

RETIREMENT *benefits*

For KPERS 3 Members
Hired January 2015 & After

KPERS 3: How does it work?

With the KPERS 3 cash balance retirement plan, you make contributions from each paycheck. KPERS invests the money and pays you interest throughout your career. You also build retirement credits while you work. Both grow in value over time. When you are eligible for retirement, KPERS will pay you a lifetime monthly benefit based on your account balance and your retirement credits.

Membership is mandatory. But when retirement gets here, you'll be glad you saved.

Your contributions

There are two parts to the KPERS 3 retirement—your contribution account and your retirement credits. You contribute 6% of your salary starting with your first paycheck. It's automatic and pretax. Your contributions earn a guaranteed 4% annual interest, paid quarterly. There is also a possibility for additional interest, depending on KPERS' investment returns.

Your contributions are vested immediately and can be withdrawn if you leave employment.

It's important that you name a beneficiary so the right person will get your contributions should something happen to you. You can check or update your beneficiaries anytime in your online account at kpers.org or complete a new Designation of Beneficiary form.

Your retirement credits (only available at retirement)

Your retirement credits are the second part of KPERS 3. The credits you earn are based on a percentage of your pay and the number of years you've worked. You receive these credits quarterly and your annual credit rate increases the longer you work. But they can only be used at retirement.

What you need to do now:

- ✓ Learn about your KPERS 3 cash balance retirement plan
- ✓ Set up your online access to keep track of your account
- ✓ Check out your KPERS life insurance and disability benefits at kpers.org or ask your employer
- ✓ Name a beneficiary
- ✓ Consider how it affects your benefits anytime you have a life event (like marriage, children, death, etc.)
- ✓ Save on your own, because even your lifetime KPERS benefit won't be enough

Questions?

