

Tier I  
Tier II



Getting Ready to *Retire*

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KP&F Pre-Retirement Planning Guide

## Countdown to Retirement Checklist

- Attend a pre-retirement seminar.** Our pre-retirement seminars are designed to help you navigate the last steps to retirement. Each free seminar covers a variety of topics directly related to your KP&F retirement.
- Find out when you are eligible to retire.** Knowing when you'll meet the age and service requirements to retire can help you decide on the best retirement date.
- Calculate a retirement benefit estimate.** You can calculate your own estimate online by logging in to your personal account at [kpers.org](http://kpers.org). You can also complete a Benefit Estimate Request form (KPERS-15E) and we can calculate an estimate for you. Your employer can help you complete the form with the most accurate pay information. Please allow 4 weeks to process.
- Review the KP&F Retirement Options publication to understand your benefit payment options.** You can use the benefit calculator at [kpers.org](http://kpers.org) to see how taking a partial lump-sum option or providing a benefit for someone after your death affect your benefit amount.
- Complete an Application for Retirement Benefits form (KPERS-15).** Submit your application at least 30 days before your retirement date. You need to apply to receive your benefits. They do not begin automatically. You will need to provide birth and name change documents.
- Review your life insurance.** If you would like to continue your optional group life insurance in retirement, you have two options: keep your group coverage and pay an increased premium or convert your coverage to an individual policy. See your employer or our web site for more information on your choices.
- Determine your tax/withholding requirements.** In general, your benefits will be subject to federal income taxes, but not Kansas state income taxes. If you are going to live in another state, check if your retirement benefit is taxable in that state.
- Confirm your Social Security benefits.** Get accurate information about Social Security applications and benefits by calling the Social Security Administration's toll-free number, 1-800-772-1213 or contacting your local SSA office.
- Determine your health insurance needs.** If you have been with your current employer for ten years or more, Kansas law allows you to remain in your current health plan by paying the entire premium. Contact your employer's personnel office for more information. If you're close to age 65, check into your Medicare options at your local Social Security office.
- Review your other retirement income sources.** You'll need a method for turning your retirement savings and investments into income. Different plans have different payout options and requirements. To figure out the best way to supplement your KP&F benefits, you'll need to consider all your options. To learn more, contact your plan administrator.

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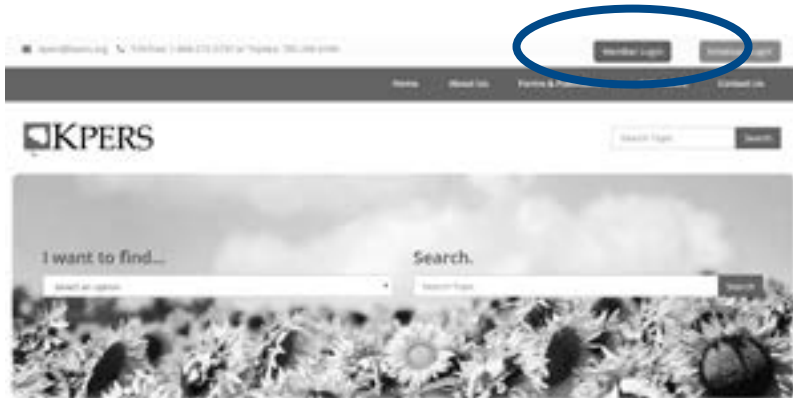
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## Contacting Us

We're here to answer your questions and help in any way we can. Our offices are open Monday through Friday from 8 a.m. to 5 p.m. The InfoLine is open from 8 a.m. to 4 p.m. Your questions, comments and suggestions are always welcome.

Web Site: [kpers.org](http://kpers.org)  
Toll Free: 1-888-275-5737  
In Topeka: 785-296-6166  
Email: [kpers@kpers.org](mailto:kpers@kpers.org)  
Mail: 611 S. Kansas Ave., Suite 100,  
Topeka, KS 66603-3869

## Access Your KPERS Account Online



Login through [kpers.org](http://kpers.org) to:

- Download your annual statement
- Create personalized benefit estimates
- Review your beneficiaries

After you're a retiree:

- Change tax withholding information
- Print your 1099-R
- Update contact information
- Track payment history

## Keeping Your Personal Information Up-to-Date

Even though your retirement benefits will be deposited directly into your account after you retire, be sure to let us know if your contact information changes. Please include your:

- Name.
- Last four digits of your Social Security number.
- Daytime phone number.
- Monthly retirement benefit amount.
- Previous address.
- New address.
- Your signature (if mailing).

We cannot accept changes from anyone other than a member or a person who has Power of Attorney for a member. KPERS must have a certified copy of the Power of Attorney authorization.

## Annual Statements

Each spring, you should receive a Retirement System annual statement through your employer. Your annual statement shows your contributions and earned interest, years of service, current final average salary and beneficiary information. As you near retirement, your statement is an important tool to help you plan for your future, and we encourage you to review it carefully. Your most recent annual statement is helpful when using KPERS' online benefit calculator. You can download recent annual statements through the online account access at [kpers.org](http://kpers.org).

