



*Membership*GUIDE

Kansas Retirement System for Judges

Welcome to the Retirement System

Welcome to the Kansas Public Employees Retirement System and the Retirement System for Judges. We're glad you are here! This membership guide will help you get to know the Retirement System. It outlines your current benefits as an active member and shows you what is in store when you are ready to retire. The guide can be a reference tool when you have Retirement System questions. In the interest of simplicity, certain generalizations have been made in this guide. Kansas law and the rules adopted by the Board of Trustees will control specific situations.

We're Here for You

We're here to answer your questions and help in any way we can. Our offices are open Monday through Friday from 8 a.m. to 5 p.m.

Our "InfoLine" is a toll-free customer service call center dedicated to helping you get the information you need and processing your retirement-related business. The InfoLine is open 8 a.m. to 4 p.m. The easiest time to reach our office is in the afternoon, Tuesday, Wednesday and Thursday. Your questions, comments and suggestions are always welcome, so don't hesitate to call.

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Why Use Our Web Site?

The Retirement System's web site is an excellent resource to help you find the KPERs information you need. Within seconds, you can locate forms, publications and loads of other information about your membership and benefits. Our web site allows you to get immediate, up-to-date information when you want it, 24 hours a day, seven days a week. You can also estimate your retirement benefits or a partial lump-sum payment with our online calculator using a variety of scenarios.

Table of Contents

What Is KPERS and the Retirement System for Judges?	6
How We Are Organized	6
Someone at Your Employer to Help You	6
What Are Your Benefits?.....	7
Membership.....	7
Your Contributions and Interest	7
Annual Statements	8
Guaranteeing Your Benefit (Vesting)	8
What Is Service Credit?.....	8
Increasing Your Retirement Benefit (Purchasing Service Credit).....	9
Disability Benefits	11
Active Member Death Benefits	12
Naming Your Beneficiary	13
Surviving Spouse Benefit Option.....	14
Military Service and Your Benefits	15
Divorce and Your Benefits	15
Leaving Employment Before Retiring.....	16
You'll Need More Than Just Your Pension	17
When Can You Retire?	18
Calculating Your Retirement Benefit.....	19
The Retirement Process.....	21
Retirement Benefit Payment Options	22
State and Federal Taxes.....	24
Retiree Cost-of-Living Adjustments (COLAs)	24
Retiree Death Benefit	24
Working After Retirement	25
Frequently Asked Questions.....	26

What Is KPERS and the Retirement System for Judges?

The Kansas Public Employees Retirement System (KPERS) is an umbrella organization that provides three state-wide defined-benefit retirement plans for state and local public employees:

- Kansas Public Employees Retirement System (KPERS)
- Kansas Police and Firemen’s Retirement System (KP&F)
- **Kansas Retirement System for Judges (Judges)**

Our membership totals over 250,000 and includes active, inactive and retired members. We also manage approximately \$13.5 billion in assets for them. These members represent approximately 1,450 participating employers.

You are part of the Kansas Retirement System for Judges plan. The Retirement System for Judges accounts for just over 250 of our active members, representing the Kansas Judicial Branch.

Who Are Retirement System Employers?

- State of Kansas
- All Kansas school districts
- All Kansas counties and most municipalities
- Other local government authorities and districts

When joining us, employers become known as “participating” or “affiliated” employers. Employees become “active” members. When employees leave their employer, but keep their contributions with the Retirement System, they become “inactive” members.

How We Are Organized

A nine-member Board of Trustees oversees the Retirement System: four are appointed by the Governor, one is appointed by the President of the Senate, one is appointed by the Speaker of the House of Representatives, two are elected by Retirement System members, and one is the elected State Treasurer. All serve four-year terms.

The Board appoints an executive director who is the managing officer of the Retirement System. The executive director manages a staff to carry out the daily operations of the Retirement System. Staff functions include member services, investments, information resources and fiscal services.

The Board hires a qualified actuary to serve as its technical adviser and to provide an annual valuation of the System’s liabilities and reserves. The Board employs investment managers to invest money in the fund under the “prudent expert” standard. Lastly, the Board hires an investment consultant to assist with investment manager performance reviews.

Someone at Your Employer to Help You

Your employer has appointed a **designated agent** to handle Retirement System transactions. Your designated agent works in the Office of Judicial Administration. This person is your local connection for Retirement System information. Your designated agent will have all necessary forms and publications and can answer most of your questions about the Retirement System.

What Are Your Benefits?

Throughout your career, you contribute part of your salary to the Retirement System. Your employer also contributes. The Retirement System then invests these funds and, when you retire, pays you a **guaranteed** monthly benefit for the rest of your life. The Retirement System also provides a \$4,000 death benefit for retirees.

As an active member, you have basic life insurance and disability benefits. Your employer pays for these benefits. You can also purchase optional life insurance.

Membership

Kansas law requires that all employees in covered positions with participating employers must become members.

All justices of the Kansas Supreme Court and all judges of the Kansas Court of Appeals and District Courts of the State of Kansas, including District Magistrate judges, immediately become members of the Retirement System for Judges when they are elected or appointed.

Your Contributions and Interest

As an active member, you contribute 6 percent of your gross earnings each pay period. Contributions are made on a pre-tax basis and deferred from federal income taxes until you either withdraw or retire. You do need to add the contributions back into your gross income for state income tax purposes when you file your Kansas state income taxes each year. Please see “State and Federal Taxes” on page 24 for details.

Your contribution rate will drop to 2 percent when:

- You reach age 65 and have completed 20 years of service or,
- You have enough service credit to receive the maximum retirement benefit of 70 percent of your final average salary.

Your contributions are credited with interest annually on June 30, based on the balance in your account on December 31 of the preceding year (i.e. interest credited on June 30, 2008, is based on your account balance as of December 31, 2007).

If you became a member:

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

Kansas law does not allow you to borrow from your contributions.