Email: kpers@kpers.org

Toll-free: 1-888-275-5737

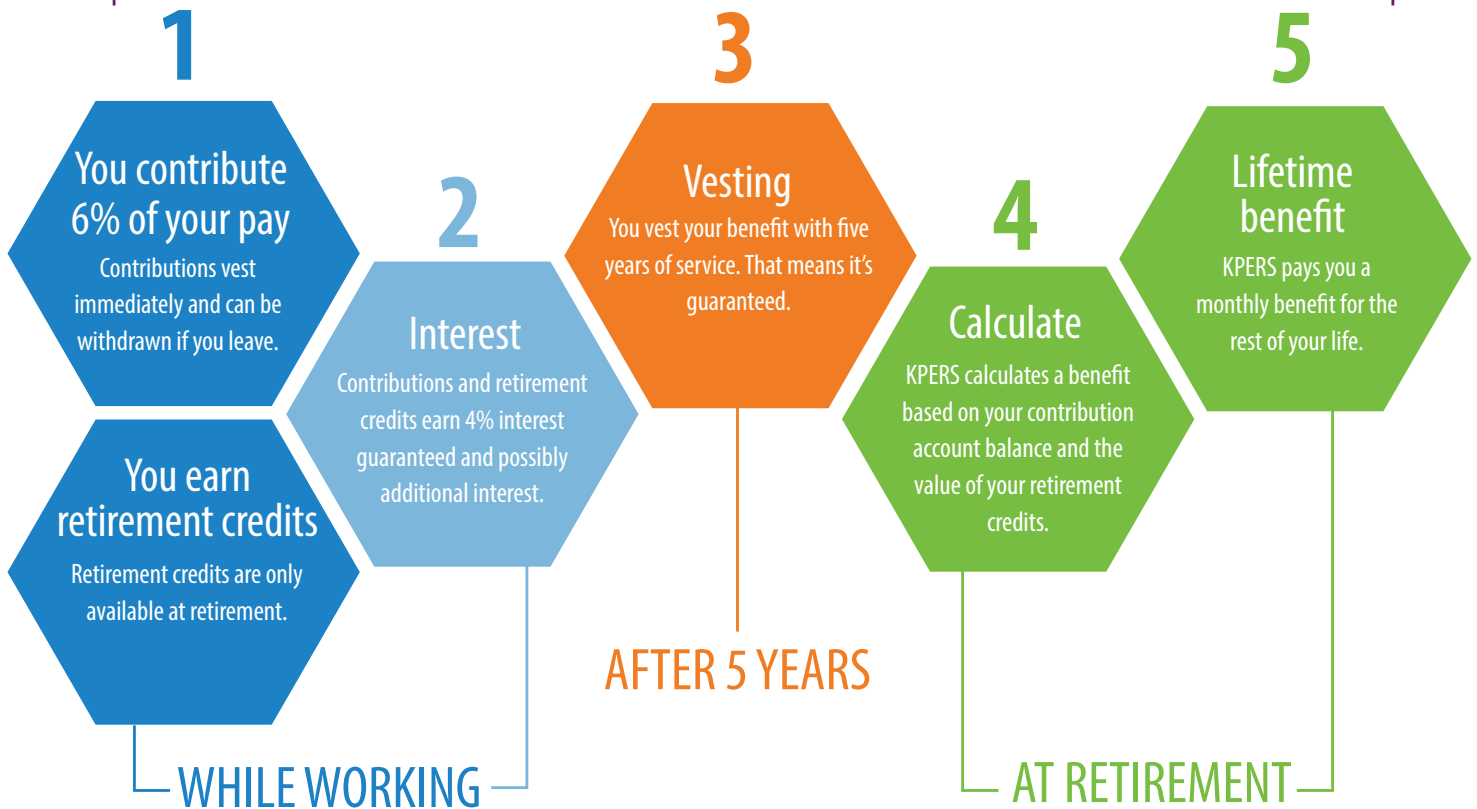
In Topeka: 785-296-6166

kpers.org



KPERS 3 RETIREMENT BENEFITS

5 STEPS TO HOW IT WORKS



What will you get at retirement?

At retirement, both your contribution account balance and your retirement credits are used to calculate your benefit, along with some actuarial factors. To get an idea of your benefit, we encourage you to login to your online account and use the KPERS calculator. It is preloaded with your personal information.

At retirement, you'll have a few payment options. Some people choose to withdraw part of their contribution account and retirement credits in a lump sum. You can choose any percentage or dollar amount up to 30%. You can also build in an automatic annual cost-of-living increase. If it fits your situation, you might want to

provide a benefit for someone after your death. Keep in mind, all of these options will lower your monthly benefit amount.

Also as part of your retirement benefits, you have a \$4,000 death benefit. You can designate a beneficiary or a funeral establishment to receive it.

When can you retire?

- Age 65 with 5 years of service
- Age 60 with 30 years of service
- Reduced benefits at age 55 with 10 years of service

How you earn retirement credit

Each quarter you earn retirement credits based on your pay.

Years you've worked	Annual credit rate
< 5 years	3% of your pay
5-11 years	4% of your pay
12-23 years	5% of your pay
24+ years	6% of your pay

Example:

Joe has worked for the city for three years and makes \$32,000. This year and next year, he'll receive retirement credits from KPERS worth 3% of his pay. Once he has worked for the city for five years, his percentage will increase to 4%.

$\$32,000 \times 3\% = \960 annually

Quarter 1: \$240

Quarter 2: \$240

Quarter 3: \$240

Quarter 4: \$240

Total retirement credits for the year: **\$960**

Credits show as dollars. But your retirement credits are not part of your contribution account. They are tracked separately and are only available at retirement, when they are used to help calculate your benefit. Although, they do earn interest quarterly like your contributions.

After five years of service you are guaranteed a retirement benefit, even if you leave employment. This is called "vesting" your benefit.

If you leave employment

If you leave employment before you're vested with five years of service, you'll need to withdraw your account balance. Your contributions will earn interest in two plan years, depending on when you leave. If you return to employment within five years, you'll keep any past public service you have not already withdrawn.

If you are vested when you leave, you are guaranteed a retirement benefit. You just need to keep your contributions in your account and apply when you are eligible.

If you decide to withdraw, consider rollover options. They may help you defer taxes and avoid penalties for early distribution. And even more important, you'll keep your money set aside for retirement.

Your other important benefits

KPERS is about more than just retirement. As part of your KPERS benefits, you also have disability benefits and life insurance coverage. Find out more at kpers.org.

Access your
account online

kpers.org

Learn more details about the KPERS 3 cash balance retirement plan and information on your other KPERS benefits like disability and life insurance. You can also keep track of your account with online access.

To enroll, go to kpers.org and click "Member Login" on the home page.

Save on your own. KPERS won't be enough!

KPERS and Social Security won't be enough for a sound retirement. You need to save on your own, too. The easiest way to save is through a tax-sheltered employer plan like a 457(b) deferred compensation plan or a 403(b).