## Disability vs. Retirement

Disability coverage is for active members and ends when you retire. If you are retiring because of health reasons, you should talk to your employer or a KPERS representative about your options.

## When Can You Retire?

### Retiring With Full Benefits

#### Tier I

- Age 55 with 20 years of service
- Any age with 32 years of service

#### Tier II

- Age 50 with 25 years of service
- Age 55 with 20 years of service
- Age 60 with 15 years of service

#### Tier I Transfer Members

- Age 50 with 25 years of service

#### Tier II Transfer Members

- Age 50 with 25 years of service
- Age 55 with 20 years of service
- Age 60 with 15 years of service

#### Brazelton Members

- Same as Tier I and Tier II members, except that monthly benefit is offset by Social Security

#### Special Members

- For most, age 50 with 22 years of service. See your local plan provisions

You must meet both age and service credit requirements. Your age is determined by your last birthday and is not rounded up. Two service quarters will round to one year.

*For example:* 14.5 years will round to 15 years of service.

The maximum retirement benefit is 90% of your final average salary. This limit is reached when you have earned 36 years of service credit. Working more than 36 years will not increase your benefit unless your final average salary increases.

### Retiring Early

You can receive reduced benefits beginning at age 50 with 20 years of service. The earlier you retire, the more your benefit is reduced. Benefits are reduced by 0.4% for each month you are under age 55 at retirement.

| If You Retire Early ... |           |                                 |
|-------------------------|-----------|---------------------------------|
| Age                     | Reduction | Example                         |
| 55                      | 0%        | Full benefit = \$1,500/month    |
| 53                      | 9.6%      | Reduced benefit = \$1,356/month |
| 50                      | 24%       | Reduced benefit = \$1,140/month |

### If You Also Have Service Credit with KPERS or the Judges Retirement System

You may be able to combine years of service credit in all three retirement plans to become eligible for retirement. If you are an active member in one of the retirement plans and inactive (did not withdraw) in another, this may apply to you.

*For example:* If you have KPERS service credit, it may be used to count toward your KP&F service requirement for retirement eligibility. However, only actual KP&F service will be used to calculate your KP&F retirement benefit. A separate retirement benefit will be calculated for your KPERS service and you will receive two separate benefits each month.

Specific guidelines apply. Please contact the Retirement System to make sure you are eligible to retire.

## Calculating Your Retirement Benefit

KP&F retirement benefits are calculated using the following formula:

$$\text{Final average salary} \times \text{statutory multiplier} \times \text{years of service} = \text{annual benefit}$$

*Example:* \$35,000    x            2.5%            x            20            =            \$17,500

## Your Final Average Salary

In addition to your years of service and your percentage multiplier, your final average salary is one of the factors used when calculating retirement benefits.

*If your membership date is on or after July 1, 1993, your final average salary is an average of the three highest of your last five years of service, **excluding** additional compensation.\**

*If your membership date is before July 1, 1993, your final average salary is an average of the three highest of your last five years of service, **including** additional compensation.\**

If you have 36 years of service credit, you will receive the maximum retirement benefit (90% of FAS). Your retirement benefit will not increase with more than 36 years of service unless your final average salary increases.

**\*Additional Compensation:** Additional compensation or “add-on pay” is compensation from your employer for unused sick leave, annual leave, etc. KP&F cannot use an early retirement incentive or severance pay as part of add-on pay when calculating your final average salary. When add-on pay is included in your final average salary, it is only included in the year that you end employment.

## Increasing Your Benefit (Purchasing Service Credit)

You may be able to increase your retirement benefit and possibly retire earlier by purchasing service credit for your past public service. Only active, contributing members may purchase service credit, and all payments must be received on or before your last day on your KP&F employer’s payroll. If your service is eligible, you can purchase service credit with a lump-sum payment or by making additional contributions to the Retirement System through payroll deduction. The cost is based on actuarial factors and tables.

| Benefit of Purchasing Service Credit |  |                  |
|--------------------------------------|--|------------------|
| Your final average salary            | For each additional year of service, your benefit increases by ... |                  |
| \$30,000                             | \$63 per month   | \$750 per year   |
| \$50,000                             | \$104 per month  | \$1,250 per year |
| \$70,000                             | \$146 per month  | \$1,750 per year |

### Types of Service Credit You Can Purchase

- Forfeited service (years you “withdrew” from KP&F or KPERS if you left the System for awhile)
- Military service

## **Military Service**

**Military Service:** In certain circumstances, Kansas law allows the Retirement System to grant service credit for active military service at no cost to you if the military service interrupts your public service. Service credit may be granted if you are employed in a covered position immediately before activation and you return to covered employment with any participating employer within one year of discharge (or two years, if disabled in the line of duty). You must be off your employer's payroll during this time to receive granted service credit. When you return to work in a covered position, your employer notifies the Retirement System. You will need to provide a copy of your military discharge papers (DD214) showing the period of military duty. Granted military service is limited to five years. You can purchase up to six years of military service regardless of how many years are granted.

**Note:** For KP&F, purchased military service does not count toward your eligibility to retire, but will increase the amount of your benefit.