The amount of your contributions and interest have no bearing on your retirement benefits. These benefits are determined by your final average salary and years of service. Your account balance is important only if you withdraw or die before retirement. Employer contributions are not credited to your account and stay with the Retirement System if you end employment and withdraw.

Your final average salary and years of service determine your retirement income, not how much you contribute.

Annual Statements

Each spring, you should receive an annual statement from your designated agent. Your annual statement shows your contributions and earned interest, years of service, current final average salary and beneficiary information. Be sure to check that your beneficiary is current. You will also have retirement benefit estimates. Your annual statement is a tool to help you plan for your future, and we encourage you to review it carefully.

Guaranteeing Your Benefit (Vesting)

You became “vested,” when you were elected or appointed. This means you are **guaranteed** a retirement benefit for the rest of your life once you are eligible. If you leave employment, simply keep your contributions with the Retirement System and you are guaranteed retirement benefits when you become eligible. If you have participated in any of the other plans the Retirement System administers, you may be able to combine years of service credit toward your retirement eligibility.

What Is Service Credit?

Service credit is an important factor used to calculate your retirement benefit. You automatically earn service credit for the years you work in a covered position. Kansas law governs other types of service that can be purchased or granted to count toward retirement.

If you have participated in more than one of the retirement plans administered by the Retirement System, you may be able to combine service credit to become eligible for retirement benefits.

Granted Service Credit

Participating Service is any service after your membership date. You will automatically receive this type of service credit while you work in a covered position and make contributions to the Retirement System. If you are disabled, you will receive participating service credit during any period of approved disability. You cannot receive service credit for any period of service during which you also participate in the Kansas Public Employees Retirement System, the Kansas Police & Firemen’s Retirement System or the Board of Regents retirement plan.

Prior Judicial Service is any time you served as a Kansas judge before July 1, 1975. You will automatically receive service credit for this type of service.

Military Service: In certain circumstances, Kansas law allows the Retirement System to grant service credit for active military service at no cost to you if the military service interrupts your public service. Service credit may be granted if you are employed in a covered position immediately before activation and you return to covered employment with any participating employer within one year of discharge (or two years, if disabled in the line of duty). You must be off your employer’s payroll during this time to receive granted service credit. When you return to work in a covered position, your employer notifies the Retirement System. You will need to provide a copy of your military discharge papers (DD214) showing the period of military duty.

Granted service is limited to five years, and you can purchase service credit for military service that is not granted. Purchased and granted military service is limited to a total of six years, with certain exceptions permitted by the Uniformed Services Employment and Reemployment Rights Act (USERRA).

Increasing Your Retirement Benefit (Purchasing Service Credit)

You may be able to increase your retirement benefit and possibly retire earlier by purchasing service credit for your past public service. Only active members may purchase service credit.

Cost

Purchase costs are based on your age and salary. If you are under age 45, a year of service will cost about 6 percent of your current salary (or current final average salary, if higher). Each year after age 45, the actuarial cost increases significantly. It is usually best to buy service early in your career.

Benefit of Purchasing Service Credit		
Your final average salary	For each additional year of service, your benefit increases by ...	
\$75,000	\$218 per month	\$2,625 per year
\$85,000	\$248 per month	\$2,975 per year
\$95,000	\$277 per month	\$3,325 per year

Types of Service You Can Purchase

The following types may be purchased by payroll deduction, a direct rollover or a lump-sum payment.

- **Forfeited KPERS and KP&F Service:** If you were previously a member of KPERS or KP&F and withdrew your contributions, you can purchase the forfeited service to re-establish membership in that system. This service is not credited under the Retirement System for Judges, but counts toward retirement eligibility. You will receive a separate pension for this service.
- **VISTA Service:** You can purchase VISTA service at either a 1 percent or 1.75 percent multiplier value. You cannot change the percentage after your purchase.
- **Military Service:** You can purchase year for year of **active** military service and one quarter of service credit for each year of **reserve** service. See “Military Service and Your Benefits” on page 15.

The following types of service credit must be purchased in a **lump sum only**.

- **Forfeited Judges Service:** If you were previously a member of the Retirement System for Judges and withdrew your contributions, you may return the exact amount withdrawn to repurchase that service.
- **Senior Judges Service** (for retired judges only): If you enter a contract to return to temporary judicial duties after retirement, you may purchase additional service credit for that service.
- **Additional Benefit Service:** If you first take office after age 60, you may purchase additional service credit. The total of your participating service and your purchased service cannot be more than 15 years.

If you are a District Magistrate Judge, you can also **increase** or **convert** certain types of service. These types of service can only be purchased in a single lump sum or by making up to five equal annual payments within five years.

- **Convert KPERS District Magistrate Service to Judges District Magistrate Service:** If you were previously a District Magistrate Judge participating in KPERS and now participate in the Retirement System for Judges, you can convert your previous KPERS service to Judges service. The multiplier value for this service will increase from 1.75 percent to 3.5 percent.

- **Increase Judges District Magistrate Service Rate From 3.5 percent to 5 percent:** If you were a District Magistrate Judge before July 1, 1987, and became a member of the Retirement System for Judges, you can increase the multiplier value of up to ten years of service from 3.5 percent to 5 percent.

Payment Options

Generally, service can be purchased with:

- Pre-tax payroll deduction over a period of time.
- Rollover or trustee-to-trustee transfer from another retirement plan like a governmental 457(b) plan, 403(b) annuity, or an individual retirement account (IRA).
- Lump sum (personal check, money order or Discover Card).

The Purchase Process

1. Contact your designated agent to see if your past service is eligible.
2. If your service is eligible, your designated agent will tell you which form to complete.
3. You complete the employee part of the form and give it to your designated agent.
4. Your designated agent completes the employer part of the form and sends it to the Retirement System.
5. The Retirement System calculates your purchase cost and sends a letter to you through your designated agent. At this point, you should weigh the cost and benefit before deciding to continue with the purchase.
6. To complete the purchase, you sign the necessary paperwork, arrange for payment and return both to the Retirement System.
7. The Retirement System receives your payment or payroll deduction commitment.
8. The Retirement System adds service to your record after the purchase is completed.

