

Leaving Employment

and Your Retirement System Benefits

If you're leaving employment, you may have questions about what will happen to your benefits. If you don't withdraw your contributions, you will become an inactive member. But you'll still have access to your online account, and we'll continue to send you annual statements.

Life Insurance

Generally, your basic life insurance and any optional coverage ends when you leave employment or move to a position not covered by KPERS.* However, you can continue some or all of your current coverage on your own. You have 60 days after you end employment to submit your form.

You have two options.

1. Individual whole life insurance
2. Portable term life insurance

Conversion and Portability Election forms explain the benefits and costs for each option. You can get these forms from your employer or download them at kpers.org.

**Note: KP&F members do not have basic life insurance coverage. KPERS members moving to a Board of Regents position keep their life insurance coverage.*

Guaranteeing Your Benefit

When you are "vested," it means you have earned enough service to guarantee a retirement benefit, even if you leave covered employment.

- KPERS members vest their benefit with five years of service.
- KP&F members vest their benefit with 15 years (Tier II members) or 20 years (Tier I members).

Your vested status is an important consideration when deciding whether to withdraw your contributions.

If You Are Vested

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

If You Are Not Vested

You are not guaranteed a retirement benefit. You need to withdraw your balance within five years of the date you end employment. Your account earns interest for five years (two years for KPERS 3 members). After five years, you forfeit your service. KPERS 1 members who reach age 65 within the five-year period may apply for retirement benefits. If you don't withdraw and you return to KPERS employment within five years, you'll keep your past public service. But you'll return as a KPERS 3 member.



Important Points to Consider Now

- You have 60 days to submit your life insurance form.
- If you're vested, you're guaranteed a retirement benefit.
- If you're not vested, you need to withdraw within five years.
- You can withdraw after 31 days.
- If you withdraw, a direct rollover is the best way to avoid federal taxes and penalties.
- We don't have your contact information. Please complete and return the address form on page 2. You can also update your address in your online account or email kpers@kpers.org.
- If you're over age 70, you may have minimum distribution requirements.

Keep Your Address Up-to-Date

While you are working, we send important information to you through your employer. When you leave employment, we need to send information directly to you. Please complete the address form below. You can also update your address in your online account or email kpers@kpers.org.

Keep Your Beneficiary Current

It's important to keep your beneficiary designation up-to-date, even though you're inactive. Your beneficiary will receive your accumulated contributions and interest, or your spouse can receive a monthly benefit if you meet the criteria. You can update your beneficiaries anytime in your online account.

Withdrawing Your Contributions

You can apply to withdraw your contributions anytime 31 days after you end employment. If you withdraw, you will give up all Retirement System rights, benefits and service.

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. Seek professional tax advice before withdrawing.

Sometimes You Can't Withdraw

Under certain situations, you can't withdraw.

- Leave of absence
- Military service
- Move to a position not covered by KPERS with same employer

If any of these situations apply to you, your employer can best explain your options.

The Withdrawal Process

1. Download an Application for Withdrawal of Contributions form (KPERS-13) at kpers.org or get one from your employer.
2. Your employer completes the employer part of the form if you recently left employment.
3. Once we receive your completed application, please allow four to six weeks for payment.
4. We will send you a 1099-R tax form the following January for your income tax return.

Options for Withdrawing

Option 1

Roll your contributions over into an eligible retirement plan. This allows you to defer paying taxes until later.

Plans That Can Accept Rollovers

- 457(b) deferred comp plan
- 403(b) tax-sheltered annuity
- 401(k) plan
- Traditional IRA

Option 2

Have your contributions paid directly to you. You will owe federal taxes and possibly a 10% federal penalty.

Reasons to Roll Over

- Avoid paying taxes right away so your money can grow tax-deferred.
- Avoid paying costly penalties for early distribution.
- Resist the temptation to use the money for something other than your retirement savings.

KPERS Address Notification Form

■ **Contact Us** – toll-free: 1-888-275-5737 • phone: 785-296-6166 • fax: 785-296-6638 • email: kpers@kpers.org
website: kpers.org • mail: 611 S. Kansas Ave., Ste 100, Topeka, KS 66603

■ **Important** – Please return this form to the Retirement System when you leave employment and let us know anytime your address changes. You can also update your information with your online account at kpers.org.

1. Name (First, MI, Last): _____ 2. Social Security Number: _____ - _____ - _____

3. Telephone Number: (____) _____

4. New Mailing Address: _____

City, State, Zip: _____

5. Old Mailing Address: _____

City, State, Zip: _____