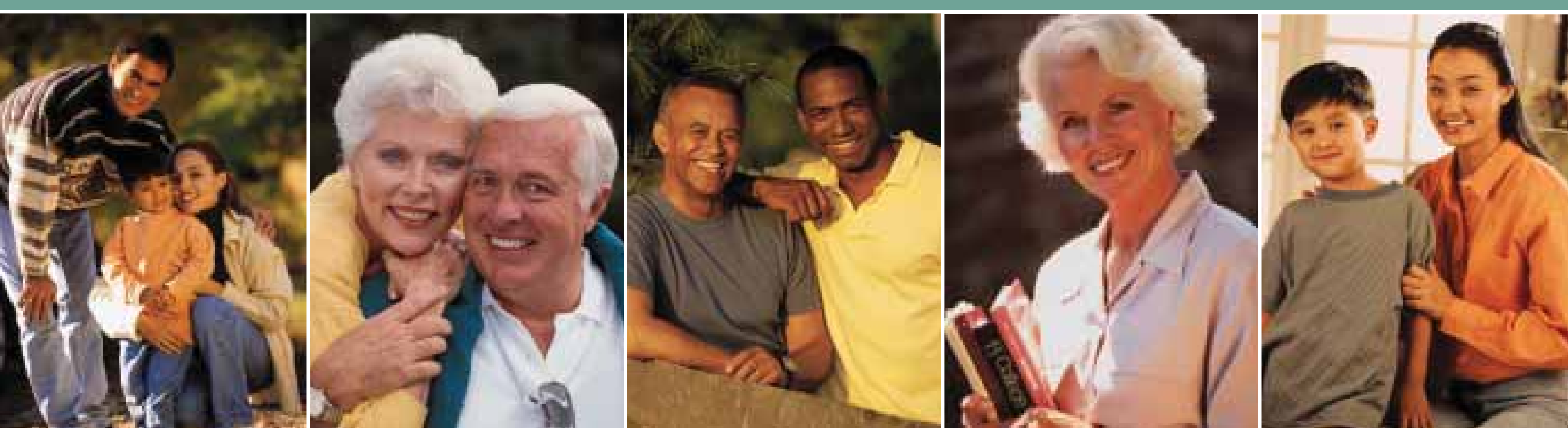

*Membership*GUIDE

Kansas Public Employees Retirement System

Welcome to the Retirement System

Welcome to the Kansas Public Employees Retirement System. We're glad you are here! This membership guide will help you get to know the Retirement System. It outlines your current benefits as an active member and shows you what is in store when you are ready to retire. The guide can be a reference tool when you have KPERS questions. In the interest of simplicity, certain generalizations have been made in this guide. Kansas law and the rules adopted by the Board of Trustees will control specific situations.

We're Here for You

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.

Our "InfoLine" is a toll-free customer service call center dedicated to helping you get the information you need and processing your retirement-related business. The InfoLine is open 8 a.m. to 4 p.m. The easiest time to reach our office is in the afternoon, Tuesday, Wednesday and Thursday. Your questions, comments and suggestions are always welcome, so don't hesitate to call.

Web Site:	www.kpers.org
InfoLine:	(888) 275-5737
In Topeka:	(785) 296-6166
E-mail:	kpers@kpers.org
Fax:	(785) 296-6638
Mail:	611 S. Kansas Ave., Suite 100 Topeka, KS 66603-3803

Why Use Our Web Site?

The Retirement System's web site is an excellent resource to help you find the KPERS information you need. Within seconds, you can locate forms, publications and loads of other information about your membership and benefits. Our web site allows you to get immediate, up-to-date information when you want it, 24 hours a day, seven days a week. You can also estimate your retirement benefits or a partial lump-sum payment with our online calculator using a variety of scenarios.

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What Is KPERS?

The Kansas Public Employees Retirement System (KPERS) is an umbrella organization that provides three statewide defined-benefit retirement plans for state and local public employees:

1 in every 12 Kansans is a Retirement System member.

- **Kansas Public Employees Retirement System (KPERS)**
- Kansas Police and Firemen's Retirement System (KP&F)
- Kansas Retirement System for Judges (Judges)

Our membership totals over 248,000 and includes active, inactive and retired members. We also manage approximately $11 billion in assets for them. These members represent approximately 1,560 state and local employers.

You are part of the Kansas Public Employees Retirement System plan. KPERS accounts for approximately 150,000 of our active members, representing over 1,475 state and local employers.

Who Are KPERS Employers?

- State of Kansas
- All Kansas school districts
- All Kansas counties and most municipalities
- Other local government authorities and districts

When joining us, employers become known as "participating" or "affiliated" employers. Employees become "active" members. When employees leave their employer, but keep their contributions with KPERS, they become "inactive" members.

How We Are Organized

A nine-member Board of Trustees oversees the Retirement System: four are appointed by the Governor, one is appointed by the President of the Senate, one is appointed by the Speaker of the House of Representatives, two are elected by Retirement System members, and one is the elected State Treasurer. All serve four-year terms.

The Board appoints an executive director who is the managing officer of the Retirement System. The executive director manages a staff to carry out the daily operations of the Retirement System. Staff functions include member services, investments, information resources and fiscal services.

The Board hires a qualified actuary to serve as its technical adviser and to provide an annual valuation of the System's liabilities and reserves. The Board employs investment managers to invest money in the fund under the "prudent expert" standard. Lastly, the Board hires an investment consultant to assist with investment manager performance reviews.