Federal Tax Requirements on Service Purchases

The Retirement System for Judges is a “qualified plan” under federal tax provisions. In a qualified plan, members make contributions on a pre-tax basis and interest grows tax-deferred. Federal law may limit your lump-sum payment if you are purchasing service with after-tax money.

- If you became a member on January 1, 1999, or later, an annual contribution limit may apply on lump-sum after-tax purchases. Please contact the Retirement System for the current contribution limit. This limit applies only to **after-tax** contributions, not to regular contributions or tax-free rollovers.
- If you were a member before July 1, 1999, you keep all the service purchase opportunities that existed under the plan in August 1997, unless you withdraw. Any new types of service purchase opportunities added to the plan after August 1997 are subject to federal restrictions regardless of your membership date.

Disability Benefits

The Retirement System for Judges isn't just for your retirement. As an active member, you are currently covered by disability benefits. If you become disabled, but are not yet eligible to retire, you may qualify for a disability benefit based on your annual salary. You must be totally and permanently disabled as certified by the Kansas Supreme Court.

Disability benefits are calculated using the following formula:

Final average salary x 3.5 percent x years of service = annual disability benefit

For example: \$100,000 x 3.5% x 15 = \$52,500 annual disability benefit

The minimum benefit is 50 percent of your final average salary and the maximum benefit is 70 percent of your final average salary.

While you are disabled, you will continue receiving:

- Participating service credit.
- Basic life insurance coverage.
- Optional life insurance at group rates.

Applying for Disability

1. Submit an application for disability benefits to the clerk of the Kansas Supreme Court. Your designated agent has the appropriate form.
2. The Kansas Supreme Court may request other evidence of your disability or require you to be examined by a court-appointed physician.
3. Disability benefits will begin immediately after the Kansas Supreme Court certifies your disability.

Continuing Eligibility Requirements and Age Limits

If you are on disability, the Kansas Supreme Court may require you to be re-examined by a court-appointed physician at any time. If you are no longer permanently disabled, disability benefits will stop.

Disability benefits continue until age 65. At age 65, you must apply for retirement benefits. Your benefit amount will be recalculated with the additional service credit you received while on disability. If you are disabled for five years or more, the Retirement System adjusts your salary at retirement using a cost-of-living formula designed to help your salary better reflect changes in living costs since you have been off the payroll. This formula is based on the **lesser** of:

- The percentage of increase in the Consumer Price Index (CPI) for the period of disability minus 1 percent,
- 4 percent

If you die after receiving disability benefits for five years or more, your annual salary for life insurance coverage is adjusted using the same formula.

Active Member Death Benefits

If you die before retirement, we return your contributions and interest in a lump sum to your beneficiary. In certain situations, your spouse may be able to choose a monthly benefit instead of receiving your contributions. (See “Surviving Spouse Benefit Option” on page 14.) Your beneficiary also receives the death benefit from your basic life insurance and any optional life insurance. Group life insurance benefits are nontaxable to your beneficiary. You can name different beneficiaries for your retirement and life insurance benefits.

Basic Group
Life Insurance
is automatic and
at *no cost to you*.

Basic Group Life Insurance

You have basic life insurance equal to 150 percent of your annual salary and your employer sponsors this benefit.

Optional Group Life Insurance

Optional group life insurance provides you with additional coverage beyond your basic life insurance. You decide how much coverage you need and you pay the cost of this additional coverage through payroll deduction. Many employers offer optional group life insurance, including the State of Kansas. Check with the Office of Judicial Administration about participation.

Coverage amounts range from \$5,000 to \$250,000 in \$5,000 increments. New employees are eligible for an initial \$50,000 of guaranteed coverage *without* proof of good health within 30 days of their hire date. You must provide proof of good health for amounts over \$50,000. Optional life insurance premiums are automatically deducted from your pay.

Starting or Increasing Coverage: You can start or increase coverage *at any time* with proof of good health.

Actively at Work: If, due to sickness or injury, you are not actively at work on the effective date, your optional group life insurance will not become effective *until* the first day following the date of your return to active work.

Family Status Change: You can enroll for or increase your coverage by up to \$25,000 (subject to the plan maximum of \$250,000) *without* proof of good health, within 30 days of a family status change like marriage, divorce, birth or adoption.

Accelerated Death Benefit: If you are diagnosed as terminally ill with 12 months or fewer to live, you may be eligible to receive up to 100 percent of your life insurance *instead* of your beneficiary receiving a death benefit.

If You Leave Employment or Retire

Basic and optional group life insurance end when you retire or leave employment. You can continue your coverage through a *conversion* or *portability* option within 31 days of ending employment. Individual whole life insurance and portable group term life insurance offer different features to satisfy the needs of a broad range of members. You should weigh the costs and benefits before deciding which option is right for you.

Conversion to an Individual Policy: When you convert to an individual policy, your life insurance will change from term insurance to whole life insurance. Although whole life insurance is generally more expensive, this type of policy builds cash value, offers level premiums, and pays the face amount of insurance at your death. You can convert up to the full amount of your current insurance coverage without proof of good health, but you cannot convert any more than you currently have.

Portable Term Life Insurance: Portable term life insurance can provide affordable short-term protection if you change jobs or retire. Term life insurance is not intended to provide level lifetime coverage. The benefit decreases according to a specified schedule and coverage ends at age 70. Your premiums also will increase as you get older.

Your designated agent can provide either a life insurance conversion or portability form, or you can download one from our web site. The completed form is sent directly to the insurance company for processing, and the insurance company will contact you directly with any questions.

Special rules apply if you leave for a disability or military service. See your designated agent for details.