## **Payment Options**

- Payroll deduction over a period of time, pre-tax
- Rollover or trustee-to-trustee transfer from another retirement plan. Eligible plans include a governmental 457(b) plan such as the Kansas Public Employees Deferred Compensation plan, a 403(b) annuity or an individual retirement account (IRA), pre-tax
- Lump sum (personal check, money order or Discover Card) after taxes

## **Federal Tax Requirements on Service Purchases**

KP&F is a "qualified plan" under federal tax provisions. Under a qualified plan, members make contributions on a pre-tax basis and interest grows tax-deferred. Federal law may limit your lump-sum payment if you are purchasing service with **after-tax** money.

## **The Purchase Process**

1. Contact your employer to see if your past service is eligible.
2. If your service is eligible, complete an Application to Purchase Service Credit (KPERS-67) form.
3. Your employer completes the employer part of the form and sends it to the Retirement System.
4. The Retirement System calculates your purchase cost and sends a letter to you through your employer. Be sure to weigh the cost and benefit before continuing with the purchase.
5. To complete the purchase, you sign the necessary paperwork, arrange for payment and return both to the Retirement System.
6. The Retirement System receives your payment or payroll deduction commitment.
7. The Retirement System adds service to your record after the purchase is completed.



## Retirement Benefit Payment Options

As a retired KP&F member, you will receive a monthly retirement benefit for the rest of your life. In addition, KP&F has retirement payment options that add financial flexibility and allow you to provide for loved ones after your death. **Your decision about which option to take is crucial, because once you make a choice, you cannot change it.**

### Scenario for All of Our Examples

Here is the scenario we'll use for all of our payment option examples:

Joe is retiring at age 55. His wife, Mary, is age 52. Joe's final average salary is \$50,000, and he has 20 years of service. His retirement benefit is calculated using the following formula:

$$\begin{array}{rcccccc} \text{Final average salary} & \times & \text{statutory multiplier} & \times & \text{years of service} & = & \text{annual benefit} \\ \$50,000 & \times & 2.5\% & \times & 20 & = & \$25,000 \end{array}$$

### Maximum Monthly Benefit Option

The Retirement System will first establish your maximum monthly benefit amount. This amount will provide the basis for the rest of your options. You can choose to stay with this maximum monthly benefit amount without any survivor options. You will then receive a payment each month for this same amount for the rest of your life. After your death, your beneficiary will receive the balance of any remaining money that you contributed to the Retirement System. **There is no continued benefit after your death.**

#### *Example*

Joe's annual benefit is \$25,000.  
 $\$25,000 \div 12 = \$2,083$  per month

### Joint-Survivor Options

You may want to provide a continuing monthly benefit for someone after your death. You can do this by choosing a joint-survivor option. Your survivor, also called a joint annuitant, cannot be changed once you retire. After your death, your survivor will receive a monthly benefit for the rest of his or her life.

The three joint-survivor options:

- 50%
- 75%
- 100%

The percentages show your survivor's benefit amount compared to your benefit amount. Your survivor can receive 50% of your benefit amount or 75%. You can also choose the 100% option, and he or she will receive the same benefit amount that you received before your death.

In order to provide the continuing benefit, your regular monthly benefits will be reduced. The higher your survivor's benefit, the lower yours will be during retirement.

### If your named survivor dies first

If your named survivor dies before you, your survivor option is canceled and your benefit increases to your original maximum monthly benefit amount. You cannot name another person to receive a survivor benefit.

### Adjusting for age difference

If your survivor is younger than you, your benefit will be decreased more than if your survivor is older. Actuarial tables and factors are used to calculate these adjustments.



### Example

Joe's maximum monthly benefit is \$2,083. He chooses the 50% joint-survivor option for his wife, Mary. Joe's benefit is reduced by a factor from an actuarial table to provide the survivor benefit and to adjust for the three-year age difference.

|   |          |
|---|----------|
| Joe's monthly maximum                           | \$ 2,083 |
| Reduced for survivor benefit and age difference | x .939   |
| Joe's adjusted benefit                          | \$ 1,956 |
| Mary's survivor benefit (50% of Joe's)          | \$ 978   |

### Life-Certain Options

With a life-certain option, you'll receive a monthly benefit for the rest of your life. If you die within a guaranteed period of time from your **retirement date**, your beneficiary will receive the same monthly benefit you have been receiving for the rest of the guaranteed period. You can change beneficiaries at any time, and you can have any number of beneficiaries at once. They will share the benefit equally.

There are three life-certain options.

- Five-year: Your benefit is reduced to 99%.
- Ten-year: Your benefit is reduced to 98%.
- 15-year: Your benefit is reduced to 92%.

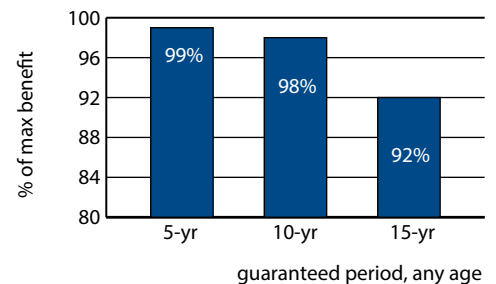
In order to provide the continuing benefit, your regular monthly benefits will be reduced by a fixed percentage. The longer the guaranteed period, the more your benefit is reduced.