Someone at Your Employer to Help You

Your employer has appointed a **designated agent** to handle Retirement System transactions. Your designated agent works for the same employer you do. This person is your local connection for Retirement System information. He or she will have all necessary forms and publications and can answer most of your questions about the Retirement System. Check with your personnel office if you don't know who your designated agent is.

What Are Your Benefits?

Throughout your career, you contribute part of your salary to KPERS. Your employer also contributes on your behalf. The Retirement System invests the funds and, when you retire, pays you a **guaranteed** retirement benefit for the rest of your life. You also have a $4,000 retiree death benefit.

While an active member, KPERS provides you with disability and basic life insurance coverage. Your employer pays for these benefits. You can also buy optional life insurance if your employer affiliated for it.

Membership Requirements

Kansas law requires that all employees in covered positions with participating employers must become members. A covered position for non-school employees is one that is covered by Social Security, is not seasonal or temporary, and requires at least 1,000 hours of work per year. The requirements for school employees differ only in the required hours: 630 hours per year or 3.5 hours per day for at least 180 days, including those who are working concurrently for more than one school employer.

Non-school employees work for one year in a KPERS-covered position ("year of service") before becoming a member. School employees become members on their first day of employment in a KPERS-covered position. Once a member, non-school members can purchase the service credit for their year of service. See "Increasing Your Retirement Benefit" on page 10 for more information.

Elected officials may choose whether or not to become a member of KPERS. If this applies to you, see your designated agent for more information.

Your Contributions and Interest

As an active member, you contribute 4 percent of your gross earnings and your contributions earn interest annually. Kansas law does not allow you to borrow from your contributions. Contributions are made on a pre-tax basis and deferred from federal income taxes until you either withdraw or retire. You do need to add the contributions back into your gross income for state income tax purposes when you file your Kansas state income taxes each year.

> Your final average salary and years of service determine your retirement income, not how much you contribute.

Interest is credited annually on June 30, based on the balance in your account on December 31 of the preceding year (i.e. interest credited on June 30, 2005, is based on your account balance as of December 31, 2004).

If you became a member:
- Before July 1, 1993, your contributions earn 8 percent interest.
- On or after July 1, 1993, your contributions earn 4 percent interest.

The amount of interest credited to your account and your account balance have no bearing on your retirement benefits. Your account balance and interest are important only if you withdraw or die before retirement. Employer contributions are not credited to your account and stay with the Retirement System if you end employment and withdraw.

Annual Statements

Each spring, you should receive an annual statement from your designated agent. Your annual statement shows your contributions, earned interest and your beneficiary information. If you have at least ten years of service credit, you will also have retirement benefit estimates. Your annual statement is a tool to help you plan for your future, and we encourage you to review it carefully. Check that your beneficiary is current and be sure your personal information is correct.

Guaranteeing Your Benefit (Vesting)

When you are "vested," it means you have earned enough service credit to guarantee a retirement benefit, even if you leave covered employment. As a KPERS member, you will become vested with ten years of service credit. If you leave employment, simply keep your contributions with the Retirement System and you are guaranteed retirement benefits when you become eligible. If you have participated in any of the other plans the Retirement System administers, you may be able to combine years of service credit toward your vesting requirements.

Leaving KPERS Before Retirement (Withdrawal)

If you leave covered employment, you can choose to withdraw your contributions plus interest. You will give up all Retirement System rights and benefits, and employer contributions made on your behalf stay with the Retirement System. The decision to withdraw could affect your financial future, especially if you have many years of public service and accumulated contributions. Please seek professional tax advice before withdrawing.

If You Are Vested (at least ten years of service)

Once vested, **you are guaranteed a monthly retirement benefit for the rest of your life,** even if you leave covered employment. By keeping your contributions with the Retirement System, you can apply for retirement benefits when you become eligible. If you decide to keep your contributions with the Retirement System, you will become an "inactive" member. Your contributions will continue to earn interest as long as you keep them with us. As an inactive member, it is important that you let us know if your address or phone number changes. If you do not withdraw and you return to covered employment, you will immediately become a contributing active member again and keep the credit for your past public service.

You have the option to apply to withdraw your contributions anytime 31 days after you end employment. Keep in mind that in nearly all cases, your vested benefit is more valuable over time than the amount of your actual contributions. If you decide to withdraw, you have two options for receiving your contributions and interest:

Option #1 ... Roll your contributions over into an eligible retirement plan like a 457(b) deferred compensation plan, 403(b) annuity, individual retirement account (IRA), or a qualified retirement plan. This option allows you to defer paying taxes until a later date. The type of plan your money can be rolled over into is controlled by whether or not you have already paid taxes on your contributions.

Option #2 ... Have your contributions paid directly to you. You may owe federal taxes and possibly a 10 percent federal penalty.

If You Are Not Vested (less than ten years of service)

Because you don't have enough service credit, you are not guaranteed a retirement benefit. You can apply to withdraw your contributions anytime 31 days after you end employment. **You have up to five years to withdraw** and you have three options for handling the money you have contributed during your public service:

Option #1 ... You can leave your contributions with the Retirement System and continue to earn interest for the first five years. **No interest will be credited after the five-year period.** If you do not withdraw and you return to covered employment within five years, you will immediately become a contributing active member again and keep the credit for your past public service.