Naming Your Beneficiary

What Your Beneficiary Receives if You Are an Active Member

- Basic group life insurance (150 percent of your annual gross earnings)
- Any optional group life insurance
- Returned contributions and interest or continuing monthly benefit for spouse if you meet the criteria (See “Surviving Spouse Benefit Option” on page 14.)

Who You Can Name as Beneficiary

You can choose:

- A living person.
- A trust.
- Your estate.
- Any combination of these options.

If you choose more than one beneficiary, each will share your benefits equally. You can name separate beneficiaries for your retirement benefits and life insurance. You can also name a contingent beneficiary to receive your benefits if your primary beneficiary is not living. A contingent beneficiary will receive benefits only if no primary beneficiary survives you. As with the primary beneficiary, you can name more than one and each will receive equal shares of your benefit.

You can add or change beneficiaries at any time by completing a Designation of Beneficiary (KPERs-7/99) form. You can download one at www.kpers.org or get one from your designated agent. Only members can complete the form. Even conservators, guardians and those with power of attorney cannot select or change a Retirement System beneficiary. The change is not effective until we receive your form in this office.

Each time you complete a beneficiary form, it cancels all those you have previously completed. Every time you complete the form, be sure to fill in both the primary and contingent beneficiary sections if you intend to have a contingent beneficiary. If you complete only the contingent section and leave the primary blank, you will have no primary beneficiary, even if a past form names one.



Reviewing Your Designation

It is important to keep your beneficiary designation up-to-date.

Review your designation whenever you have a significant life event.

- Marriage
- Divorce
- A birth or adoption in your family
- A death in your family

Naming a Minor Child as Beneficiary

If you name a minor child as a primary beneficiary, lump-sum benefit amounts under \$10,000 will be paid out under the Kansas Uniform Transfer to Minors Act. The Retirement System will send the guardian or custodian a form to complete and the benefit is paid to that individual on behalf of the minor. If the benefit is \$10,000 or more, Kansas law requires a conservator be appointed to receive the benefit on the child's behalf.

Especially for Retirees

The Retirement System provides a \$4,000 retiree death benefit to your beneficiary. As with active members, you can choose a living person, a trust, your estate or a combination of these options. You can also name a funeral establishment to directly receive your death benefit for funeral expenses.

How a funeral establishment receives the benefit determines who is responsible for the taxes.

- If you directly designate a funeral establishment, the establishment receives \$4,000 and pays the taxes.
- If your beneficiary assigns the benefit to a funeral establishment, your beneficiary is responsible for the taxes. KPERS will send the beneficiary a 1099-R form the following January for his or her federal tax return.

The \$4,000 death benefit is exempt from Kansas income tax, but is included in income for federal taxes. The benefit is taxable income to a beneficiary. If you designate a funeral establishment, you also need to name another beneficiary to receive any remaining contributions you may have in your account at the time of your death. Only the \$4,000 death benefit can be paid to a funeral establishment.

If You Don't Name a Beneficiary

If you do not have a living primary or contingent beneficiary when you die, the Retirement System must follow a line of descendants by Kansas law.

1. Spouse
2. Dependent children
3. Dependent parents
4. Non-dependent children
5. Non-dependent parents
6. Estate of the deceased member

A dependent is a parent or child who relies on you for at least half of his or her support.

Surviving Spouse Benefit Option

If you die before retirement, your spouse may be able to receive 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.

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.

Military Service and Your Benefits

If you are called to active military service, you need to notify your employer. Your employer will notify the Retirement System as needed. Employers are required to give you the same rights and benefits that they would give to an employee on a non-military leave of absence. You also have a few additional benefits.

Life Insurance

- Basic group life insurance continues during periods of active military duty at no cost to you. Once you return from active duty, your basic life insurance will stop if you do not immediately return to active employment.
- Optional group life insurance continues for 16 months as long as you continue to pay the premiums to Minnesota Life. After 16 months, you can continue your coverage through a portability or conversion option.
- Optional coverage is reinstated if you return to covered employment within five years, even if you did not choose to convert to an individual policy. Your premiums will be based on your age when you return.

Disability Insurance

There is no disability coverage during military service.

Receiving Retirement System Service Credit for Military Service

Service credit is important when calculating your retirement benefit. You can increase your benefit amount and possibly retire earlier by purchasing credit for your military service. When you return from military service, the Retirement System might be able to grant you service credit for your time away at no cost to you or you can purchase service credit for military service that was not granted. See page 8 for more information about military service credit.

- If you are in the middle of a service credit purchase when called to active duty, your purchase resumes when you get back and nothing changes.
- Purchased and granted service credit is limited to six years, with certain exceptions permitted by federal law.

When You Return From Active Military Service

- Notify your employer and return to work. Your employer will notify the Retirement System.
- Notify your employer if you wish to reinstate your optional insurance. Your coverage will begin again at the previous coverage level with no waiting period or approval process.
- Check with your employer about receiving granted service credit or purchasing service for the time you were on active military service.

Divorce and Your Benefits

Retirement System contributions that you have accumulated during marriage are considered marital assets. If you divorce before or after retiring, a former spouse may be able to receive part of your benefit or contributions. A former spouse can receive payment from the Retirement System under a Qualified Domestic Relations Order when you withdraw, retire or die. Please seek legal counsel if this situation applies to you.

Withdrawal: If you end employment before you retire and withdraw your contributions, your former spouse may be awarded part of your payment.

Retirement: When you retire, your former spouse may be awarded either a lump-sum payment or a percent of each monthly benefit. If you are already retired when you divorce, a QDRO may become effective immediately, with your former spouse receiving part of your monthly benefit.

Death: If you die *before* retirement, your former spouse may be awarded part of your contributions or death benefit.

