

# BENEFITS

## *at a glance*



For KPERS 3 Members  
Hired January 2015 & After

Throughout your career, you make contributions to KPERS. We invest the money and pay you interest. You also build retirement credits while you work. When you retire, KPERS pays you a guaranteed monthly benefit. You also have life insurance and disability benefits as part of KPERS while you are still working.

## RETIREMENT BENEFITS

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### Your Contributions

You contribute 6% of your salary from each paycheck. It's automatic and pre-tax. Your contributions earn a guaranteed 4% annual interest, paid quarterly. There is also a possibility for additional interest, depending on KPERS' investment returns. You can withdraw your account balance if you leave employment.

### Vesting

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

### Retirement Benefits

There are two parts to the KPERS 3 cash balance plan—your contribution account and your retirement credits. While you make contributions, you also earn retirement credits quarterly based on how many years of service you have and a percent of your pay.

**Retirement credits are only available at retirement.**

Your retirement credit value and contribution account balance are used to calculate your benefit. KPERS will pay you a guaranteed monthly benefit for the rest of your life. You can also choose from different payment options if you want to leave a monthly benefit for someone after your death or have a regular cost-of-living increase.

### When can you retire?

- Age 65 with five years
- Age 60 with 30 years
- Reduced, early retirement beginning at age 55 with 10 years



### Questions?

E-mail: [kpers@kpers.org](mailto:kpers@kpers.org)

Toll Free: 1-888-275-5737

In Topeka: 785-296-6166

[www.kpers.org](http://www.kpers.org)

## New hire to-do list

- ✓ Learn more about your KPERS 3 cash balance retirement plan and how it works
- ✓ Check out [www.kpers.org](http://www.kpers.org) for details about your other benefits
- ✓ Set up your online access to keep track of your account at [www.kpers.org](http://www.kpers.org)
- ✓ Name a beneficiary. Form available at [www.kpers.org](http://www.kpers.org) or from your employer
- ✓ Save on your own, because KPERS won't be enough

## ADDITIONAL BENEFITS

### Disability Benefits

If you qualify, disability benefits are based on 60 percent of your annual salary. There is a 180-day waiting period.

### Basic Life Insurance and Death Benefits

Basic life insurance is equal to 150 percent of your salary. Your employer pays for the cost. KPERS also returns your contributions and interest. Your spouse may be eligible for a monthly benefit, instead of receiving your account balance.

### Job-Related Death

If you die from an on-the-job accident, there is an additional death benefit for your spouse.

### Optional Life Insurance

Many employers offer optional life insurance, including the State of Kansas. Check with your employer. You can get coverage for yourself and for your spouse. Premiums are deducted from your pay.

New employees are eligible for guaranteed coverage within 30 days and can apply for regular coverage anytime by answering a few health questions.

#### Guaranteed coverage (no health questions)

	Member	Spouse
Annual open enrollment	up to \$25,000	\$10,000 (new coverage only)
New hire	up to \$50,000	up to \$25,000
Family status change (marriage, birth, adoption)	up to \$25,000	up to \$25,000 (new marriage only)

#### Anytime coverage (some health questions)

	Member	Spouse	
Choice of \$5,000 increments	\$5,000 min \$300,000 max	n/a	
Choice of set amount	n/a	\$10,000 \$50,000	\$25,000 \$100,000

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

## 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 or a 403(b) annuity plan. Check with your employer about options where you work.

The State of Kansas and many local public employers offer KPERS 457, a deferred compensation savings plan. Contributions are automatically deducted from your pay, and you can get started with as little as \$12 per pay period. Visit [www.kpers457.org](http://www.kpers457.org) for more info.

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 could have a big impact on your retirement.



Kansas Public Employees Retirement System

# BENEFITS

## *disability & life insurance*

For KPER 3 Members  
Hired January 2015 & After

KPER is about more than just your retirement. We also provide benefits to help protect your income while you are still working. For more detailed information about all your benefits, visit [www.kpers.org](http://www.kpers.org).

