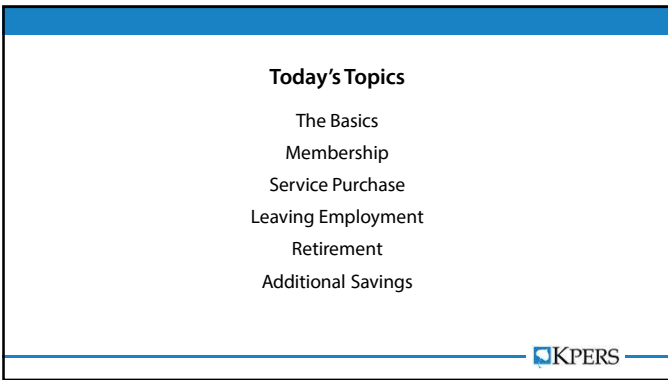
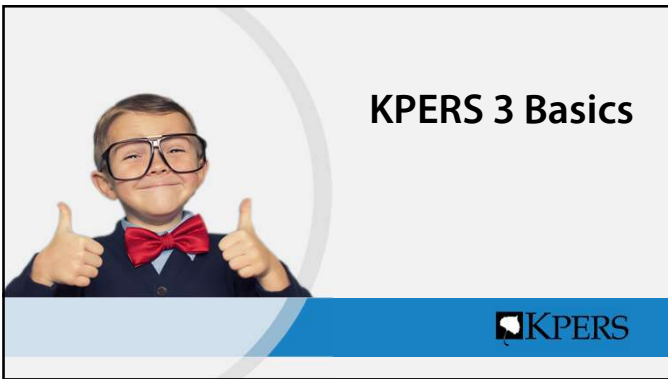




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2



3

The Basics

Membership Tiers

KPERS 1
Hired before July 1, 2009

KPERS 2
Hired July 1, 2009 - Dec 31, 2014

KPERS 3
Hired Jan. 1, 2015 and after

KPERS

4

The Basics

KPERS 1 and 2 Retirement Plan

- Defined Benefit Plan
- Benefit is calculated more like a regular pension plan.
- Benefit based on years of service and final average salary.
- Members can receive a lifetime monthly benefit.

KPERS 1
Hired before July 1, 2009

KPERS 2
Hired July 1, 2009 - Dec 31, 2014

KPERS

5

The Basics

KPERS 3 Retirement Plan

- Defined Benefit Plan With a Twist
- Benefit is calculated more like an annuity.
- Benefit is based on amounts in the contribution account and retirement credit account.
- Members can receive a lifetime monthly benefit.

KPERS 3
Hired Jan 1, 2015 and after

KPERS

6



The Basics

Plan Type

KPERS 3 is a "**Cash Balance**" Plan

Contribution Account **and** Retirement Credits

- Kept separate
- Grow over time


7

The Basics

Contribution Account

- Employees contribute **6%**.
- Contributions are based on your gross wages.
- Contributions are **pretax**.
- Contributions earn **4%** interest.

Interest is credited quarterly for the balance in the account on the previous quarter (4% annually).




8

The Basics

Retirement Credits

Based on salary and years of service.

Years of Service	% of Salary
Less than 5	3%
5 - 11	4%
12 - 23	5%
24 or more	6%



9

The Basics

Retirement Credits

- Credits earned quarterly based on **length of service and salary.**
- **Represented as dollars.**
- Build in value over time but **only available at retirement.**

Interest credited quarterly for the balance in the account on the previous quarter (4% annually).

KPERS

10

The Basics

Member Annual Statement

Account Balance	
Contribution Account	
Your 2020 Contributions	\$494.89
2020 Interest	\$19.01
2020 Balance	\$781.38
Retirement Credits (only available at retirement)	
2020 Retirement Credits	\$247.45
2020 Interest	\$9.51
2020 Balance	\$390.72


KPERS

11

The Basics

Power of Compound Interest

- Interest compounded **quarterly**
- Beneficial for **early to mid-career** members
- Possibility of **additional** interest earned



KPERS

12

The Basics

Power of Compound Interest

- Member starts career at age 60.
- Member retires at age 65 with 5 years of service.

Retirement Date: 02/01/2027	
Retirement Age: 65	
Total Service: 5 years	
Estimated Annual Base Benefit: \$2,037.09	
Estimated Monthly Base Benefit: \$169.76	
The base benefit is the 10-year life certain option. You will receive a monthly benefit that reduces your monthly benefit. Info on retirement payment options	
No COLA* Monthly Benefit	
Benefit Option	No Lump Sum
BASE BENEFIT	
Life-Certain 10 Years	\$169.76
Partial Lump-Sum Option	\$0.00
Life-Certain 5 Years	\$171.09
Life-Certain 15 Years	\$166.61
Joint-Survivor 50%	\$0.00
Joint-Survivor 75%	\$0.00
Joint-Survivor 100%	\$0.00

13

The Basics

Power of Compound Interest

- Member starts career at age 26.
- Member retires at age 65 with only 5 years of service.