Leaving Employment Before Retiring

If you leave covered employment, you can take your life insurance coverage with you through a conversion or portability option. You can also choose to withdraw your contributions plus interest. If you withdraw, you will give up all Retirement System rights, benefits and service credit. Employer contributions made on your behalf stay with the Retirement System. You can receive your contributions as a direct payment to you or roll over the amount into an eligible retirement plan. The decision to withdraw could affect your financial future, especially if you have many years of public service and accumulated contributions. Please seek professional tax advice before withdrawing.

You are **guaranteed** a monthly retirement benefit for the rest of your life if you leave your contributions in your account. In nearly all cases, your vested benefit is more valuable over time than the amount of your actual contributions. Keep your contributions with the Retirement System and apply for retirement benefits when you become eligible. Your contributions will continue to earn interest and you can withdraw them at any time if you change your mind.

If you do not withdraw your contributions, you will become an “inactive” member. Even though you’re inactive, it is important to let us know if your address or phone number changes. If you return to covered employment and did not withdraw your contributions, you will immediately become a contributing active member again and keep the credit for your past public service.

Options for Withdrawing Your Contributions


You have the option to apply to withdraw your contributions anytime 31 days after you end employment.

Option #1 ... Roll your contributions over into an eligible retirement plan like a 457(b) deferred compensation plan, 403(b) annuity, individual retirement account (IRA), or a qualified retirement plan. This option allows you to defer paying taxes until a later date. The type of plan your money can be rolled over into is controlled by whether or not you have already paid taxes on your contributions.

Option #2 ... Have your contributions paid directly to you. You may owe federal taxes and possibly a 10 percent federal penalty.

Reasons to Roll Over Contributions Instead of Taking a Direct Payment

- Preserve your past efforts toward saving for retirement.
- Keep from paying taxes right away, giving your money more time to compound.
- Avoid paying federal penalties for early distribution.



Direct rollovers
allow you to
defer federal
taxes.

The Withdrawal Process

1. Download an Application for Withdrawal of Contributions form (KPERS-13) at www.kpers.org or get one from your designated agent.
2. Your designated agent completes the employer section of the withdrawal application if you recently left employment. Complete your part of the application and send it to the Retirement System.
3. When we receive your completed application, we will send payment within four weeks.
4. The Retirement System will send you a 1099-R form the following January for your federal income tax return.

You'll Need More Than Just Your Pension

For financial security in retirement, you'll need to depend on other sources of income in addition to the Retirement System for Judges. While an important part of your retirement income, your Judges benefits will be just one part. KPERS was designed to *supplement* Social Security and your personal savings. As you work and earn service credit with the Retirement System for Judges, it is equally important to save on your own.

Most financial advisors say you'll need at least 70 to 80 percent of your working income to comfortably maintain your standard of living in retirement. Your retirement income will most likely come from three sources – your pension benefits from KPERS, Social Security and your personal savings and investments. This model of retirement planning is commonly referred to as the “three-legged stool” theory of retirement planning. These three sources together will help you replace the income you now earn from working.

Personal Savings

Your personal savings is up to you. Personal savings can come in many forms including savings accounts, certificates of deposit, individual stocks, bonds, mutual funds and individual retirement accounts. Each option offers different benefits and risks as well as different rates of return on investment.

One of the easiest ways you can accumulate personal savings for retirement is through tax-sheltered plans like 457(b) deferred compensation plans or individual retirement accounts (IRAs).

State of Kansas employees can participate in the State's 457(b) plan administered by ING Financial Services. Check with the Office of Judicial Administration about participation.

Retirement Planning Helpful Links

Kansas Public Employees Retirement System:
www.kpers.org

Social Security Administration:
www.ssa.gov

American Savings Education Council:
www.choosetosave.org

State of Kansas Deferred Compensation Plan:
www.accesskansas.org/employee/ing.html

It's Important to Start Early

Time is of the essence. Now is the best time to start saving for your future. With Social Security and KPERS the number of years you pay into the system is important. Personal savings and investments have a similar return on contribution. It's better to get started sooner, even with a small amount of money, than later. Throughout your working career, you should make saving a high priority. The “Savings Per Month” chart below shows how much you might be able to save by investing regular monthly contributions in a tax-sheltered savings plan.

Savings Per Month

	\$25	\$50	\$75	\$100
5	\$1,790	\$3,580	\$5,370	\$7,160
10	\$4,300	\$8,601	\$12,901	\$17,202
15	\$7,822	\$15,643	\$23,465	\$31,286
20	\$12,760	\$25,520	\$38,280	\$51,041
25	\$19,687	\$39,373	\$59,060	\$78,847
30	\$29,402	\$58,803	\$88,205	\$117,606
35	\$43,027	\$86,055	\$129,082	\$172,109

Example assumes regular monthly contributions and a 7 percent rate of return on investment.
Source: www.ingretirementplans.com: Reach Your Investment Objectives - Future Value calculator

When Can You Retire?

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

Your age equals your age on your last birthday. Additional months do not count. However, two quarters of service round to the next year.

For example: 9.5 years will round to ten years of service.

If you have service with more than one retirement plan administered by the Retirement System, you may be able to combine years of service for retirement eligibility. A separate benefit will be calculated for each retirement plan you have service credit with. Specific guidelines apply. Please contact the Retirement System to make sure you meet all the requirements to retire.

All judges, other than Supreme Court justices, must retire at age 75. Supreme Court justices must retire at the end of the term in which he or she reaches age 70.

Retiring with 85 Points

You can retire anytime 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. The 85 point rule is only one of three ways you can qualify for retirement.

Use this worksheet to find out when you'll have 85 points	
1. Your current age: _____	<p><i>Example</i></p> <p>John is 50 years old.</p> <p>He has 25 years of service.</p> <p>$50 + 25 = 75$ points now</p> <p>$85 - 75 = 10$ points needed</p> <p>$10 \div 2 = 5$ years to go</p> <p>50 years old</p> <p>$50 + 5 = 55$ years old</p> <p>John can retire at age 55.</p>
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 \div 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.	