Option #2 ... Roll your contributions over into an eligible retirement plan like a 457(b) deferred compensation plan, 403(b) annuity, individual retirement account (IRA), or a qualified retirement plan. This option allows you to defer paying taxes until a later date. The type of plan your money can be rolled over into is controlled by whether or not you have already paid taxes on your contributions.

Option #3 ... Have your contributions paid directly to you. You may owe federal taxes and possibly a 10 percent federal penalty.

Reasons to Roll Over Contributions Instead of Taking a Direct Payment

1. Preserve your past efforts toward saving for retirement.
2. Keep from paying taxes right away, giving your money more time to compound.
3. Avoid paying federal penalties for early distribution.

The Withdrawal Process

1. Download an Application for Withdrawal of Contributions form (KPERS-13) at www.kpers.org or get one from your designated agent.

2. Have your designated agent complete the employer section of the withdrawal application if you recently left employment.

3. Complete your part of the application and send it to the Retirement System.

4. If rolling over funds, complete the rollover verification form included in the withdrawal application booklet and send it to your retirement plan administrator.

5. Withdrawal applications are normally processed within four weeks.

Direct rollovers allow you to defer federal taxes.

What Is Service Credit?

Service credit is an important factor used to calculate your retirement benefit. You automatically earn service credit for the years you work in a covered position for your current employer. Kansas law governs other types of service that can be purchased or granted to count toward retirement.

If you have participated in more than one of the retirement plans administered by the Retirement System, you may be able to combine service credit to become eligible for retirement benefits.

Granted Service Credit

Prior Service is the time you worked for your employer before your employer joined KPERS. You will automatically receive prior service credit for past **unbroken** service with that employer. Your employer pays for the cost of this service.

Broken periods of prior service with your employer will be granted when you become vested (38 quarters) or retire at age 65. You may also receive prior service credit if you worked for other participating employers before they joined KPERS. This service will need to be verified by the designated agent at your previous employer.

Prior service has a smaller value than participating service in the retirement formula.

Participating Service is any service after your membership date. You will automatically receive this type of service credit while you work in a covered position and make contributions to the Retirement System. In addition, this type of service will be credited during any period of approved disability if you qualify for disability benefits. If you are a KPERS members working for a participating employer, you cannot receive service credit for any period of service during which you also participate in the Kansas Police & Firemen's Retirement System, the Retirement System for Judges or the Board of Regents retirement plan.

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. You must be employed in a covered position immediately before and immediately after the active military service. You must be off your employer's payroll during this military service to have this service granted. Granted service is limited to five years and you must apply for it. Purchased and granted military service cannot exceed a total of six years.

Increasing Your Retirement Benefit (Purchasing Service Credit)

Only active members may purchase service credit. You may be able to increase your retirement benefit and possibly retire earlier by purchasing service credit for your past public service.

Cost

Purchase costs are based on your salary and age. If you are under age 42, a year of service will cost about 4 percent of your current salary (or final average salary if higher). Each year after age 42, the actuarial cost increases significantly. It is usually best to buy service early in your career.

Types of Service You Can Purchase

The following types can be purchased by payroll deduction, a direct rollover or a lump-sum payment.

- "Year of Service" (First year you worked to become eligible for KPERS - non-school members only)
- Partial year of service
- Forfeited KPERS service
- Military (Members can purchase year for year of **active** military service and one quarter of service credit for each year of **reserve** service. See "Military Service and Your Benefits" on page 15.)
- Elected official service
- Out-of-state teaching
- In-state or out-of-state non-federal public service
- Forfeited TIAA-CREF (Board of Regents) service
- VISTA and Peace Corps
- Waiting period for Regents plan eligibility

For a member with a final average salary of $30,000, each additional year of service credit adds approximately $44 to his or her monthly retirement benefit.

The following types of service credit may be purchased in a lump-sum only.

- Forfeited KSRS
- "Buy-up" public service (1 percent to 1.75 percent)

Payment Options

For many purchases, you don't need "up-front" cash. Generally, service can be purchased with:

- Pre-tax payroll deduction over a period of time.
- Money from governmental 457(b) plans, 403(b) annuities, individual retirement accounts (IRAs) and other eligible retirement plans.
- Lump sum (personal check, money order or Discover Card).

Purchasing Your "Year of Service"

If you are a non-school employee, you must work for one year in a covered position before becoming a KPERS member. You do not make contributions during this first year. After you become a member, you may purchase a year of service credit for the first year you worked. The best time to do this is during your first year of membership. During that time, your year of service will cost 4 percent of your current salary. After your first year of membership, the purchase cost could go up significantly as your age and salary increases.

The Purchase Process

1. Contact your designated agent to see if your past service is eligible.
2. If your service is eligible, please complete a Service Credit Purchase Application (KPERS-67) form.
3. You complete the employee part of the form and give it to your designated agent.
4. Your designated agent completes the employer part of the form and sends it to the Retirement System.
5. The Retirement System calculates your purchase cost and sends a letter to you through your designated agent.
6. You sign the necessary paperwork, arrange for payment and return both to the Retirement System.
7. The Retirement System receives the money or payroll deduction commitment.
8. The Retirement System adds service to your record after the purchase is completed.

Federal Tax Requirements on Service Purchases

KPERS 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.

