

BENEFITS

KPERS 1

at a glance

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. As an active member, you also have life insurance and disability benefits at no cost to you. This publication highlights your current benefits and the ones you'll receive when you retire.

Membership and Contributions

Kansas law requires that all eligible employees must become members. As an active member, you contribute 6% of your gross earnings and your contributions earn interest annually.

If you became a member:

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

You automatically earn service credit for the years you work in a covered position. After five years of service, you are *guaranteed* a monthly retirement benefit for the rest of your life. This is called "vesting" your benefit.

Basic Life Insurance and Death Benefits for Active Members

You have basic life insurance equal to 150% of your annual salary. Your employer pays for the cost of this benefit. The Retirement System also returns your contributions and interest if you die. You can name different beneficiaries for these benefits.

Job-Related Death

If you die from an on-the-job accident, your spouse will receive a monthly benefit based on 50% of your final average salary, less any Workers' Compensation. The minimum benefit is \$100 per month. He or she will also receive a \$50,000 lump-sum payment. This is in addition to your life insurance and returned contributions.

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.

Optional Life Insurance for Active Members

Many employers offer optional life insurance, including the State of Kansas. Check with your employer. Optional life insurance premiums are automatically deducted from your pay.

Employee coverage ranges from \$5,000 to \$400,000 in \$5,000 increments. Employees are eligible for up to \$250,000 of guaranteed coverage *without* proof of good health within 31 days of their hire date. You must provide proof of good health for any amounts over \$250,000.

Spouse coverage ranges from \$5,000 to \$100,000 in \$5,000 increments. Employees are eligible for up to \$25,000 of guaranteed spouse coverage within 31 days of their hire date. You must provide proof of good health for any amounts over \$25,000. Employee coverage is not required to choose spouse coverage. You, the employee, are the beneficiary for spouse coverage.

Child coverage is available in \$10,000 or \$20,000 amounts. One premium covers all your dependent children. Children are covered to age 26, with no age limit on disabled dependents. You can add child coverage only as a new hire, during annual open enrollment or with a family status change.

Other Optional Insurance Details

- You can start or increase your coverage or your spouse's coverage at *any time* with proof of good health.
- You can enroll for or increase employee coverage by up to \$50,000 *without* proof of good health within 31 days of a family status change. Health questions are required for amounts over \$250,000.
- You can enroll for or increase spouse coverage by up to \$25,000 *without* proof of good health within 31 days of a family status change. Health questions are required for amounts over \$25,000.
- A **family status change** includes marriage, divorce, birth or adoption, or death of a spouse or child. It also includes a change in employment status by you or your spouse.
- If you are diagnosed as terminally ill with 24 months or fewer to live, the "Accelerated Death Benefit" may allow you to receive up to 100% of your life insurance instead of your beneficiary receiving the insurance amount. Spouse and child coverage are also eligible for this benefit.

Disability Benefits for Active Members

If you become disabled, you may qualify for a disability benefit based on 60% of your annual salary. You must be disabled for 180 days and no longer receive employer compensation. You must apply for Social Security benefits and complete any appeal process. Your employer provides this long-term disability benefit. You will continue receiving service credit and basic life insurance coverage for approved disability periods. You can also continue any optional insurance coverage.

Leaving Employment Before Retiring

If you leave covered employment, you can continue your life insurance coverage through a conversion or portability option. You can also choose to withdraw your contributions any time 31 days after your last day on payroll. 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 and interest as a direct payment to you or roll over the amount into an eligible retirement plan.

If You Are Not Vested (Less Than Five Years of Service)

You are **not** guaranteed a retirement benefit. You need to withdraw your account balance within five years. If you reach age 65 within the five-year period, you may apply for retirement benefits. After five years, your contributions stop earning interest and you forfeit your service credit.

