For KPERS 3 members
1-5 years from retirement

Pre-Retirement Webinar
The webinar has started. If you can’t hear,

- Check the **volume** on your computer.
- Open the Audio Tab on the right side of your screen. Select **Computer Audio**, if unchecked.
- Listen via **phone** by calling 1-(415) 930-5321
  Access Code: 464-858-146#
  Audio Pin: 23598#
For KPERS 3 members
1-5 years from retirement

Pre-Retirement Webinar
• KPERS and Social Security alone won’t be enough

• Personal savings is vital income source for sound retirement
SOCIAL SECURITY

• KPERS will not affect Social Security
• Social Security will not affect KPERS
• Social Security Administration: www.ssa.gov
PERSONAL SAVINGS

- Different forms like a 403b, KPERS 457 or individual retirement account (IRA)
- Starting late is better than not saving at all
- Catch-up contributions – over age 50
STAYING IN KPERS 457 AFTER RETIREMENT

• Stay in KPERS 457 after retirement
• Retirement Specialist to help
• Great for retirement lump sums
  – Sick/vacation payouts
  – Retirement incentive

1-800-232-0024
kpers457.org
KPERS is a **401(a)** defined benefit plan

Contrast to defined contribution plans (personal savings plans)

- 457(b)
- 403(b)
- 401(k)
- IRA
KPERS Funding Sources

KPERS Trust Fund

- Retirement Benefits
- Death Benefits

Over time, more than 50% of benefits are funded by investment returns.
• KPERS prefunded during your career
• $25 billion in assets with about $1.5 billion in contributions each year
• Assets have more than doubled in the last two decades
• About $2 billion in benefits each year
• As your fiduciary, we’re keeping long-term funding needs in front of the Legislature
KPERS 3 BASICS

KPERS 3 Pre-Retirement Webinar
Plan Type

• Defined benefit plan with a twist
• Benefit is calculated more like an annuity
• Benefit based on amounts in the contribution account and retirement credit account
• Members receive a lifetime monthly benefit
Contribution Account

- Employees contribute 6% of gross wages
- Contributions are pretax
- Contributions earn 4% interest annually (paid quarterly)
- Possibility of additional interest, depending on KPERS’ investment returns

Interest credited quarterly based on account balance as of the previous quarter.
Retirement Credits

Based on salary and years of service

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>% of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>3%</td>
</tr>
<tr>
<td>5 – 11</td>
<td>4%</td>
</tr>
<tr>
<td>12 - 23</td>
<td>5%</td>
</tr>
<tr>
<td>24 or more</td>
<td>6%</td>
</tr>
</tbody>
</table>
Retirement Credits

- Credits earned quarterly based on **salary** and **years of service**
- Represented as **dollars**
- Build in value over time but **only available at retirement**
- Earns interest **quarterly** like contributions

Interest credited quarterly based on account balance as of the previous quarter.
KPERS 3 BASICS

Power of Compound Interest

• Interest compounded **quarterly**
• Beneficial for **early to mid-career** members
• Possibility of **additional** interest earned
Retirement Eligibility

KPERS 3 Pre-Retirement Webinar
Full Retirement Benefit

- Age 65 with 5 years or
- Age 60 with 30 years
Early Retirement Benefit

- Age 55 with 10 years
- Reduced benefit
THINGS TO CONSIDER BEFORE RETIRING EARLY

• The earlier you retire, the less time your benefit has to grow
• Age is a factor in the benefit calculation
• Inflation reduces buying power over time
• No Partial Lump-Sum Option
Benefit Calculation

KPERS 3 Pre-Retirement Webinar

KPERS
Account Balances
• Contribution account
• Retirement credit value

Actuarial Factors
• Age
• Account balance
• Retirement credit value

| EXAMPLE |
|-------------------|-------------------|
| Employee Account Balance: | $200,000 |
| Retirement Credit Balance: | $140,000 |

Actuarial Factor: 12.262500%
Annual Benefit: $340,000 / 12.262500 = $27,727
Monthly Benefit: $27,727 / 12 = $2,310.58
Purchasing Service Credit

KPERS 3 Pre-Retirement Webinar
TYPES OF SERVICE AVAILABLE TO PURCHASE

• Forfeited service – KPERS
• Military
• Elected official
• Out-of-state teaching (not private school)
• In-state or out-of-state non-federal public service
• Forfeited service – Board of Regents
• VISTA or Peace Corps service
SERVICE PURCHASE DETAILS

• Cost based on age and salary
• Must be paid for before last day on payroll
• Application required for cost estimate
• Application available at kpers.org

Ways to Pay
• Payroll deduction
• Lump sum
SHOULD I PURCHASE SERVICE CREDIT?