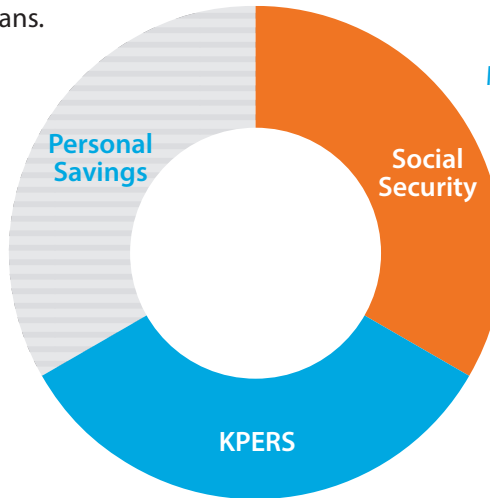
Many employers offer these kinds of savings plans.

Check with your employer to see if there are options where you work.

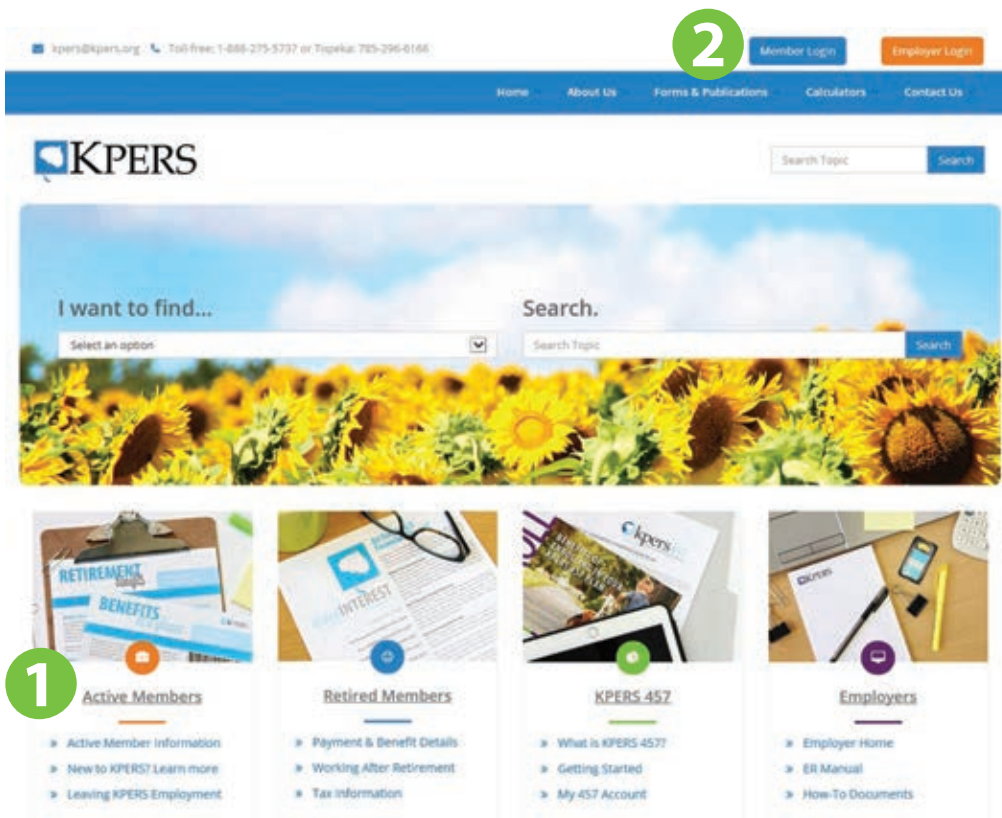
The State of Kansas and many local public employers offer KPERS 457, a 457(b) savings plan. Contributions are deducted from your pay, and you can get started with as little as \$12 per pay period.

kpers457.org

However you choose to save, the important thing is to start. The sooner you begin, the more time your money has to grow. Socking away even a sliver of your salary today could have a big impact on your retirement.



Most financial experts suggest replacing at least 80% of your income for retirement. Increasing health care costs and living longer may mean you need to save even more.



kpers.org

1 Benefit Info

Find information about your KPERS benefits, including life insurance and disability. You'll also see resources to help you get ready for retirement.

2 Member Login

View up-to-date account information like balance, credit rate and beneficiaries. You can also calculate what your monthly benefit could be at retirement with pre-loaded personal info in your account.