## LONG-TERM DISABILITY BENEFITS

If you become disabled, you may qualify for a disability benefit based on 60 percent of your annual salary. The minimum monthly benefit is \$100, and the maximum is \$5,000. You must be disabled for 180 days and no longer receive compensation from your employer.

Your employer provides this long-term disability benefit. You will continue to build your retirement benefit and have basic life insurance coverage. You can also continue any optional insurance coverage. Talk to your employer if you need to apply.

### Definition of Disability

To be considered disabled:

**First 24 months:** You must be unable to perform the material and substantial duties of your **regular occupation**.

**After 24 months:** You must be unable to perform the material and substantial duties of **any occupation**.

### Limited Benefit Period

A 24-month limit applies to disabilities caused by non-biologically-based mental illnesses or substance abuse.

### Rehabilitative Employment

We offer rehabilitative employment programs to help you return to work. You may be required to participate if we determine it will benefit you.

## LIFE INSURANCE & DEATH BENEFITS

You have basic group life insurance equal to 150 percent of your annual salary. Your employer pays for the cost of this benefit. We also return 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, there is an additional death benefit for your spouse.



### Questions?

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## SURVIVING SPOUSE BENEFIT OPTION

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If you die before retirement, your spouse may be able to receive a lifetime monthly benefit, instead of receiving your contributions and interest. See the beneficiary designation form for details.

**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 five years of service, your spouse begins receiving a monthly benefit when you would have reached normal retirement age.*

Your spouse must be your sole primary beneficiary. You can name contingent beneficiaries or separate beneficiaries for your life insurance without affecting this benefit option.

## OPTIONAL LIFE INSURANCE

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Many employers offer optional group life insurance, including the State of Kansas. Check with your employer.

### Employee Coverage

Coverage amounts range from \$5,000 to \$300,000 in \$5,000 increments. New employees are eligible for \$50,000 guaranteed coverage *without* proof of good health within 30 days of their hire date. You must provide proof of good health for amounts over \$50,000.

### Spouse Coverage

Spouse coverage is available in amounts of \$10,000, \$25,000, \$50,000 or \$100,000. New employees are eligible for \$10,000 or \$25,000 guaranteed spouse coverage within 30 days of their hire date. You don't need employee coverage to choose spouse coverage. You, the employee, are the beneficiary for spouse coverage.

### Other Optional Insurance Details

- Premiums are deducted from your pay.
- 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 \$25,000 *without* proof of good health when you have a family status change like marriage, divorce, birth or adoption.
- You are eligible for \$10,000 or \$25,000 of spouse coverage without proof of good health within 30 days of marriage.
- If you are diagnosed as terminally ill with 12 months or fewer to live, the "Accelerated Death Benefit" may allow you to receive up to 100 percent of your life insurance *instead* of your beneficiary receiving a death benefit. Spouse coverage is also eligible for this benefit.

## Naming a Beneficiary

It's important to keep your beneficiary designation up-to-date. Your beneficiary receives your account balance and life insurance. In addition, your spouse might receive a monthly benefit if you meet the criteria. See the beneficiary designation form for details.

## If You Leave Employment or Retire

If you retire, end employment or move to a position not covered by KPERS, all coverage ends. You can continue your life insurance through a conversion or portability option within 31 days of ending employment. Talk to your employer or visit [www.kpers.org](http://www.kpers.org).

## Additional Information

For more information about these benefits or your retirement benefits, visit [www.kpers.org](http://www.kpers.org). Your employer will also be able to help you with any questions.



Kansas Public Employees Retirement System

# 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 pre-tax. 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. Download our Designation of Beneficiary form at [www.kpers.org](http://www.kpers.org) or ask your employer.

## 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 [www.kpers.org](http://www.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?