- If you became a KPERS member on January 1, 1999, or later, an annual contribution limit may apply on lump-sum after-tax purchases. Please contact the Retirement System for the current contribution limit. This limit applies only to **after-tax** contributions, not to regular KPERS contributions or tax-free rollovers.

- If you were a KPERS member before July 1, 1999, you keep all the service purchase opportunities that existed under the plan in August 1997, unless you withdraw. Any new types of service purchase opportunities added to the plan after August 1997 are subject to federal restrictions regardless of your membership date.

Disability Benefits

KPERS isn’t just for your retirement. As an active member, you are currently covered by KPERS disability benefits. If you become disabled, you may qualify for a disability benefit based on your annual salary, minus Social Security, Workers’ Compensation and any other employer-provided disability benefits. The minimum monthly benefit is $100. You must be **totally disabled** for 180 days and no longer receive employer compensation. You need to apply for Social Security benefits and complete any appeal process. Your employer provides this long-term disability benefit. If you withdraw your retirement contributions at any time, you will forfeit all disability benefits. Your long-term disability benefits are defined completely in the certificate you received from KPERS’ third-party administrator.

While on disability, you will continue receiving:
- Participating service credit.
- Basic life insurance coverage.
- Optional life insurance at group rates (if under age 65 when disabled).

Total Disability:

Sickness or injury which prevents you from performing every duty of any occupation for which you are reasonably qualified by education, training or experience.

Applying for Disability

- Your employer submits the Employer’s Report of a Death or Disability (KPERS-60) form after your last day at work.
- You must apply for Social Security benefits and complete any appeals process. Estimated benefits may be paid during the appeals process.
- Upon qualifying, disability benefits will begin after 180 consecutive days of total disability or after you stop receiving employer compensation, whichever happens later.

Continuing Eligibility Requirements and Age Limits

Disability recipients must confirm their total disability each year to continue receiving benefits. If you are on disability, you will receive a letter each year that must be recertified by your doctor. In addition, time and age limits affect eligibility.

If you become disabled before age 60, you can continue to receive disability benefits until you retire or reach age 65, whichever comes first.

If you become disabled at or after age 60, you can continue to receive disability benefits for five years or until you retire, whichever comes first.

When your disability benefits end, you may apply for retirement benefits. If you have been disabled and off the payroll for five or more years, your final average salary may be recalculated to benefit you when determining your retirement benefits.

Active Member Death Benefits

If you die before retirement, we return your contributions and interest in a lump sum to your beneficiary. In certain situations, your spouse may be able to choose a monthly benefit instead of receiving your contributions. (See "Surviving Spouse Benefit Option" on page 13.) Your beneficiary also receives the death benefit from your basic life insurance and any optional life insurance. You can name different beneficiaries for your retirement and life insurance benefits.

Basic Group Life Insurance is automatic and at *no cost to you.*

Basic Group Life Insurance

You have basic group life insurance equal to 150 percent of your annual salary and your employer pays for the cost of this benefit. All active KPERS members and State employees in their "year of service" before becoming KPERS members are covered. Employees of local employers also have coverage in their "year of service" if their employer provides it.

Job-Related Death

If you die from an on-the-job accident, your spouse will receive a monthly benefit based on 50 percent of your final average salary, less Workers' Compensation. The minimum benefit is $100 per month. He or she will also receive a $50,000 lump-sum payment. This is in addition to your life insurance and returned contributions.

If you do not have a spouse, other family members are eligible in this order of preference:
- Children up to age 18, or 23, if a full-time student
- Dependent parents

Optional Group Life Insurance

Optional group life insurance provides you with additional coverage beyond your basic life insurance. You decide how much coverage you need and you pay the cost of this additional coverage through payroll deduction. Many employers offer optional group life insurance, including the State of Kansas. Check with your employer about participation.

Coverage amounts range from $5,000 to $250,000 in $5,000 increments. New employees are eligible for an initial $50,000 of 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. Optional life insurance premiums are automatically deducted from your pay.

Starting or Increasing Coverage: You can start or increase coverage **at any time** with proof of good health.

Actively at Work: If, due to sickness or injury, you are not actively at work on the effective date, your optional group life insurance will not become effective **until** the first day following the date of your return to active work.

Family Status Change: You can enroll for or increase your coverage by up to $25,000 (subject to the plan maximum of $250,000) **without** proof of good health, within 30 days of a family status change like marriage, divorce, birth or adoption.

Accelerated Death Benefit: If you are diagnosed as terminally ill with 12 months or fewer to live, you may be eligible to receive up to 100 percent of your life insurance **instead** of your beneficiary receiving a death benefit.

If You Leave Employment or Retire

Basic and optional group life insurance end when you retire or leave employment. If you want to continue coverage, you can convert to an individual policy within 31 days of ending employment. Your designated agent can provide a life insurance conversion form, or you can download one from our web site. You fill in a portion of the form and sign it. Your designated agent then completes the employer portion of the form and sends it to the insurance company for processing. The insurance company will contact you directly with any questions.

Your life insurance will change from term insurance to whole life insurance. You can convert up to the full amount of your current insurance coverage without proof of good health, but you cannot convert any more than you currently have.

Special rules apply if you leave for a disability or military service. See your designated agent for details.

Surviving Spouse Benefit Option

If you die before retirement, your spouse may be able to choose a monthly benefit for the rest of his or her life, instead of receiving your returned contributions and interest. You must have designated your spouse as your sole primary beneficiary.