### Example

Joe's maximum monthly benefit is \$2,083. He chooses the ten-year life certain option for his wife, Mary. Joe's benefit is reduced to 98% to provide the survivor benefit. He receives \$2,041 a month for the rest of his life, no matter how long he lives.

Joe dies seven years after he retires. As his chosen beneficiary, Mary will receive \$2,041 a month for three more years. Joe's seven years plus Mary's three total the ten years Joe was guaranteed. If Joe had named his two daughters as beneficiaries instead of Mary, the daughters would share the \$2,041 monthly benefit and each would receive \$1,020.50 a month for three years.

Life Certain Options  
Reduced Benefit Amount



### Partial Lump-Sum Option (PLSO)

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 payments for the rest of your life. *Choosing the PLSO will reduce your monthly benefits, no matter which other option you choose.* The PLSO is available in 10, 20, 30, 40 or 50% amounts. The percentage you select determines the size of the lump sum and the decrease in your monthly benefit. A PLSO payment is taxable income unless directly rolled over into an eligible retirement account.

### Example

A 30% PLSO payment would result in a single lump-sum payment equal to 30% of the actuarial present value of your lifetime benefit, along with a permanent 30% reduction in your monthly benefit.

If you select a partial lump-sum option or a payment option where your spouse would receive less than one-half of your monthly retirement benefit when you die, your spouse's notarized signature must be on your retirement application, signifying he or she knows the retirement benefit option you chose.

### Special and Transfer Members

These members have their own benefits. Please contact the Retirement System for details.

## Estimating Your Monthly Retirement Benefit

You can calculate an estimate through your online account access or with the generic benefit calculator at [kpers.org](http://kpers.org). You can also submit a Benefit Estimate Request form (KPERs-15E), and we can calculate an estimate for you. Estimates are a wise step when considering your options.

Keep in mind that estimates are just estimates. They can vary from your actual benefit amount because of the accuracy of information. Your actual benefit is calculated when you apply for retirement.

### Account Access Calculator

Login to your personal KPERs account through [kpers.org](http://kpers.org). When you start a new estimate, the system will automatically add your membership information, including the earliest date you are eligible for full retirement. You can use this pre-populated information or add your own. You can name and save estimates with different scenarios for future reference.

The screenshot shows the KPERs website interface. At the top, there are contact details and navigation links. A blue circle highlights the 'Member Login' button, with an arrow pointing to the text 'Login or create a new account here.' Below this is a search bar. The main content area features a large banner with the text 'I want to find...' and 'Search.' followed by input fields. Below the banner are five calculator steps:

**Step 2: What date do you plan to retire?**  
The earliest date you can receive a full retirement benefit is 09/01/2014.\*  
 I will retire on 09/01/2014.  
 I will retire on 9/1/2019 (mm/dd/yyyy). Must be the first day of a month.  
\*You may actually become eligible sometime in the previous year before this date due to earning additional service credit. Please check with your employer if you are nearing retirement and would like an exact eligibility date.

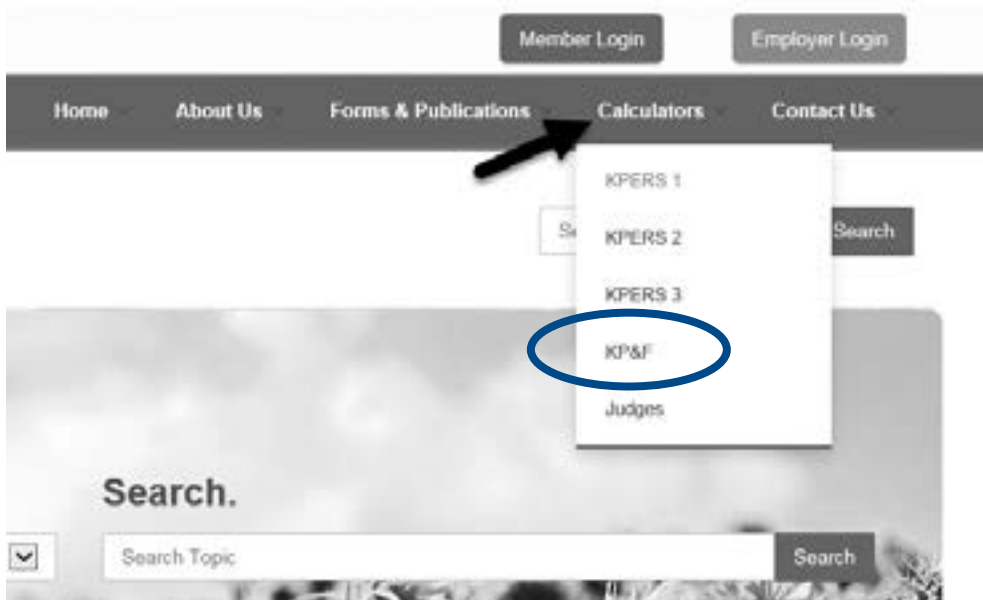
**Step 3: What is your final average salary?**  
Your current final average salary (FAS) is \$77,657.62. What is FAS?  
 Use \$77,657.62 as my FAS.  
 Use 0 as my FAS.  
 Use 0 as my FAS with annual salary increase of 0%.