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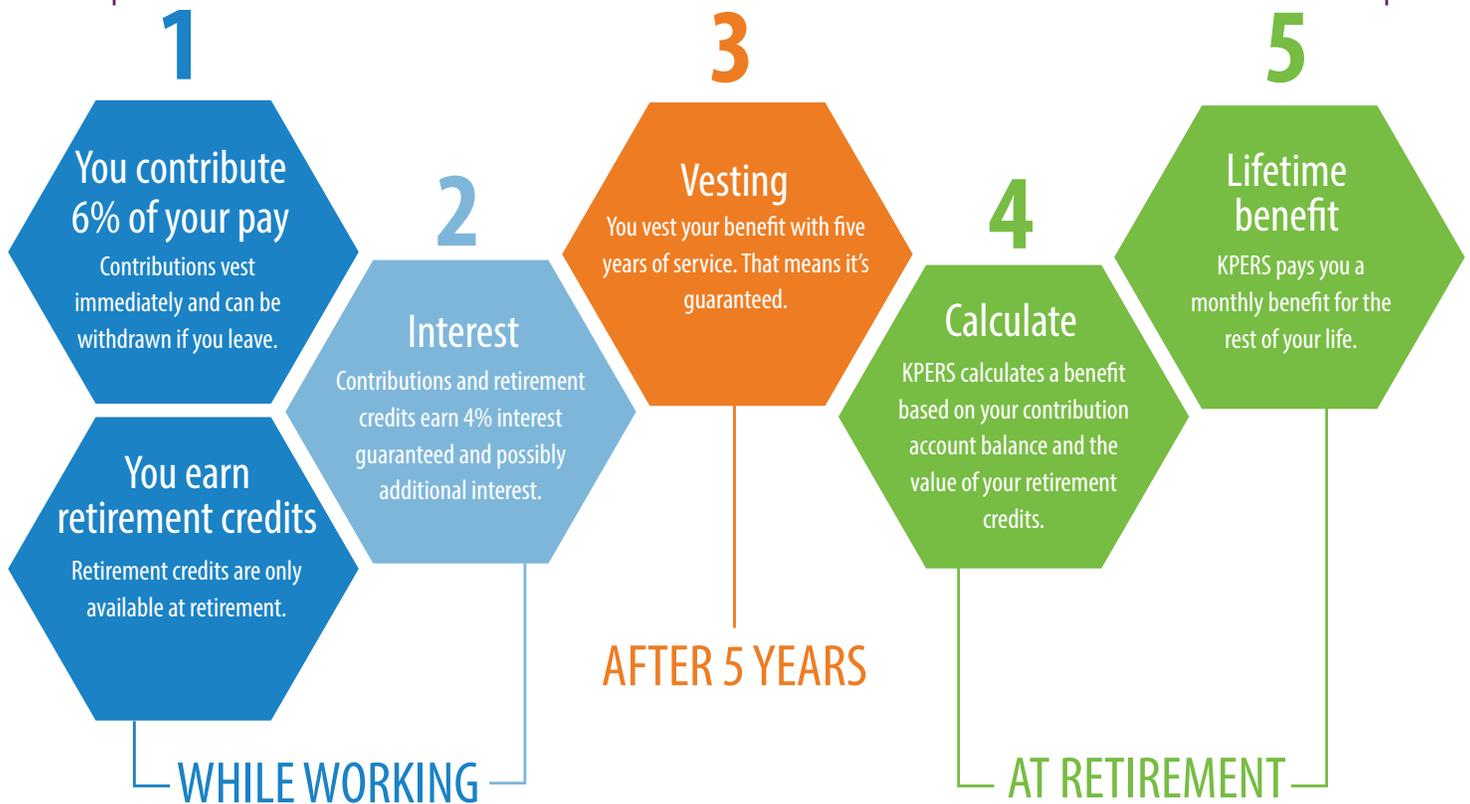
**In Topeka:** 785-296-6166

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## 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 percent. 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 w/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 3: \$240

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

Credits show as dollars. But that amount is not literally deposited into your account. 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. After two years, you'll stop earning interest. If you do not withdraw and return to employment within five years, you'll keep the credit for your past public service.