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 ten years of service*, your spouse begins receiving a monthly benefit when you would have reached age 55.

You can name contingent beneficiaries or separate beneficiaries for your life insurance without affecting this benefit option.

Retiree Death Benefit

KPERS pays a $4,000 lump-sum death benefit to your beneficiary. All monthly benefit payments are payable through the last day of the month your death occurs.

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.

You can choose a person, your estate, a trust or a funeral establishment to receive your $4,000 retiree death benefit. For details, please see “Especially for Retirees” in the Beneficiary Information section of this guide.

Returning Your Contributions

If you die before receiving retirement benefits equal to your contributions, and no survivor benefits are payable, the Retirement System will return any remaining contributions and interest to your beneficiary.

If You Designated Someone Other Than Your Spouse as Beneficiary

Sometimes members designate someone other than their spouse as their beneficiary. These members anticipate that their death benefit should be paid, for example, to their children from a previous marriage. Under some circumstances, a surviving spouse has the right to make a claim for a portion of such benefits, called an elective share. If this situation applies to you, we recommend that you ensure your current spouse consents to your beneficiary designation. You should seek legal advice about how this law affects your plans.

If your surviving spouse files a notice of intent to claim the elective share, the Retirement System is required to pay the benefits to the probate court, which would ultimately decide the distribution of your benefits.

Beneficiary Information

What Your Beneficiary Receives if You Are an Active Member

- Basic group life insurance (150 percent of your annual gross earnings)
- Any optional group life insurance
- Returned contributions and interest or continuing monthly benefit for spouse if you meet the criteria (See earlier section about surviving spouse benefit option.)

Naming a Beneficiary

You can choose a living person, your estate, a trust or any combination of these. If you choose more than one beneficiary, each will share your benefits equally. You can name separate beneficiaries for your retirement benefits and life insurance. The beneficiary for your retirement benefits will receive your contributions and interest, or possibly a monthly benefit if your spouse is your sole primary beneficiary. The beneficiary for your life insurance will receive your basic group life insurance and any optional group life insurance. If you do not designate separate beneficiaries, your named beneficiary will receive all benefits payable.

You can also name a contingent beneficiary to receive your death benefits if your primary beneficiary is deceased. A contingent beneficiary will receive benefits only if no primary beneficiary survives you. As with the primary beneficiary, you can name more than one and each will receive equal shares of your benefit.

You can add or change beneficiaries at any time by completing a Designation of Beneficiary (KPERS-7/99) form. You can download one at www.kpers.org or get one from your designated agent. Only members can complete the form. Even conservators, guardians and those with power of attorney cannot select or change a Retirement System beneficiary. The change is not effective until we receive your form in this office.

Each time you complete a beneficiary form, it cancels all those you have previously completed. Every time you complete the form, 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.

Reviewing Your Designation

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

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

Naming a Minor Child as Beneficiary

When you name a minor child as a primary beneficiary, lump sum benefit amounts under $10,000 will be paid out under the Kansas Uniform Transfer to Minors Act. The Retirement System will send the guardian or custodian a form to complete and the benefit is paid to that individual on behalf of the minor. If the benefit is $10,000 or more, Kansas law requires a conservatorship be established to receive the benefit on the child's behalf.

Especially for Retirees

The Retirement System provides a $4,000 lump-sum death benefit to your beneficiary. As with active members, you can choose a person, your estate or a trust. You can also name a funeral establishment. **If you directly designate** a funeral establishment to receive the benefit, the establishment will be responsible for taxes on the benefit. **If your beneficiary assigns** your death benefit to a funeral establishment, he or she is still responsible for paying the taxes. If you designate a funeral establishment, you also need to name another beneficiary to receive any remaining contributions you may have in your account at the time of your death. Only the $4,000 death benefit can be paid to a funeral establishment.

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.

1. Spouse
2. Dependent children
3. Dependent parents
4. Non-dependent children
5. Non-dependent parents
6. Estate of the deceased member

A dependent is a parent or child who relies upon the member for at least half of his or her support.

Military Service and Your Benefits

If you are called to active military service, you need to notify your employer. Your employer will notify the Retirement System as needed. Employers are required to give you the same rights and benefits that they would give to an employee on a non-military leave of absence. You also have a few additional benefits.

Life Insurance

- Optional group life insurance continues for 12 months. You continue to pay the premiums to Minnesota Life. After 12 months, you have the option to convert to an individual policy.
- Optional coverage is reinstated if you return to work within five years, even if you did not choose to convert to an individual policy. Your premiums will be based on your age when you return.

Disability Insurance

There is no disability coverage during military service.

Receiving Retirement System Service Credit for Military Service

Service credit is important when calculating your retirement benefit. You can increase your benefit amount and possibly retire earlier by purchasing credit for your military service. The maximum amount of credit for all military service is six years, whether purchased or granted. For KPERS, granted military service may be credited as either prior or participating service credit. You may purchase participating service for military service that was not granted.

- If you are in your “year of service” when called to active duty, your time away is counted toward completion of your “year of service” if you return to the same employer immediately after service.
- If you are in the middle of a service credit purchase when called to active duty, your purchase resumes when you get back and nothing changes.
- When you return, KPERS might be able to grant you service credit for your time away at no cost to you or you can purchase service credit for military service.