**Step 4: What is your total service credit?**  
Your current total service credit is 24.00 years.  
Service @ 2.5% : 23.50  
Your projected total service credit is 30.00 years, if you continue working until your estimated retirement date shown above.  
 Use the projected service based on the selected retirement date in Step 2  
 Use 24.00, my total years of service as of December 31, 2012  
 Use 0.00 as my total years of service.

**Step 5: Do you plan to provide a continuing benefit to a survivor?**  
 I do not plan to provide for a survivor. I want a benefit for my lifetime only.  
 I plan to provide for a survivor. My survivor's date of birth is 10/24/1969 (mm/dd/yyyy).

## Generic kpers.org Calculator

Access the generic calculator on kpers.org. With this calculator, you add your own information. Your last annual statement will be helpful.



### Step 1: Enter Your Personal Information

**Personal Information**

Your Date of Birth (mm/dd/yyyy):

Joint Annuitant's Date of Birth (mm/dd/yyyy):  Enter date to estimate a survivor benefit

Date You Plan to Retire (mm/dd/yyyy):  Your retirement date must be the first day of a month

Final Average Salary:  See your last annual statement

Tier I  Tier II

**Years of Service**

**Note:** Enter years of actual KP&F service at retirement.

Total Years of Service:  (KP&F service only - maximum of 36 years)

See your annual statement or employer for your FAS.

### Step 2: View Your Annual Benefit Calculation

All your other options are based on this calculation.

**Annual Benefit Calculation**

Annual Benefit: **\$17,500.00**

Annual benefit / 12 =  
Maximum monthly benefit

### Step 3: View Your Monthly and Lump-Sum Options

The higher your lump sum at retirement, the lower your monthly benefits will be.

Monthly benefits are also reduced to provide on-going survivor benefits after your death.

**Monthly Benefit and Lump Sum Payment Estimates**

**Note:** Be sure to see general comments below.

| Benefit Options                | No Lump Sum       | 10% Lump Sum | 20% Lump Sum | 30% Lump Sum | 40% Lump Sum | 50% Lump Sum |
|--------------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|
| Partial Lump-Sum Option (PLSO) | \$0.00            | \$18,929.73  | \$37,859.47  | \$56,789.20  | \$75,718.94  | \$94,648.67  |
| Maximum Monthly Benefit        | <b>\$1,458.33</b> | \$1,312.50   | \$1,166.67   | \$1,020.83   | \$875.00     | \$729.17     |
| Joint-Survivor 30% Benefit     | \$1,369.37        | \$1,232.43   | \$1,095.50   | \$958.56     | \$821.62     | \$684.69     |
| Joint-Survivor 75% Benefit     | \$1,313.96        | \$1,182.56   | \$1,051.17   | \$919.77     | \$788.38     | \$656.98     |
| Joint-Survivor 100% Benefit    | \$1,265.83        | \$1,139.25   | \$1,012.66   | \$886.08     | \$759.50     | \$632.92     |
| Life-Certain 5 Years           | \$1,443.75        | \$1,299.38   | \$1,155.00   | \$1,010.62   | \$866.25     | \$721.88     |
| Life-Certain 10 Years          | \$1,429.17        | \$1,286.25   | \$1,143.34   | \$1,000.42   | \$857.50     | \$714.59     |
| Life-Certain 15 Years          | \$1,341.67        | \$1,207.50   | \$1,073.34   | \$939.17     | \$805.00     | \$670.84     |

## State and Federal Income Taxes

In general, Retirement System benefits, including the \$4,000 retiree death benefit, are subject to federal income tax, but not Kansas state income tax. If you move to another state, check if your retirement benefit is taxable in that state. Your monthly benefit is taxable from the time your benefits begin. The Retirement System will withhold 20% for federal income tax from a lump-sum payment unless it is rolled over into an eligible plan. You may also be subject to an additional 10% tax if you are under age 59 1/2. Qualified “public safety officers” are not subject to the additional 10% tax if ending employment in the calendar year the officer is age 50 or older.

### Withholding Information

You can control how much tax is withheld by filing a Withholding Certificate for Pension Benefit Payments form (Substitute W-4P) with the Retirement System. The form is provided in the Application for Retirement Benefits booklet. You can also download one on our web site or contact KPERS for a paper form. You can change your withholding amount *anytime*. When completing the Substitute W-4P form, you must select a marital status and the number of exemptions. You can also add an additional flat amount for withholding, but you cannot just select a flat amount without marital status and exemptions.

**If your monthly benefit is \$1,760 or more**, the Retirement System will withhold federal tax, unless you file a Substitute W-4P form. You will receive the form when you retire. If you don't return the form by the deadline, KPERS is required to withhold taxes as if you are married and claiming three exemptions. If you choose not to have taxes withheld from your retirement benefit, you are still liable for federal income tax. You may also be subject to penalties under the “Estimated Tax Payment” rule if your withholdings are not high enough.