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 [www.kpers.org](http://www.kpers.org).

Access your  
account online

[www.kpers.org](http://www.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 [www.kpers.org](http://www.kpers.org) and click the "Member Account Access" 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 Tandem, a KPERS 457(b) savings plan. Contributions are deducted from your pay, and you can get started with as little as \$12 per pay period. [www.tandem457.org](http://www.tandem457.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.

## www.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 Login to Your Account**  
View up-to-date account information like balance, credit rate and beneficiaries.

**3 Benefit Calculator**  
Use this tool to see what your monthly benefit could be at retirement.

# RETIREMENT *options*



For KPERS 3 Members  
Hired January 2015 & After

Retirement is a major milestone. Hopefully you've been preparing for years, and you are ready to take the plunge. You now have decisions to make that will greatly impact your financial future. Among those is choosing which type of KPERS retirement option is best for you.

## YOUR RETIREMENT BENEFITS

There are two parts to the KPERS 3 cash balance plan—your contribution account and your retirement credits. While you make contributions, you also earn retirement credits quarterly based on how many years of service you have and a percent of your pay.

**Retirement credits are only available at retirement.**

Your retirement credit value and contribution account balance can be annuitized at retirement to provide a lifetime monthly benefit.

## RETIREMENT OPTIONS

All retirement options pay you a guaranteed monthly benefit for the rest of your life. You can also choose from different payment options if you want to leave a monthly benefit for someone after your death or have a regular cost-of-living increase. You can also have part of your benefit paid in an up-front lump sum.

### Base Benefit

The base benefit is the 10-year life certain option. With a life-certain option, you will receive a monthly benefit for life. But, if you die within 10 years of retirement, your beneficiary will receive the same benefit for the rest of the 10-year period. Benefits are guaranteed for at least 10 years, no matter who receives them. And you will receive a benefit for life, no matter what. You can also choose a 5-year or 15-year life certain option. They work the same way.

### Life-Certain Options

- 5-year
- 10-year (base benefit)
- 15-year



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# Calculating a Benefit Estimate

- ✓ Login to your personal account at [www.kpers.org](http://www.kpers.org) to calculate a benefit estimate.

Calculating your benefit amount is complex and involves a number of factors. There is no simple formula. It can be helpful to see how different options and scenarios affect your monthly benefit amount. Our online calculator puts dollar amounts with your options based on your personal information and account balance. You can also schedule a personal counseling appointment with a KPERS staff member to discuss your retirement options.

## Joint-Survivor Options

You may want to provide a lifetime 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 after you retire. After your death, your survivor will receive a monthly benefit for the rest of his or her life.

### Joint-Survivor Options

- 50 percent
- 75 percent
- 100 percent

The percentages show your survivor's benefit amount compared to your benefit amount. Your survivor can receive 50 percent, 75 percent or 100 percent of your benefit amount.

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

## Cost-of-Living Adjustment (COLA)

At retirement, you can choose an annual COLA. Your benefit is reduced initially to fund the annual increase. You specify the percentage desired. Annual increases are on July 1, and begin one year after retirement.

Choosing a COLA will reduce your initial monthly benefit amount.

### COLA Options

- 1 percent
- 2 percent

## When Can You Retire?

- Age 65 with five years
- Age 60 with 30 years
- Reduced, early retirement beginning at age 55 with 10 years

## Partial Lump-Sum Option

You can take part of your retirement benefit in an up-front lump sum at retirement. You can choose any percent or dollar amount up to 30 percent of your account balance. The remaining balance is then converted to an annuity based on the monthly benefit option you select.

### Lump Sum Options

- Up to 30 percent of account value
- Remainder converted to annuity
- Not available for early retirement

**Example:** Dan's account balance is \$200,000. Taking a 30% PLSO would give him a \$60,000 lump sum, leaving the remaining \$140,000 available to annuitize into a monthly benefit.

Keep in mind that taking a lump sum will **permanently reduce** your monthly annuity option.



Kansas Public Employees Retirement System