Retiring Early

You can receive reduced benefits beginning at age 55 with ten years of service. The earlier you retire, the more your benefit is reduced. Benefits are reduced by 0.6 percent for each month you are between age 55 and 60, and 0.2 percent for each month you are between age 60 and 62.

If You Retire Early ...		
Age	Reduction	Example
65	0%	Full benefit = \$1,500/month
60	5%	Reduced benefit = \$1,425/month
55	41%	Reduced benefit = \$885/month

Calculating Your Retirement Benefit

You can calculate your own estimate using the tables provided below and on page 20. Choose the appropriate table based on your membership date. For a more detailed look, try our online benefit calculator at www.kpers.org. Click on “Estimate Your Benefit” and enter your own information from your annual statement. The calculator lists benefit estimates based on the information you enter.

Judges retirement benefits are calculated using the following formula:

Final average salary x statutory multiplier x years of service = annual benefit

For example: \$100,000 x 3.5% x 15 = \$52,500 annual benefit

The maximum retirement benefit you can receive is 70 percent of your final average salary.

Final Average Salary

If You Have Three or More Years of Service as a Judge

Your final average salary is an average of the three highest of your last ten years of service as a judge.

If You Have Less Than Three Years of Service as a Judge

Your final average salary is your average annual salary during the time you were a judge.

If You Have Less Than One Year of Service as a Judge

Your final average salary is your monthly salary at retirement multiplied by 12.

Note: If you have service with more than one of the retirement plans administered by the Retirement System, portability rules may affect your final average salary. Contact KPERS for an individual benefit estimate.

Statutory Multiplier

The multiplier used to calculate your retirement benefit is a percentage set by law according to your membership date. Depending on your membership date, you receive a certain percentage of your final average salary for each year of service credit you have earned.

If Your Membership Date Is on or After July 1, 1987

A statutory multiplier of 3.5 percent is used for calculating your retirement benefit. Generally, you will receive the maximum retirement benefit of 70 percent of your final average salary with 20 years of service credit.

Calculate Your Monthly Retirement Benefit – If your membership date is on or after July 1, 1987		
	Example	Yourself
1. Enter your Final Average Salary (see previous section)	\$ 100,000.00	\$
2. Multiply by .035 (3.5% multiplier)	x .035	x .035
3. <i>Subtotal</i>	\$ 3,500.00	\$
4. Multiply #3 by your total number of years of participating service (maximum benefit reached with 20 years of service)	\$ 3,500.00 x 15	\$
5. <i>Estimated annual retirement benefit</i>	\$ 52,500.00	\$
6. Divide #5 by 12 (months) to calculate your estimated monthly benefit	\$ 52,500.00 ÷ 12	\$
7. <i>Estimated monthly retirement benefit with no survivor benefits</i>	\$ 4,375.00	\$

If Your Membership Date Is Before July 1, 1987

A statutory multiplier of 5 percent is used for up to ten years of service credit for calculating your retirement benefit. Additional service credit over ten years is calculated at 3.5 percent. Generally, you will receive the maximum retirement benefit of 70 percent of your final average salary with 16 years of service credit.

Calculate Your Monthly Retirement Benefit – If your membership date is before July 1, 1987		
	Example	Yourself
1. Enter your Final Average Salary (see previous section)	\$ 100,000.00	\$
2. Multiply by .05 (5% multiplier)	x .05	x .05
3. <i>Subtotal</i>	\$ 5,000.00	\$
4. Multiply #3 by the number of years of participating service (maximum of ten years)	\$ 5,000.00 x 10	\$ x _____ years
5. <i>Estimated annual retirement benefit (subtotal)</i>	\$ 50,000.00	\$
<i>If you have more than ten years of service (calculate at 3.5%)</i>		
6. Final Average Salary	\$ 100,000.00	\$
7. Multiply by .035 (3.5% multiplier)	x .035	x .035
8. <i>Subtotal</i>	\$ 3,500.00	\$
9. Multiply #8 by the number of years of participating service over ten (maximum of 5 years)	\$ 3,500.00 x 5	\$ x _____ years
10. <i>Estimated annual retirement benefit (subtotal)</i>	\$ 17,500.00	\$
11. Add #5 and #10	\$ 50,000.00 + 17,500.00	\$ + _____
12. <i>Estimated annual retirement benefit</i>	\$ 67,500.00	\$
13. Divide #5 by 12 (months) to calculate your estimated monthly benefit	\$ 67,500.00 ÷ 12	\$ ÷ 12
14. <i>Estimated monthly retirement benefit with no survivor benefits</i>	\$ 5,625.00	\$

The Retirement Process

Your Retirement Date

Your retirement date can be any day of the month, as long as you are off your employer's payroll.

Retirement Benefit Estimates

It is a wise step to have the Retirement System calculate a retirement estimate for you when considering your retirement options. You can download a Benefit Estimate Request form (KPERS-15E) at www.kpers.org, or get one from your designated agent. Your designated agent can help you complete the form with your most current pay information. While just an estimate, it will give you a good guide to determine your monthly retirement benefits. This can be an important factor in deciding when to retire. Working even a few more days can sometimes make a difference in your benefit payment.

Steps in the Retirement Process

1. Attend a pre-retirement seminar. Our pre-retirement seminars are designed to help you navigate the last steps to retirement. Each free seminar covers a variety of topics directly related to your KPERS retirement.
2. Find out when you are eligible to retire. Knowing when you'll meet the age and service requirements to retire can help you decide on the best retirement date.
3. Calculate a retirement benefit estimate.
4. Review the KPERS *Retirement Options* publication to understand your benefit payment options. You can use the benefit calculator at www.kpers.org to see how taking a partial lump-sum option or providing a benefit for someone after your death affects your benefit amount.
5. Complete an Application for Retirement form (KPERS-15). Submit your application 60 to 90 days before the day you want to retire. *You need to apply for your benefits. They do not begin automatically.* You will need to provide birth and name change documents. Details are included in the Application for Retirement Benefits booklet.
6. The Retirement System will process your application. We will notify you if we need more information.
7. The Retirement System will mail a letter to you with information about your benefit amount and taxes.
8. Your monthly benefit payments will be directly deposited at your financial institution on the last working day of each month.

