

Funeral Planning

and KPER \$4,000 Retiree Death Benefit

It's hard to think about your own funeral. But planning ahead can avoid a lot of stress when the time comes. As a KPER member, you have a retiree death benefit that can help your loved ones pay for funeral expenses.

Lump-Sum Death Benefit

When you die, KPER pays a \$4,000 lump-sum death benefit to your beneficiary. You can name a person, estate, trust or a funeral establishment to receive your benefit. If you want your death benefit used for funeral expenses, you can:

- Name a funeral establishment to receive the benefit.
- Name a beneficiary to receive the benefit who will then assign it to a funeral establishment.

Your beneficiary can use the benefit at funeral establishments and crematories. But beneficiaries aren't required to use the benefit to pay for funeral expenses. If you have more than one beneficiary, one can assign his or her share while the others keep theirs.

If you designate a funeral establishment, you'll also want to name a primary beneficiary to receive any remaining contributions and interest you may have in your account when you die. Only the \$4,000 death benefit can be paid to a funeral establishment.

Paying the Taxes

In general, the death benefit is taxable as federal income, but not Kansas income. How a funeral establishment receives the benefit determines who pays the taxes.

If you **name a funeral establishment**, it receives the full \$4,000 benefit and pays the taxes. KPER will send the funeral establishment a 1099-R form the next January.

If your **beneficiary receives it**, he or she pays taxes. If your **beneficiary assigns the benefit to a funeral establishment**, he or she still pays the taxes. KPER will automatically withhold 20% for federal taxes. Your beneficiary will receive a 1099-R form the next January.

Applying for the Death Benefit

KPER does not pay the death benefit automatically. Your beneficiary should contact KPER to receive an application when the time comes.

Be sure to keep your beneficiaries up-to-date. You can make changes any time in your kpers.org account or complete a new Designation of Beneficiary - Retired (KPER-7/99R) form. KPER must have any beneficiary designations before your death for the change to be effective. If you don't name a beneficiary, KPER must follow the line of descendants by Kansas law.

Frequently Asked Questions

- Q Can the death benefit be prepaid to the funeral establishment?**
- A No. The death benefit can't be paid until a retiree dies and a beneficiary applies for it.
- Q What if there is an overpayment to the funeral establishment?**
- A The funeral establishment will return any overpayment to the beneficiary. If KPER knows ahead of time, the amount needed for the funeral can be paid to the funeral establishment and the remainder paid to the beneficiary. If the funeral expenses were paid by other means, the funeral establishment will waive the benefit, and it will be paid to the beneficiary after federal tax withholding.
- Q Is the death benefit taxable?**
- A Federal – Yes
Kansas – No
Other States – Check individually

Questions?

Email: kpers@kpers.org

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In Topeka: 785-296-6166

kpers.org