When You Return From Active Military Service

- Notify your employer and return to work. Your employer will notify the Retirement System.
- Notify your employer if you wish to reinstate your optional insurance. Your coverage will be reinstated at the previous coverage level with no waiting period or approval process.
- Check with your employer about receiving granted service credit for the time you were on active military service. You may also purchase military service credit if it is not granted.

When Can You Retire?

- Age 65 with at least one year of service credit
- Age 62 with at least ten years of service credit
- Any age when your age and years of service credit added together equal 85 (85 points)

Your age is not rounded up to determine eligibility. You can usually combine years of service credit in any of the three retirement plans. However, a separate benefit will be calculated for each retirement plan you have service credit with. Specific guidelines apply. Please contact the Retirement System to make sure you meet all the requirements to retire.

Getting to 85 Points

You can retire anytime with "85 points." What is 85 points? Add your current age and how many years of service credit you have. That is how many points you have now. An example of someone with 85 points is a member who is age 59 and has 26 years of service credit.

59 + 26 = 85

Use this worksheet to find out when you'll have 85 points.

1. Your current age: ______________________________
2. Your current years of service: ______________________
3. *Your current point total (Line 1 + Line 2): ______________
4. Number of points needed (85 - Line 3): ________________
5. Number of years to reach 85 points (Line 4 ÷ 2): __________
6. Your current age (same as Line 1): __________________
7. You will have 85 points at age (Line 5 + Line 6): __________

** If line 3 is greater than or equal to 85, you can retire now with full benefits.*

Retiring Early

You can receive reduced benefits at age 55 with ten years of service, even without the 85 points. Benefits are reduced by 0.6 percent for each month you are between age 55 and 60, and 0.2 percent for each month you are between age 60 and 62.

Kansas Correctional Officers

Some Kansas correctional officers have special provisions for early retirement. For more details, contact your designated agent, the Retirement System or visit our web site at www.kpers.org.

If You Retire Early …

Age	Reduced by	***Example***: A $1,000 benefit:
At age **55** ...	**41%**	would be reduced to **$590**.
At age **56** ...	**34%**	would be reduced to **$660**.
At age **57** ...	**26%**	would be reduced to **$740**.
At age **58** ...	**19%**	would be reduced to **$810**.
At age **59** ...	**12%**	would be reduced to **$880**.
At age **60** ...	**5%**	would be reduced to **$950**.
At age **61** ...	**2%**	would be reduced to **$980**.

Calculating Your Retirement Benefit

You can calculate your own estimate online with the benefit calculator at www.kpers.org. Click on "Estimate Your Benefit" and enter your own information from your annual statement.

KPERS retirement benefits are calculated using the following formula:
Final average salary x statutory multiplier x years of service = annual benefit at normal retirement age
For example: $30,000 x 1.75% x 30 = $15,750 annual benefit

Final Average Salary

If your membership date is on or after July 1, 1993, your final average salary is:

- A three-year salary average excluding additional compensation*. This three-year average is based on the highest 12 annualized quarters of compensation during your career. They do not have to be continuous quarters.

If your membership date is before July 1, 1993, or you were in your "year of service" waiting for membership on July 1, 1993, your final average salary is the higher of:

- A three-year salary average excluding additional compensation*. This three-year average is based on the highest 12 annualized quarters of compensation during your career. They do not have to be continuous quarters.

- A four-year salary average including additional compensation*. This four-year average is based on the highest 16 annualized quarters of compensation during your career. They do not have to be continuous quarters.

KPERS will calculate both options and use whichever is higher to calculate your retirement benefit. If add-on pay is included in your final average salary, it is spread over all the days that you worked in the calendar year you retired. It is not credited only to the quarter in which you were paid for it.

***Additional Compensation** or "add-on pay" is compensation from your employer for unused sick leave, annual leave, etc. KPERS *cannot* use an early retirement incentive or severance pay as part of add-on pay when calculating your final average salary. School employees have special guidelines. Please contact the Retirement System.

Calculate Your Own Monthly Retirement Benefit

	Example	Yourself
1. Final average salary (see section above)	$ 30,000.00	$
2. Multiply by .0175	x .0175	x .0175
3. **Subtotal**	$ 525.00	$
4. Multiply #3 by your total number of years of participating service (25 years is used here for example purposes)	$ 525.00	$
	x 25	x yrs
5. Annual retirement benefit	$ 13,125.00	$
6. Divide #5 by 12 (months)	$ 13,125.00	$
	÷ 12	÷ 12
	$ 1,093.75	$
Maximum monthly benefit with no survivor benefits	**$ 1,093.75**	

If You Have Credited and Non-Credited Prior Service

Prior service is time you worked for an employer before the employer affiliated with KPERS. These years also count toward your retirement benefit, but are calculated at a different statutory multiplier. Credited prior service for both school and non-school members is calculated using 1 percent as the statutory multiplier. Withdrawn KSRS teaching service is non-credited and is calculated at 0.75 percent.

You can use the box on the previous page to calculate your benefit from prior service: just substitute the correct statutory multiplier in #2 for the kind of prior service you have. Calculate each type of service separately and add them all together for your total monthly benefit.