**If your monthly KPERS benefit is less than \$1,760 per month**, the Retirement System will not automatically withhold federal income tax. To have tax withheld, file a Substitute W-4P tax form with KPERS.

### Nontaxable Amounts

Part of your pension or PLSO payment will be considered nontaxable if you made any contributions on an after-tax basis.

You made contributions on an after-tax basis if you:

- Were a member before July 1984.
- Purchased service with a lump-sum payment other than a rollover or trustee-to-trustee transfer.

Federal law allows you to “recover” these amounts gradually without paying income tax on them again. A portion will be included in your PLSO payment (if you choose that option) and the rest will be paid to you gradually in your regular monthly benefit payment according to IRS regulations.

### Change in Tax Treatment Resulting From a Direct Rollover

If you roll over a PLSO payment from KPERS, the funds adopt the federal tax characteristics of the plan that receives them. The tax treatment of later payments from the eligible employer plan or traditional IRA receiving your *direct rollover* might be different than if you received your benefit directly from KPERS.

KPERS lump-sum benefits, including earnings, generally keep their Kansas state tax-exempt status, even when rolled over into a qualified retirement account containing other retirement funds.

If you choose a PLSO when you retire, you will receive two 1099-R forms in January – one for your regular monthly benefits and one for your PLSO payment. If you roll over your PLSO, you'll receive a 1099-R for each plan you send money to.



## 1099-R Tax Form

Every January 31, KPERS will mail you a 1099-R form with information for your federal tax returns. This form shows the benefits paid to you and the taxable amount. Information and IRS instructions are printed on the back of the form. The Retirement System will also send letters each year to any retirees affected by tax changes. These letters show your new deductions based on any new tax laws. If you have questions about your taxes, please contact a tax professional or the IRS.

### Sample 1099-R Form

| <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED  |   | 2016   |  | Distribution From Pensions, Annuities, Retirement of Profit-Sharing Plans, IRA's, Insurance Contracts, etc.                     |         |
|---|---|--|--|---|---------|
| PAYER'S name, street address, city, state and ZIP code<br><b>Ks Public Employees Ret Sys<br/>611 S. Kansas Ave, suite 100<br/>TOPEKA, KANSAS 66603-3803<br/>1-888-275-5737<br/>W-004000</b> |   | 1 Gross distribution<br><b>19,950.50</b>                         |  |   |         |
|   |   | 2a Taxable amount<br><b>19,461.54</b>                            |  |   |         |
|   |   | 2b Taxable amount not determined <input type="checkbox"/>        | Total Distribution <input type="checkbox"/>  | Copy B For Recipients Federal Return<br>If this form shows Federal Income tax withheld in Box 4 attach this copy to your return |         |
| PAYER'S Federal ID number<br><b>48-0944170</b>  | RECIPIENT'S ID number<br><b>999-99-9999</b> | 3 Capital gain (included in box 2a)                              | 4 Federal income tax withheld<br><b>552.70</b>   |   |         |
| RECIPIENT'S name, street address, city, state, and ZIP code<br><b>I. RETIREE<br/>1234 FIRST STREET<br/>ANYTOWN, KS 6XXXX</b>  |   | 5 Employee contributions or insurance premiums<br><b>488.96</b>  | 6 Net unrealized appreciation in employer's securities   |   |         |
|   |   | 7 Distribution Code<br><b>7</b>                                  | IRA/SEP/SIMPLE <input type="checkbox"/>  |   | 8 Other |
| Account number<br><b>SRXXXXXXXXXXXX</b>   |   | 9a Your percentage of total distribution<br><b>RETIRED 04-05</b> | 9b Total employee contributions<br><b>IRS NET INVESTMENT 10,771.25<br/>EXCLUDED TO 12/31/16 5,572.22</b> |   |         |

Form 1099-R

- 1** **Gross Distribution**  
This is the total amount KPERS paid to you in 2016.
- 2a** **Taxable Amount**  
Shows the taxable portion of the benefits you received in 2016.
- 4** **Federal Income Tax Withheld**  
Amount of federal income tax withheld from taxable amount in box 2a.
- 5** **Employee Contributions**  
Shows the nontaxable portion of the benefits you received in 2016.
- 7** **Distribution Code**  
Identifies the type of benefit you received. See back of 1099-R.

#### IRS Net Investment

Total amount of your nontaxable contributions. These contributions are reported in box 5 as they are recovered through your monthly benefits.

## Choosing Your Retirement Date

Your retirement date can be the first day of any month, as long as you are off your employer's payroll. When choosing your retirement date, keep in mind that any remainder after your quarters of service are converted to years of service is rounded up or down. Sometimes working even a few more days can make a difference and could mean an extra year of service used for calculating your retirement benefit.