- Counts toward vesting
- Increases retirement credit amount sooner
- Does not increase contribution account.
SHOULD I PURCHASE SERVICE CREDIT?

• **Not** deposited into contribution account
• **Not** included in balance for retirement benefit
• **Separate** from account balance but earns interest
• **Only payable** if you withdraw or die before retirement
Choosing Your Retirement Date

KPERS 3 Pre-Retirement Webinar
• 12 available retirement dates

• May retire the **first** of the month following your last day on payroll.
Teachers, Principals and Superintendents

- Can retire as early as June 1, if work under contract is complete.
Benefit Options

- Base Monthly
- Life-Certain
- Joint-Survivor
- Partial Lump-Sum
- COLA
• 10-year option is the **Base Benefit**
• Lifetime monthly benefit
• Guaranteed 5, 10 or 15-year benefit **from retirement date**
• If you die within the guaranteed period of time, beneficiary receives benefit for the **remaining guaranteed period**
• Change beneficiaries anytime and name any number of beneficiaries to share benefit
John chooses a 10-year life-certain option

Scenario #1
John dies 5 years after retirement. His beneficiary receives the same benefit for 5 more years.

Scenario #2
John dies 15 years after retirement. There is no benefit after his death because the 10-year guaranteed period is over.
JOINT-SURVIVOR BENEFIT OPTION

- Lifetime monthly benefit + lifetime monthly survivor benefit after your death
- Your benefit reduced according to option chosen and survivor age
- 3 options
  - 50% of your benefit
  - 75% of your benefit
  - 100% of your benefit

If survivor dies before you, increases to base monthly benefit
Can’t name someone else
PARTIAL LUMP-SUM OPTION (PLSO)

• Receive up to 30% of account balance in a lump sum
• Remainder of account balance converted to annuity
• Also choose a monthly benefit option
• Not available for early retirement
PARTIAL LUMP-SUM CONSIDERATIONS

• PLSO reduces your monthly benefit for life
• Eligible for rollover into a qualified retirement account
• 20% federal withholding if paid directly to you
• Possible 10% IRS penalty if under age 59 ½
• Can you make up the income difference?
COST-OF-LIVING ADJUSTMENT OPTION

- Choice of no COLA, 1% or 2%
- Benefit reduced to fund annual increase
- Annual increases on July 1
- COLA increase begins 1 year after retirement date
WHAT YOU CAN DO

Access your secure account for:

• Account balance
• Retirement credits
• Membership date
• Beneficiaries
• Annual statements
### Account Summary

#### Contribution Account

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Balance (03/31/2021)</td>
<td>$1,034.16</td>
</tr>
<tr>
<td>Employee Contributions (6%)</td>
<td>$276.17</td>
</tr>
<tr>
<td>Interest (4% annually)</td>
<td>$10.29</td>
</tr>
<tr>
<td>Current Pay</td>
<td>$18,411.32</td>
</tr>
<tr>
<td><strong>Account Balance (06/30/2021):</strong></td>
<td><strong>$1,320.62</strong></td>
</tr>
</tbody>
</table>

#### Contribution History

- **Membership Date**: 08/22/2019
- **Years of Service**: 1.75
- **Coverage Group**: KPERS 3

### Retirement Credits

*Retirement credits are only available at retirement.*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Credit Value (03/31/2021)</td>
<td>$517.09</td>
</tr>
<tr>
<td>Quarter 3 Retirement Credit Value (3%)</td>
<td>$138.08</td>
</tr>
<tr>
<td>Interest (4% annually)</td>
<td>$5.15</td>
</tr>
<tr>
<td>Retirement Credit Value (06/30/2021)</td>
<td><strong>$660.32</strong></td>
</tr>
</tbody>
</table>