If You Are Vested (Five or More Years of Service)

You are **guaranteed** a monthly retirement benefit for the rest of your life if you keep your contributions in your account. Often, if you have a significant amount of service, your vested benefit is more valuable than the amount of your actual contributions. If you keep your contributions with the Retirement System, you can apply for retirement benefits when you become eligible. Your contributions continue to earn interest and you can withdraw them at any time if you change your mind.

When Can You Retire?

Retiring With Full Benefits

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

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.

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

Calculating Your Retirement Benefit

You can calculate your own estimate online at kpers.org. Login to your KPERS account to use preloaded information or enter the information from your KPERS annual statement.

Retirement benefits are calculated using this formula:

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

For example: \$30,000 x 1.75% x 30 = \$15,750 annual benefit

Final Average Salary

If your membership date is *before July 1, 1993, or you were in your "year of service" waiting for membership on July 1, 1993*, your final average salary is either:

- An average of your four highest years of salary, including additional compensation, such as payments for unused sick and annual leave; or
- An average of your three highest years of salary, excluding additional compensation, such as payments for unused sick and annual leave.

KPERS will use the salary average that benefits you most.

If your membership date is *July 1, 1993, or after*, your final average salary is an average of your three highest years of salary, excluding additional compensation, such as payments for unused sick and annual leave.

Statutory Multiplier

- 1.75% for participating years of service (years you work for an employer in a covered position)
- 1.85% for participating years of service earned January 1, 2014, and after
- 1% or 0.75% for prior years of service (time worked for an employer before affiliation with KPERS)

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 certain types of past public service. Other types of public service that may be purchased include forfeited service, military service, out-of-state public service and numerous others. Service credit can be purchased by payroll deduction, personal check, Discover Card, or transferred from another retirement plan like a deferred compensation plan, tax-sheltered annuity or an individual retirement account (IRA). Only active, contributing members may purchase service credit, and all payments must be received on or before your last day on your employer's payroll.

Retirement Benefit Options

As a retired KPERS member, you will receive a monthly retirement benefit for the rest of your life. In addition, KPERS has retirement payment options that add financial flexibility and allow you to provide for loved ones after your death.

Maximum Monthly Payment Option

This option is the maximum monthly benefit you can receive. There is no continued monthly benefit after your death.

Joint-Survivor Option

You can provide a continuing monthly benefit for someone after your death. Survivor benefits are equal to 50%, 75% or 100% of your benefit and are paid for the rest of your survivor's life. To provide this continuing benefit, your monthly benefit is reduced. Your benefit decreases as your joint annuitant's benefit increases.

Life-Certain Option

If you die within a guaranteed period of time from retirement, your beneficiary will receive the same monthly benefit for the rest of that guaranteed period. Your monthly benefits are reduced based on whether you chose the five-, ten-, or 15-year life-certain option. You can change beneficiaries at any time.

Partial Lump-Sum Option

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 benefits for the rest of your life. The PLSO is available in 10, 20, 30, 40 or 50% amounts of the actuarial present value of your benefit.

Retiree Death Benefit

Your beneficiary receives a \$4,000 lump-sum death benefit. If you don't select survivor benefits, any contributions and interest remaining in your account are returned to your beneficiary.

Working After You Retire

Returning to work after retirement may affect your benefits. Generally, if you work for a non-Retirement System employer, there are no restrictions. But if you choose to work for an affiliated employer or a third-party entity that contracts with a school employer, some rules apply to you. Please see your Membership Guide or kpers.org for details.

Additional Information

For additional information about member benefits, please refer to the KPERS Membership Guide, visit our website or contact the Retirement System office.

You also have someone at your employer to help you. Your **designated agent** works for the same employer you do, and is appointed by your employer to handle Retirement System transactions. This person will have all necessary forms and publications and can answer most of your questions about the Retirement System.

Contacting Us

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In the interest of simplicity, certain generalizations have been made in this publication. Kansas law and the rules adopted by the Retirement System Board of Trustees will control specific situations.

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