## Steps in the Retirement Process

1. Calculate a benefit estimate with KPERS' benefit calculator at [kpers.org](http://kpers.org) or on the KPERS member web portal.
  2. Review the KP&F Retirement Options publication to consider your payment options.
  3. Submit your Application for Retirement form (KPERS-15) at least 30 days before the day you want to retire. **You need to apply to receive your benefits. They do not begin automatically.**
  4. Documents you will need to provide with your application:
    - Proof of birth to establish age
    - Proof of any name change
    - Birth document and any name change document for your joint annuitant, if you have one
- Examples:** Birth certificate, naturalization record, marriage document, name change document, passport

KPERS accepts photocopied documents of birth and name change as long as they are not altered. If you are unable to locate the necessary documents, please contact your employer or the KPERS office for alternatives. Our office will accept faxed documents. Death certificates and court documents must be certified.

5. The Retirement System will process your application. We will notify you if we need more information.
6. The Retirement System will mail a letter to your home address including information about your benefit amount.
7. Your monthly benefit payments will be directly deposited at your financial institution on the last working day of each month. You will receive your first benefit payment at the end of the month *after* your retirement date.

## Receiving Your Monthly Retirement Benefit Payments

Your retirement application will include a direct deposit form (KPERS-15B) for depositing your monthly benefit into your checking or savings account. Your name must appear on the account. The Retirement System will not deposit into a bank account that is a group account for money market, managed fund or brokerage accounts.

Direct deposits are generally made on the last working day of each month. Please keep in mind that there is always a chance, however rare, that something beyond our control may happen that could affect the timeliness of benefit payments. Other businesses and State agencies are also involved with the payment process. For this reason, the actual payment date may vary slightly.

You will receive a notice of any changes, but you will not receive a payment notice in the mail each month. Check with your financial institution to verify deposits. If at any time during retirement you need to change the account designated for benefit deposit, complete another direct deposit form. You can download the direct deposit form (KPERS-15B) at [kpers.org](http://kpers.org).

## Cost-of-Living Adjustments (COLAs)

A cost-of-living adjustment (COLA) is an increase in monthly pension benefits to help keep pace with inflation. Retirees do not receive regular COLAs. For this reason, your personal savings become even more important to provide protection against inflation.

## Retiree Death Benefit

KP&F retirees have a \$4,000 death benefit. You can choose a person, your estate, a trust or a funeral establishment to receive this death benefit. Regular monthly retirement benefits are payable through the last day of the month your death occurs. If you choose a joint-survivor benefit option, your joint annuitant does not have this benefit.

The \$4,000 death benefit is:

- Payable with all retirement payment options.
- Not payable when a joint annuitant dies.
- Nontaxable for Kansas income tax.
- Taxable for federal income tax purposes.



## Your Beneficiary

It is important to keep your beneficiary designation up-to-date. Review your designation whenever you have a significant life event.

- Marriage
- Divorce
- Retirement
- A birth or adoption in your family
- A death in your family

### Who Can You Name as Beneficiary?

- A person
- A trust
- Your estate
- Any combination of these options

You cannot name a church or other charitable organization as a beneficiary.

If you choose more than one beneficiary, each will share your benefits equally. A beneficiary does not have to be the same person as your joint-annuitant, who receives a monthly benefit after you die if you chose a survivor benefit.

You can add or change beneficiaries at any time through your online account or by completing a Designation of Beneficiary – Retired form (KPERs-7/99R). You can download a form at [kpers.org](http://kpers.org) or call the InfoLine, 1-888-275-5737 or 785-296-6166, to receive one by mail. Only members can complete the form. Even conservators, guardians and those with power of attorney cannot select or change a Retirement System beneficiary.

**Each time you complete a beneficiary form or make a change online, it cancels all those you have previously completed.** Every time you complete the form, please be sure to fill in *both* the primary and contingent beneficiary sections if you intend to have both a primary and contingent beneficiary. If you complete only the contingent section and leave the primary blank, you will have no primary beneficiary, even if a past form names one.

### Designating a Funeral Establishment

You can directly designate a funeral establishment to receive the \$4,000 death benefit. If you name another beneficiary instead, the beneficiary can assign the benefit to a funeral establishment after your death. How a funeral establishment receives the benefit determines who is responsible for the taxes.

- If you directly designate a funeral establishment, the establishment receives \$4,000 and pays the taxes.
- If your beneficiary *assigns* the benefit to a funeral establishment, your beneficiary is responsible for the taxes. KPERs will send the beneficiary a 1099-R form the following January for his or her federal tax return.

If you designate a funeral establishment, **you also need to name a primary beneficiary to receive any of your remaining contributions and interest.** Only the \$4,000 death benefit can be paid to the funeral establishment.

## Beneficiary Definitions

- Primary:** The person(s) who you want to receive death benefits and returned contributions from KPERS after your death.
- Contingent:** The person(s) to be paid if there is no primary beneficiary living after your death.
- Joint Beneficiary:** When you name more than one person as a primary or contingent beneficiary, benefits are shared equally.
- Joint Annuitant:** Someone you choose to receive monthly survivor retirement benefits. Your joint annuitant cannot be changed once you retire. However, you can designate another person as beneficiary of your \$4,000 death benefit at any time.
- Estate:** Your assets and liabilities at death.
- Trust:** A trust is a legal document in which you name someone (a trustee) to receive any payments from KPERS upon your death and use them solely for the benefit of your intended beneficiary, whom you name in the trust document. To name a trust as your KPERS beneficiary, you write the name of your trust (for example, “the Jane Doe Trust”) in the box on the Designation of Beneficiary – Retired form (KPERS-7/99R). The trust document itself is filed with KPERS after your death. Seek legal counsel to create a trust.