For example:

1. \$30,000 x 1.75% x 20 = \$10,500 ÷ 12 = \$875 (monthly benefit for participating service)
2. \$30,000 x 1% x 10 = \$3,000 ÷ 12 = \$250 (monthly benefit for credited prior service)
3. \$30,000 x 0.75% x 5 = \$1,125 ÷ 12 = \$93.75 (monthly benefit for non-credited KSRS prior service)

\$875 + \$250 + \$93.75 = \$1,218.75 (total maximum monthly benefit)

The Retirement Process

Your Retirement Date

Your retirement date can be the first day of any month, as long as you are off your employer's payroll. If you are a school member under contract, you must wait until July 1 or after. School members who are not under contract and non-school members can retire on the first day of any month.

Monthly Benefit Estimates

It is a wise step to have KPERS do a retirement estimate for you when considering your retirement options. You can download a Benefit Estimate Request form (KPERS-15E) at www.kpers.org, or get one from your designated agent. While just an estimate, it will give you a good guide to determine your future monthly benefits.

Steps in the Retirement Process

1. Request a retirement benefit estimate.

2. Review the KPERS Retirement Options publication to consider your payment options.

3. Submit your Application for Retirement form (KPERS-15) 60 to 90 days before the day you want to retire. **You need to apply for 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 changes as long as they are not altered. If you are unable to locate the necessary documents, contact your employer or the KPERS office for alternatives.

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 you with information about your benefit amount and taxes.

7. Your monthly benefit payments will be directly deposited at your financial institution on the last working day of each month.

Retirement Benefit Payment Options

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

The first decision you need to make about your payment option is whether to receive your entire retirement benefit in maximum monthly payments or, at the start of your retirement, take part of your benefit in an up-front, lump-sum payment and receive the rest of your benefit in reduced monthly payments. You can also choose from several joint-survivor or life-certain options that will provide benefits to your loved ones after your death.

Partial Lump-Sum Option (PLSO)

You can take part of your retirement benefit in an up-front lump sum at retirement. You will receive the rest of your retirement benefit in reduced, regular monthly payments for the rest of your life. If you choose the PLSO, you also need to choose another payment option for your reduced monthly benefit. **Choosing the PLSO will reduce your monthly benefits, no matter which other option you choose.**

The PLSO will give you up-front money at retirement, but will permanently reduce your monthly benefits.

The PLSO is available in 10, 20, 30, 40 or 50 percent amounts of the actuarial present value of your benefit. The percentage you select determines the size of the lump sum and the resulting decrease in your monthly benefit amount. For example, a 40 percent PLSO payment would result in a single lump-sum payment equal to 40 percent of the actuarial present value of your lifetime benefit, along with a permanent 40 percent reduction in your regular monthly payments. If you are interested in knowing more about this option, there is a PLSO brochure available from the Retirement System. You can download the brochure at www.kpers.org.

Maximum Monthly Benefit Option

Once you've decided whether or not you want the partial lump-sum option, KPERS will 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 KPERS. **There is no continued benefit after your death.**

Joint-Survivor Options

Because of your personal situation, you may want to provide a continuing monthly benefit for someone after your death. You can do this by choosing a joint-survivor option. In order to provide this continuing benefit, your regular monthly payments will be reduced. The higher your survivor's benefit payment is, the lower yours will be during retirement. The difference in your ages is also a factor. There are three joint-survivor options.

A Joint-Survivor option can help provide support for your family after your death.

50 Percent Benefit to Survivor: You will receive approximately 91 percent of your maximum monthly benefit, adjusted for age difference. Your benefit will be decreased 0.4 percent for each year your joint annuitant is younger than you or increased 0.4 percent for each year your joint annuitant is older than you. Your survivor will receive 50 percent of your reduced monthly benefit for his or her lifetime after your death.

75 Percent Benefit to Survivor: You will receive approximately 87 percent of your maximum monthly benefit, adjusted for age difference. Your benefit will be decreased 0.5 percent for each year your joint annuitant is younger than you or increased 0.5 percent for each year your joint annuitant is older than you. Your survivor will receive 75 percent of your reduced monthly benefit for his or her lifetime after your death.

100 Percent Benefit to Survivor: You will receive approximately 83 percent of your maximum monthly benefit, adjusted for age difference. Your benefit will be decreased 0.6 percent for each year your joint annuitant is younger than you or increased 0.6 percent for each year your joint annuitant is older than you. Your survivor will receive 100 percent of your reduced monthly benefit for his or her lifetime after your death.

Pop-Up Feature: If the person you choose to receive a benefit after your death dies before you, your joint-survivor option is canceled. Your monthly benefit will then increase to your original maximum monthly benefit amount. This is called the "pop-up feature." You cannot name someone else to receive the benefit.

Life-Certain Options

With a life-certain option, you will receive a reduced 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 for the rest of that guaranteed period. You can change beneficiaries at any time, and you can have any number of beneficiaries at once. They will equally share the benefit for the remaining time.

Every retirement option **guarantees** a monthly benefit for the rest of your life.

You have three life-certain options.

- Five-year: Your benefit is reduced to 98 percent.
- Ten-year: Your benefit is reduced to 95 percent.
- 15-year: Your benefit is reduced to 88 percent.

A life-certain benefit example: Mary has a maximum monthly benefit of $1,000. She chooses the ten-year life-certain option. She receives $950 monthly for the rest of her life, no matter how long she lives.

Mary dies seven years after she retires. As her chosen beneficiary, Mary's daughter will receive $950 monthly for three more years.

If Mary had two daughters named as beneficiaries at the same time, they would share the $950 monthly benefit and each would receive $475 monthly for three years.