### Retirement Credit Rates

- Less than 5 years of service = 3% of pay (your rate)
- 5-11 years of service = 4% of pay
- 12-23 years of service = 5% of pay
- 24+ years of service = 6% of pay
Calculate an Estimate

KPERS 3 Pre-Retirement Webinar
**Benefit Calculator - KPERS 3**

**Benefit Calculator Disclaimer:** Information from your most recent annual statement may be helpful. This calculator is not linked to your record. *Estimate accuracy depends on the information you enter.* A benefit amount may be affected by a Qualified Domestic Relations Order (QDRO). Planning to retire in the next few years? You can request an estimate from us: [Retirement Benefit Estimate Request Form](#).

**Personal Information**

- **Your Date of Birth:** [ ]
- **Joint Annuitant’s Date of Birth:** [ ]  Optional, complete only if you want to leave a survivor benefit.

**Career and Account Information**

- **Current Annual Salary:** [ ]
- **Do you want to include future annual salary increases between now and retirement?**  [ ]
- **Current Contribution Account Balance:** [ ]  Do not include contributions from a service purchase.
- **Current Retirement Credit Value:** [ ]
- **Current Years of Service:** [ ]  Rounded to full year.

**Retirement Details**

- **Date You Plan to Retire:** [ ]  Your retirement date must be the first day of a month.

- **Total Years of Service at Retirement:**
  - [ ] Have the calculator project my total years of service at retirement
  - [ ] Use [ ] as my total years of service at retirement, Rounded to full year.

**Buttons:**
- **Calculate**
- **Clear Fields**
## Benefit Estimate

### No COLA* Monthly Benefit

<table>
<thead>
<tr>
<th>Benefit Option</th>
<th>No Lump Sum</th>
<th>10% Lump Sum</th>
<th>30% Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE BENEFIT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life-Certain 10 Years</td>
<td>$3,600.17</td>
<td>$3,240.16</td>
<td>$2,520.12</td>
</tr>
<tr>
<td>Partial Lump-Sum Option</td>
<td>$0.00</td>
<td>$52,976.53</td>
<td>$158,929.60</td>
</tr>
<tr>
<td>Life-Certain 5 Years</td>
<td>$3,648.69</td>
<td>$3,291.67</td>
<td>$2,570.52</td>
</tr>
<tr>
<td>Life-Certain 15 Years</td>
<td>$3,490.93</td>
<td>$3,141.84</td>
<td>$2,443.65</td>
</tr>
<tr>
<td>Joint-Survivor 50%</td>
<td>$3,431.53</td>
<td>$3,088.38</td>
<td>$2,402.07</td>
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<tr>
<td>Joint-Survivor 75%</td>
<td>$3,305.87</td>
<td>$2,975.28</td>
<td>$2,314.11</td>
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<tr>
<td>Joint-Survivor 100%</td>
<td>$3,189.08</td>
<td>$2,870.17</td>
<td>$2,232.36</td>
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</tbody>
</table>
### 1% COLA Monthly Benefit

<table>
<thead>
<tr>
<th>Benefit Option</th>
<th>No Lump Sum</th>
<th>10% Lump Sum</th>
<th>30% Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life-Certain 10 Years</td>
<td>$3,295.06</td>
<td>$2,965.56</td>
<td>$2,306.54</td>
</tr>
<tr>
<td>Partial Lump-Sum Option</td>
<td>$0.00</td>
<td>$52,976.53</td>
<td>$158,929.60</td>
</tr>
<tr>
<td>Life-Certain 5 Years</td>
<td>$3,333.54</td>
<td>$3,007.83</td>
<td>$2,351.91</td>
</tr>
<tr>
<td>Life-Certain 15 Years</td>
<td>$3,191.89</td>
<td>$2,872.70</td>
<td>$2,234.32</td>
</tr>
<tr>
<td>Joint-Survivor 50%</td>
<td>$3,114.44</td>
<td>$2,803.00</td>
<td>$2,180.11</td>
</tr>
<tr>
<td>Joint-Survivor 75%</td>
<td>$2,989.85</td>
<td>$2,690.86</td>
<td>$2,092.89</td>
</tr>
<tr>
<td>Joint-Survivor 100%</td>
<td>$2,874.84</td>
<td>$2,587.35</td>
<td>$2,012.39</td>
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</tbody>
</table>

