InfoLine Calls Survey

- 500 surveys mailed
- 166 responses (33.2 percent)
- 93 percent said they received "good" or "excellent" service
- 96 percent rated staff professionalism as "good" or "excellent"
- 89 percent rated staff knowledge of benefits and procedures as "good" or "excellent"

Areas for improvement mentioned by members:

- Changing bank accounts with direct deposit
- Recorded messages
- Busy lines

For the Future

It is important to us that we provide excellent customer service in all we do. While these results were positive, there is always room for improvement. You can help us with your feedback. We welcome any comments you have as well as ideas on ways we can improve and continue to serve you better.

Serving you is the reason we are here.

Federal Tax Withholding Notice

Each year KPERS is required to remind benefit recipients of their ongoing right to start, stop or change federal withholding tax.

Withholding federal tax from benefit checks is not required, but retirees may need to file quarterly estimated tax returns to cover annual tax liabilities. If estimated payments or withheld amounts

don't meet the tax obligation, recipients may owe the Internal Revenue Service interest or penalty charges in addition to the taxes owed.

To make a federal withholding tax change, file an IRS W-4P form with KPERS. To receive a form, contact us at (888) 275-5737, (785) 275-5737 or kpers@kpers.org.

If You Chose a Joint-Survivor Option When You Retired

If you chose a joint-survivor option when you retired, you will provide a monthly benefit for someone for the rest of his or life after you die. Until then, your regular monthly payments are probably reduced to fund this future benefit. The higher your survivor's benefit payment is, the lower yours is during retirement.

If the person you chose to receive a benefit after your death dies before you, your joint-survivor option is cancelled. Kansas law does not allow you to choose someone else to receive the benefit. If your monthly retirement benefit was reduced to provide a survivor benefit,

your monthly payment will "pop up" to what you would have received if you hadn't chosen a survivor option. It is important for you to let us know if your joint-survivor dies. You can then take advantage of the payment increase and begin to receive a larger benefit payment each month. Please notify the Retirement System in writing and include the official death certificate. We will return it after processing.

Although your joint-survivor options will be cancelled, KPERS still provides a \$4,000 death benefit to all retirees. Be sure to keep your beneficiary current for this benefit.

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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KPERS Papers is published by the Kansas Public Employees Retirement System.
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