## If You Don't Name a Beneficiary

If you do not have a living beneficiary when you die, the Retirement System must follow a line of descendants by Kansas law:

- Spouse
- Dependent children
- Dependent parents
- Non-dependent children
- Non-dependent parents
- Estate of the deceased member

A dependent is a parent or child who relies on you for at least half of his or her support.

## Divorce and Your Benefits

KP&F contributions that you have accumulated during marriage are considered marital assets. If you divorce before or after retiring, a former spouse may be able to receive part of your benefit or contributions. A former spouse can receive payment from the Retirement System under a Qualified Domestic Relations Order (QDRO) when you withdraw, retire or die. Please seek legal counsel if this situation applies to you.

## Life Insurance

### As an Active Member

As an active member, you can purchase optional group life insurance if your employer has affiliated with KPERS for it. Contact your employer for information.

### As a Retiree

Optional group life insurance through your employer ends when you retire. If you want to continue coverage, you have two options: keep your term coverage and pay an increased premium or convert your coverage to a whole life plan of insurance. A whole life plan of insurance is considerably more expensive, but it does build cash value. With either option, you can continue up to the full amount of your current insurance coverage without proof of good health, but you cannot add to your coverage.

Your employer has the life insurance conversion and portability forms, or you can download them at [kpers.org](http://kpers.org). You have 60 days from your last day of employment to submit a form. Each form has coverage details and premium information. After you complete your portion of the form, your employer completes the employer portion. Send the completed form directly to the insurance company for processing within 60 days. The insurance company will contact you directly with any questions.

## Health Insurance

KPERS does not provide health care coverage for retirees. However, according to Kansas law, members who have been employed with their employer for ten years or more can remain in their current health plan by paying the entire premium themselves (K.S.A. 12-5040). KPERS does not administer this statute. For more information on continuing your health care coverage, please contact your personnel office.

### Public Safety Officers With State Health Insurance

The Pension Protection Act of 2006 allows retired public safety officers to have certain insurance premiums deducted from their retirement benefits. The retirement plan pays the premiums directly to the retiree's insurance provider.

Currently, only retirees with state employee health insurance through the Division of Health Care Finance are eligible to have premiums deducted directly from their KPERS benefit. State legislation is needed to extend this benefit to other retirees. For more information, contact your personnel office.

## Working After Retirement

Many retirees decide to return to work after retiring. KP&F members often begin their careers at a young age and pursue second careers after retiring in their 50s. However, returning to work after retirement may affect your benefits. If you work for a non-Retirement System employer, there are no restrictions. But, if you choose to work for an affiliated employer, some rules apply to you.

### 30-Day Waiting Period

You must wait 30 days after retirement to go back to work for any Retirement System employer. To calculate the 30-day waiting period, count the day after your retirement date as day one.

*Example:* If your retirement date is July 1, July 2 is day one and you cannot begin employment with any Retirement System employer until August 1.

## Earnings Limit

According to Kansas law, if you return to work, you have a \$25,000-per-year earnings limit if:

- You retired on or after July 1, 1994, and
- You go to work for an employer you worked for during your last two years of KP&F participation.

*Example:* If you retire on July 1, you can earn \$25,000 for the period of August 1 through December 31. You will then start the new calendar year with a limit of \$25,000 for the period of January 1 through December 31. The \$25,000 limit will continue each year as long as you are working for the same employer.

**If you reach the \$25,000 limit before the end of the year, you have two choices.**

**Choice #1 ...** You can end employment for the rest of the calendar year. You will continue to receive your retirement benefits.

**Choice #2 ...** You can keep working and your retirement benefits will stop for the rest of the calendar year. Your benefits will begin again with your January payment for the following year or if you end employment, whichever happens first.

| If You Go Back to Work for ...         | Waiting Period | Earnings Limit | Retirement System Membership |
|--|----------------|----------------|------------------------------|
| Same Employer - KP&F                   | Yes            | Yes            | No                           |
| Same Employer - KPERS                  | Yes            | No             | Yes. KPERS                   |
| Different Employer - not KP&F or KPERS | No             | No             | N/A                          |
| Different Employer - KP&F              | Yes            | No             | No                           |
| Different Employer - KPERS             | Yes            | No             | Yes. KPERS                   |

## Are You Working for the Same Employer?

The **State of Kansas** is not considered all one employer for KP&F, even though state agencies, boards, commissions and Board of Regents institutions are all under the State of Kansas. A KP&F retiree must return to the exact same local department or state agency to be considered returning to the same employer.

If you do return to work for the same employer, but in a KPERS-covered position, you do not have an earnings limit. This is considered a change of employer because you have switched Retirement Systems.

## Retirement System Membership

You cannot contribute to KP&F after retirement, even if you change employers. If you return to work in a KPERS-covered position, you will become a KPERS member unless you also retired with a KPERS benefit.

**Please note:** Certain generalizations may 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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