Other Important Steps to Consider

- **Confirm your Social Security benefits.** Get accurate information about Social Security applications and benefits by calling the Social Security Administration's toll-free number, 1-800-772-1213 or contacting your local Social Security office.
- **Determine your health insurance needs in retirement.** 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 income sources.** You'll need a method for turning your retirement savings and investments into income. Different plans have different payout options and requirements. To figure out the best way to supplement your Retirement System benefits, you'll need to consider all your options.

Retirement Benefit Payment Options

As a retired Retirement System for Judges member, you will receive a monthly retirement benefit for the rest of your life. In addition, the Retirement System has retirement payment options that add financial flexibility and allow you to provide for loved ones after your death. **The decision about which option to take is crucial, because once you make a choice, you cannot change it.**

Maximum Monthly Benefit Option

The Retirement System will first establish your maximum monthly benefit amount. This amount will provide the basis for the rest of your options. You can choose to stay with this maximum monthly benefit amount without any survivor options. You will then receive a payment each month for this same amount for the rest of your life. After your death, your beneficiary will receive the balance of any remaining money that you contributed to the Retirement System. **There is no continued benefit after your death.**

Joint-Survivor Options

You may want to provide a continuing monthly benefit for someone after your death. You can do this by choosing one of three joint-survivor options. Like you, your survivor will receive a monthly benefit for the rest of his or her life. In order to provide the continuing benefit, your regular monthly payments will be reduced. The higher your survivor's benefit payment is, the lower yours will be during retirement. Another factor is the difference in your ages.

Your survivor, also called a *joint annuitant*, cannot be changed once you retire. If he or she dies before you, your survivor benefit is cancelled. Your monthly benefit amount will then increase to your original maximum monthly benefit amount.

50 percent benefit to survivor

Your benefit About 91 percent of your maximum monthly benefit, then adjusted for age difference.

Survivor's benefit 50 percent of your benefit

75 percent benefit to survivor

Your benefit About 87 percent of your maximum monthly benefit, then adjusted for age difference.

Survivor's benefit 75 percent of your benefit

100 percent benefit to survivor

Your benefit About 83 percent of your maximum monthly benefit, then adjusted for age difference.

Survivor's benefit 100 percent of your benefit

Adjusting for age difference

If your survivor is younger than you, your benefit will be decreased for each year of age difference. If your survivor is older, your benefit will be increased.

	<i>Younger Survivor</i>	<i>Older Survivor</i>
50% benefit	-0.4% per year	+0.4% per year
75% benefit	-0.5% per year	+0.5% per year
100% benefit	-0.6% per year	+0.6% per year

A joint-survivor benefit example

Dan has a maximum monthly benefit of \$2,000. He chooses the 50 percent joint-survivor benefit and his wife, Sue, as his joint annuitant. Dan is 65 years old at retirement and Sue is age 62.

Dan's monthly maximum	\$ 2,000
Reduced for survivor benefit	x 91%
	\$ 1,820
Adjusted for age difference (-0.4 x 3 years)	- 1.2%
Dan's adjusted benefit	\$ 1,798
Sue's survivor benefit (50% of Dan's)	\$ 899

Life-Certain Options

With a life-certain option, you will receive a reduced monthly benefit for the rest of your life. If you die within a guaranteed period of time from your *retirement date*, your beneficiary will receive the same monthly benefit for the rest of that guaranteed period. You can change beneficiaries at any time, and you can have any number of beneficiaries at once. They will equally share the benefit for the remaining time.

Every retirement option
guarantees
a monthly benefit for
the rest of your life.

You have three life-certain options.

- Five-year: Your benefit is reduced to 98 percent.
- Ten-year: Your benefit is reduced to 95 percent.
- 15-year: Your benefit is reduced to 88 percent.

A life-certain benefit example

William has a maximum monthly benefit of \$2,000. He chooses the ten-year life-certain option. He receives \$1,900 monthly for the rest of his life, no matter how long he lives.

William dies seven years after he retires. As his chosen beneficiary, William's daughter will receive \$1,900 monthly for three more years. If William had two daughters named as beneficiaries at the same time, they would share the \$1,900 monthly benefit and each would receive \$950 monthly for three years.

Partial Lump-Sum Option (PLSO)

You can take part of your retirement benefit in an up-front lump sum at retirement. This lump sum is then combined with one of the other retirement options to provide reduced, regular monthly payments for the rest of your life. **Choosing the PLSO will reduce your monthly benefits, no matter which other option you choose.**

The PLSO will give
you up-front money
at retirement, but will
permanently reduce
your monthly benefits.

The PLSO is available in 10, 20, 30, 40 or 50 percent amounts of the actuarial present value of your lifetime benefit. The percentage you select determines the size of the lump sum and the decrease in your monthly benefit. For example, a 40 percent PLSO payment would result in a single lump-sum payment equal to 40 percent of the actuarial present value of your lifetime benefit, along with a permanent 40 percent reduction in your monthly benefit. If you are interested in knowing more about this option, there is a PLSO brochure available from the Retirement System. You can download the brochure at www.kpers.org.

State and Federal Taxes

Reporting Retirement System 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.

You can calculate the amount of your contributions from your W-2 form. Some employers will provide this amount for you in Box 14 (labeled KPER). See the “Schedule S Line-by-Line Instructions” in the Kansas Income Tax Booklet for more information or contact the Kansas Department of Revenue.

Taxes on Lump-Sum Payments When You Withdraw or Retire

Lump-sum payments are paid directly to you or rolled over into an eligible retirement plan. KPERS will withhold 20 percent for federal income tax unless your payment is rolled over into an eligible plan. If you are under age 59 1/2, your payment may also be subject to a 10 percent federal penalty. When rolled over to a qualified retirement plan, a lump-sum payment and its earnings keep their KPERS tax characteristics.