Divorce and Your Benefits

Contributions that have accumulated during marriage are considered marital assets. If you divorce, any benefit or accumulated contributions from the Retirement System may be subject to claims from a former spouse under a Qualified Domestic Relations Order (QDRO). A QDRO is a court order for maintenance, child support or property division.

Please seek legal counsel if this situation applies to you. Most QDROs result from an agreement between the parties. A former spouse can receive payment from the Retirement System under a QDRO when a member withdraws, retires or dies.

Withdrawal: If you end employment before you retire and withdraw your contributions, your former spouse may be awarded a portion of the lump-sum distribution.

Retirement: If you retire with monthly benefits, your former spouse may be awarded either a lump-sum payment or a percentage of each monthly benefit. For current retirees, a QDRO may become effective immediately, resulting in division of your benefit.

Death: If you die before retirement, your former spouse will be paid under the QDRO before your beneficiary receives a refund of accumulated contributions or the lump-sum death benefit.

Working After You Retire

Many retirees decide to return to work after retiring. 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.

For 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 $20,000-per-year earnings limit if:

- You retired on or after July 1, 1988, **and**
- You go to work for an employer you worked for during your last two years of KPERS participation.

For example: If you retire on July 1, you can earn $20,000 for the period of August 1 through December 31. You will then start the new calendar year with a limit of $20,000 for the period of January 1 through December 31. The $20,000 limit will continue each year as long as you are working for the same employer. Regardless of your earnings, you won't contribute to KPERS with your new employer.

Did You *Really* Change Employers

The **State of Kansas** is considered one employer. State agencies, boards, commissions and Board of Regents institutions are all under the State of Kansas. Going from one to another is not considered a change of employers for this purpose unless your new position is **not** covered by KPERS. Moving from a KPERS to a KP&F or Judges position is considered a change of employer and you would not be restricted by the earnings limit.

Every **school district** is a different employer. If you retired from one school district, you can go to work for a different school district with no earnings limit as long as you did not work there during your last two years of KPERS participation.

Exceptions to the Earnings Limit

If you go back to work in certain legislative positions or as a "daily-call" K-12 substitute teacher, you do not have an earnings limit. Daily-call substitute teachers are temporary and paid on a daily basis for their services. They are not required to report to work every day. Please see your designated agent for details. Long-term substitutes do have an earnings limit.

There is also no earnings limit for retirees who return to work as licensed nurses at certain State institutions. This exception began July 1, 2005, and ends June 30, 2008.

If you reach the $20,000 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.

Frequently Asked Questions

Here are some of the most frequent questions the InfoLine receives about KPERS.

1. **What type of plan is KPERS?** KPERS is a qualified, governmental, section 401(a) defined benefit pension plan. KPERS has Internal Revenue Service Determination Letters attesting to the plan's qualified status dated October 14, 1999, and March 5, 2001. KPERS is also referred to as a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This is different from non-contributory pension plans (more common in the private sector), which are funded entirely by employer contributions.

2. **How much interest am I earning?** If your membership date in the Retirement System was before July 1, 1993, you are earning 8 percent interest on your accumulated contributions account. If your membership date was July 1, 1993, or after, you are earning 4 percent. The interest rate on your accumulated contributions is relevant only if you withdraw from the System. If you retire, your benefit is based on a formula set by statute and lasts for your lifetime; it does not depend on the amount of money in your account.

3. **Can I borrow money from my KPERS account?** No. State law does not allow the Retirement System to administer a loan program for its members.

4. **When can I withdraw my contributions?** You may apply to withdraw your Retirement System contributions 31 days after your last day on payroll if, in the meantime, you have not begun other KPERS-covered employment.

5. **When I withdraw my contributions, will I also get what my employer paid in?** No. If you withdraw from KPERS, you take out your own accumulated contributions plus interest. Employer contributions remain in the plan. The KPERS type of plan (a defined benefit plan) is typically not set up to credit employer contributions to the accounts of individual members.

6. **How long does it take to process my withdrawal?** Approximately four weeks.

7. **Why am I required to contribute to the Retirement System?** The Kansas Legislature created KPERS in 1962 to provide Kansans with careers in public service the opportunity to build a nest egg for retirement that would last a lifetime. Besides retirement benefits, KPERS also provides life insurance, long-term disability benefits and death benefits for active members and retirees.

   Because the Retirement Act requires that the State of Kansas participate, membership in the System is mandatory for all state employees in covered positions. Any governmental entity or instrumentality whose employees are covered by Social Security may also affiliate for KPERS coverage. Over 1,600 employers have affiliated with the Retirement System in order to ensure their employees eventually enjoy a guaranteed lifetime retirement benefit.

8. **How do I get a copy of my last annual statement?** Contact the InfoLine and we can mail you a copy of your last annual statement. Call (888) 275-5737 or 296-6166 or e-mail us at kpers@kpers.org.

9. **How do I get a retirement benefit estimate?** You can calculate your own estimate online at www.kpers.org. It will be helpful to have your most recent annual statement for reference. You can also download the Benefit Estimate Request form, or get one from your designated agent, and we can do an estimate for you.

10. **Is my Retirement System money safe?** Retiree benefits are safe and guaranteed by Kansas law. A retiree will receive his or her benefit for life, no matter the economic condition. Members who leave employment and withdraw their contributions before retirement will receive the full amount they have contributed, plus interest.