*self-funded annual cost-of-living adjustment*

### 2% COLA Monthly Benefit

<table>
<thead>
<tr>
<th>Benefit Option</th>
<th>No Lump Sum</th>
<th>10% Lump Sum</th>
<th>30% Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life-Certain 10 Years</td>
<td>$3,002.50</td>
<td>$2,702.25</td>
<td>$2,101.75</td>
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<tr>
<td>Partial Lump-Sum Option</td>
<td>$0.00</td>
<td>$52,976.53</td>
<td>$158,929.60</td>
</tr>
<tr>
<td>Life-Certain 5 Years</td>
<td>$3,031.39</td>
<td>$2,735.69</td>
<td>$2,140.82</td>
</tr>
<tr>
<td>Life-Certain 15 Years</td>
<td>$2,906.00</td>
<td>$2,615.40</td>
<td>$2,034.20</td>
</tr>
<tr>
<td>Joint-Survivor 50%</td>
<td>$2,811.53</td>
<td>$2,530.38</td>
<td>$1,968.07</td>
</tr>
<tr>
<td>Joint-Survivor 75%</td>
<td>$2,688.69</td>
<td>$2,419.82</td>
<td>$1,882.08</td>
</tr>
<tr>
<td>Joint-Survivor 100%</td>
<td>$2,576.13</td>
<td>$2,318.51</td>
<td>$1,803.29</td>
</tr>
</tbody>
</table>
The Retirement Process
GET READY

• Pick your best retirement date
• Choose a payment option
• Submit application at least 30 days before retirement date
• Find age and name change documents

Retirement Application for KPERS 3 Members (K3-15)
RECEIVE MONTHLY BENEFIT PAYMENTS

- Direct deposit on last business day of the month
- Change notices, but no regular payment notice
- Payment summary online
- First benefit example:
  March 1 retirement date   First payment March 30
FEDERAL AND STATE INCOME TAXES

- Federal: taxable
- Kansas: not taxable
  - You already paid state taxes while working
  - Other states? Check with that state
- Change federal withholding anytime online
- 1099-R tax form each January
### Benefit Info

<table>
<thead>
<tr>
<th>Account Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Start Date:</td>
<td>09/01/2021</td>
</tr>
<tr>
<td>Benefit Option:</td>
<td>Maximum</td>
</tr>
<tr>
<td>Total Contributions:</td>
<td>$190,406.49</td>
</tr>
<tr>
<td>Lifetime Benefits to Date:</td>
<td>$47,285.28</td>
</tr>
</tbody>
</table>

### Monthly Benefit Information

Next Payment Date: 01/31/2023

<table>
<thead>
<tr>
<th>Item</th>
<th>Item Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Base Benefit</td>
<td>$2,955.33</td>
</tr>
<tr>
<td>Fed Withholding - Monthly</td>
<td>$241.00</td>
</tr>
<tr>
<td>Net Amount</td>
<td>$2,714.33</td>
</tr>
</tbody>
</table>

### Tax Withholding Message

To update tax withholding elections. Please submit the IRS W4P form to KPERS.

[IRS W-4P Form](#)
# FEDERAL AND STATE INCOME TAXES

## Payment History (up to last 3 years)

Lifetime benefits paid to date: $867,419.58

<table>
<thead>
<tr>
<th>Payment Year</th>
<th>Gross Benefit</th>
<th>Taxable</th>
<th>Non-Taxable</th>
<th>Federal Taxes</th>
<th>Deductions</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$56,900.16</td>
<td>$56,900.16</td>
<td>$0.00</td>
<td>($11,644.00)</td>
<td>$0.00</td>
<td>$45,256.16</td>
</tr>
<tr>
<td>2016</td>
<td>$56,900.16</td>
<td>$56,900.16</td>
<td>$0.00</td>
<td>($11,688.00)</td>
<td>$0.00</td>
<td>$45,212.16</td>
</tr>
</tbody>
</table>