Taxes on Retirement Benefits

In general, Retirement System benefits, including the \$4,000 retiree death benefit, are subject to federal tax, but not Kansas state tax. If you move to another state, check if your retirement benefit is taxable in that state. Your monthly benefit is taxable from the time your benefits begin.

Retiree Cost-of-Living Adjustments (COLAs)

A cost-of-living adjustment (COLA) is an increase in monthly pension benefits to help keep pace with inflation. Retirees do not receive regular COLAs. For this reason, your personal savings become even more important to provide protection against inflation.

Retiree Death Benefit

The Retirement System pays a \$4,000 lump-sum death benefit to your beneficiary. All monthly benefit payments are payable through the last day of the month your death occurs.

The \$4,000 death benefit is:

- Payable with all retirement payment options.
- Not payable when a joint annuitant dies.
- Nontaxable for Kansas income tax.
- Taxable for federal income tax purposes.

You can choose a person, your estate, a trust or a funeral establishment to receive your \$4,000 retiree death benefit. For details, please see “Especially for Retirees” in the Naming Your Beneficiary section of this guide.

Returning Your Contributions

If you die before receiving retirement benefits equal to your contributions, and no survivor benefits are payable, the Retirement System will return any remaining contributions and interest to your beneficiary.

If You Designated Someone Other Than Your Spouse as Beneficiary

Sometimes members designate someone other than their spouse as their beneficiary. These members anticipate that their death benefit should be paid, for example, to their children from a previous marriage. Under some circumstances, a surviving spouse has the right to make a claim for a portion of the benefits, called an elective share. If this situation applies to you, we recommend that you ensure your current spouse consents to your beneficiary designation. You should seek legal advice about how this law affects your plans.

If your surviving spouse files a notice of intent to claim the elective share, the Retirement System is required to pay the benefits to the probate court, which would ultimately decide the distribution of your benefits.

Working After Retirement

After retirement, your benefits will stop if you are again elected or appointed as a judge. You will resume active membership and earn additional service credit. When you retire again, your retirement benefit is recalculated.

You do have certain opportunities to return to limited judicial service without affecting your retirement benefits. If you are a retired district magistrate judge, these contracts or assignments are not available.

Senior Judges Service

You may enter into a renewable two-year contract to return to temporary judicial duties for up to 104 days a year at 25 percent of the current salary of a judge. You will continue to receive your retirement benefit, but you will not be an active, contributing member of the Retirement System for Judges. You may be able to purchase additional service credit for Senior Judges service. See page 9 for more information.

Judicial Assignments

You may accept assignments from the Kansas Supreme Court to perform judicial services as you are willing to undertake. You are paid on a daily basis (per diem) and also receive compensation for subsistence, mileage and expenses. You will continue to receive your retirement benefit, but you will not be an active, contributing member of the Retirement System for Judges.

Frequently Asked Questions

Here are some of the most frequent questions the InfoLine receives about the Retirement System for Judges.

- 1. What type of plan is the Retirement System for Judges?** The Retirement System for Judges is a qualified, governmental, section 401(a) defined benefit pension plan. The Retirement System has Internal Revenue Service Determination Letters attesting to the plan's qualified status dated October 14, 1999, and March 5, 2001. The Retirement System for Judges is also referred to as a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This is different from non-contributory pension plans (more common in the private sector), which are funded entirely by employer contributions.
- 2. How much interest am I earning?** If your membership date in the Retirement System was before July 1, 1993, you are earning 8 percent interest on your accumulated contributions account. If your membership date was July 1, 1993, or after, you are earning 4 percent. The interest rate on your accumulated contributions is relevant only if you withdraw from the System. If you retire, your benefit is based on a formula set by statute and lasts for your lifetime; it does not depend on the amount of money in your account.
- 3. Can I borrow money from my Retirement System account?** No. State law does not allow the Retirement System to administer a loan program for its members.
- 4. When can I withdraw my contributions?** You can apply to withdraw your Retirement System contributions 31 days after your last day on payroll if, in the meantime, you have not begun other Retirement System-covered employment.
- 5. If I withdraw my contributions, will I also get what my employer paid in?** No. If you withdraw from the Retirement System for Judges, you take out your own accumulated contributions plus interest. Employer contributions remain in the plan. A defined benefit retirement plan, such as the Retirement System for Judges, typically does not credit employer contributions to the accounts of individual members.
- 6. How long does it take to process my withdrawal?** Approximately four weeks.
- 7. Why am I required to contribute to the Retirement System?** The Kansas Legislature created the Kansas Public Employees Retirement System in 1962 to build a financial retirement foundation for those spending their careers in Kansas public service.

Because the Retirement Act requires that the State of Kansas participate, membership in the System is mandatory for all state employees in covered positions. Any governmental entity or instrumentality whose employees are covered by Social Security may also affiliate for KPERS coverage. Approximately 1,450 employers have affiliated with the Retirement System in order to ensure their employees eventually enjoy a guaranteed lifetime retirement benefit.

- 8. How do I get a copy of my last annual statement?** Your designated agent should be able to provide a copy of your last annual statement. You can also contact the InfoLine and we can mail you a copy. Call 1-888-275-5737 or 296-6166 or e-mail us at kpers@kpers.org.
- 9. How do I get a retirement benefit estimate?** You can calculate your own estimate online with the benefit calculator at www.kpers.org. Information from your most recent Retirement System annual statement may be helpful. You can also download a Benefit Estimate Request form, or get one from your designated agent, and we can do an estimate for you.
- 10. Is my Retirement System money safe?** Retiree benefits are safe and guaranteed by Kansas law. A retiree will receive his or her benefit for life, no matter the economic condition. Members who leave employment and withdraw their contributions before retirement will receive the full amount they have contributed, plus interest.