## Payment History

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Gross Benefit</th>
<th>Taxable</th>
<th>Non-Taxable</th>
<th>Federal Taxes</th>
<th>Deductions</th>
<th>Net Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($974.00)</td>
<td>$0.00</td>
<td>$3,767.68</td>
</tr>
<tr>
<td>02/28/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>03/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>04/28/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>05/31/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
<tr>
<td>06/30/2017</td>
<td>$4,741.68</td>
<td>$4,741.68</td>
<td>$0.00</td>
<td>($970.00)</td>
<td>$0.00</td>
<td>$3,771.68</td>
</tr>
</tbody>
</table>

(KPERS 3 Pre-Retirement Webinar)
Tax 1099-R Forms

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Gross Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$34,328.86</td>
</tr>
<tr>
<td>2016</td>
<td>$34,328.86</td>
</tr>
<tr>
<td>2015</td>
<td>$34,328.86</td>
</tr>
</tbody>
</table>

Your statement should open in a new window. If this image appears, it is not a valid statement. In your browser window, look on the “Tools” pull down menu for more options.
• $4,000 death benefit
• Taxable for federal tax, but not Kansas taxes
• Person, estate, trust, funeral establishment or combination
• Beneficiary responsible for taxes
• No death benefit for joint annuitant
KEEP BENEFICIARY UP-TO-DATE

• Time to review beneficiaries
  - Marriage          - Birth/adoption
  - Divorce           - Death
  - Retirement

• Change beneficiaries any time online
Life Insurance
LIFE INSURANCE – WHAT YOU HAVE NOW

• Basic life insurance = 150% of current salary
• Optional Group Life Insurance
• Continue coverage within 60 days of last day on payroll
Portability – Basic & Optional

- **Term** insurance option
- No health questions
- Under age 80 and actively at work
- Coverage begins to reduce at age 65
Conversion – Basic & Optional

- Whole-life option
- No health questions
- Higher rates, builds cash value
• KPERS does not provide health insurance coverage
• Contact your human resources office
Working After Retirement

KPERS 3 Pre-Retirement Webinar
WORKING AFTER RETIREMENT

• No restrictions for non-KPERS employers
• Only when working for a KPERS employer
• No additional contributions to KPERS
• Must resign all KPERS employment before retirement. Even part-time
WAITING PERIOD

• 180-day waiting period if retiring before age 62
• 60-day waiting period if retiring age 62 or older
• Begins with retirement date
• No prearrangements!
NO PREARRANGEMENTS

• Any situation where an employer or employee reasonably anticipates employment
• Interviews, applications, written and verbal communication are prearrangements
• Anytime before retirement or during waiting period
• Important for KPERS qualified plan status
• Penalties for retiree and employer
Penalties for retiree

• Benefit **suspended** starting the month you return to work, and ending 6 months after you stop employment

• Must **repay** benefits received while working after retirement

*Note: Employer will have to pay penalties as well*
Retirement Resources

KPERS 3 Pre-Retirement Webinar
CHECKLIST FOR RETIREMENT

- Find out when you’re eligible
- Calculate an estimate
- Review payment options
- Submit application
- Review life insurance
- Determine tax withholding
- Confirm Social Security
- Review health insurance needs
- Review your other retirement plans and savings
<table>
<thead>
<tr>
<th>KPERS</th>
<th>Social Security</th>
<th>KPERS 457</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Email:</strong> <a href="mailto:kpers@kpers.org">kpers@kpers.org</a></td>
<td><strong>Website:</strong> ssa.gov</td>
<td><strong>Email:</strong> <a href="mailto:kpers457@kpers.org">kpers457@kpers.org</a></td>
</tr>
<tr>
<td><strong>Toll-free:</strong> 1-888-275-5737</td>
<td><strong>Toll-free:</strong> 1-800-772-1213</td>
<td><strong>Toll-free:</strong> 1-800-232-0024</td>
</tr>
<tr>
<td><strong>Topeka:</strong> 785-296-6166</td>
<td><strong>Topeka:</strong> 1-888-327-1271</td>
<td><strong>Topeka:</strong> 785-414-3600</td>
</tr>
</tbody>
</table>
Thank You