Retirement Date: 02/01/2061	
Retirement Age: 65	
Total Service: 5 years	
Estimated Annual Base Benefit: \$7,729.36	
Estimated Monthly Base Benefit: \$644.11	
The base benefit is the 10-year life certain option. You will receive a monthly benefit that reduces your monthly benefit. Info on retirement payment options	
No COLA* Monthly Benefit	
Benefit Option	No Lump Sum
BASE BENEFIT	
Life-Certain 10 Years	\$644.11
Partial Lump-Sum Option	\$0.00
Life-Certain 5 Years	\$649.16
Life-Certain 15 Years	\$624.57
Joint-Survivor 50%	\$0.00
Joint-Survivor 75%	\$0.00
Joint-Survivor 100%	\$0.00

14

The Basics

How It Works

KPERs 3 RETIREMENT BENEFITS

5 STEPS TO HOW IT WORKS

1 You contribute 6% of your pay
Contributions and investment earnings are credited to your account.

2 You earn retirement credits
Retirement credits are only available if you are employed.

3 Vesting
After 5 years of service, the account is yours.

4 Calculate
KPERs calculates the benefit based on contributions, investment earnings and the rate of your retirement credit.

5 Lifetime benefit
KPERs pays you a monthly benefit for the rest of your life.

WHILE WORKING AFTER 5 YEARS AT RETIREMENT

15

The Basics

Employer Contributions

- Not deposited into the member's account
- Go into the KPERS Trust Fund to help pay for
 - Death benefits
 - **Future** retirement benefits

KPERS Funding Sources

Source	Percentage
Investments	53%
Employers	32%
Members	15%

KPERS

19

The Basics

Same Great Benefits

- Long-Term Disability Coverage
- Death Coverage
- Granted Credit for Military Service
- Lifetime Monthly Retirement Payment

KPERS

20

The Basics

Long-Term Disability

- **60%** of employee's current annual rate of compensation
- **Minus** workers' compensation, Social Security or any employer provided disability benefit
- **180-day** waiting period

Disability Began	Max Benefit Period
Before age 60	Whichever comes first: (A) 65 th birthday or (B) Retirement date
On or after age 60	Shorter of: (A) Period of 5 years or (B) Period until retirement date



KPERS

21

The Basics

Basic Life Insurance

- 150% of Annual Salary
- Employer paid
- Additional Benefits for On-the-Job Death






22

The Basics

Optional Group Life Insurance

- Employer must be Affiliated for Optional Group Life Insurance
- Additional Coverage for members and their families
- Contact KPERS to affiliate


23

The Basics

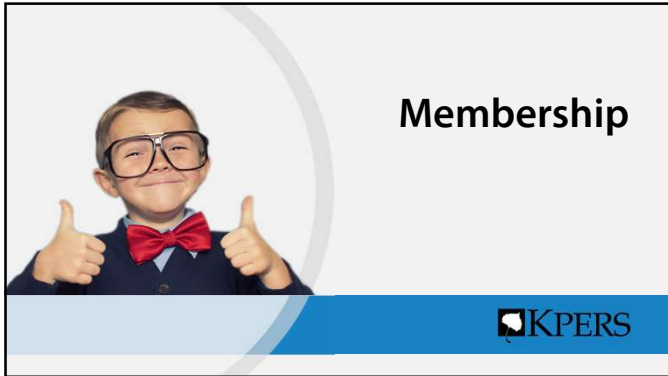
Granted Military Service

Members can receive service credit for military service at no charge if:

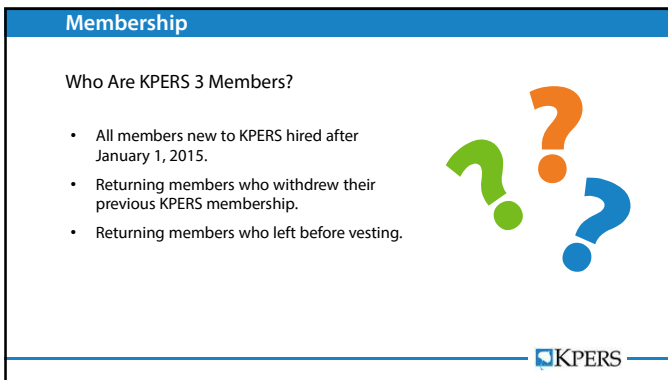
- The member is an active KPERS participant immediately prior to active military duty, and
- The member returns to a KPERS-covered position within 1 year of military discharge.



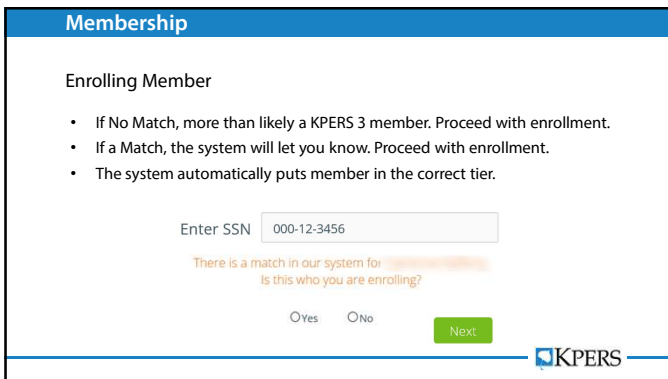
24



25



26



27

Membership

Confirmation Page

Employee Information	
SSN	000-23-2189
Name	Frostma, 232189 E Lastma, 232189
Member Type	KPERS 3
Birth Date	12/16/1979
Gender	Female
Employment Type	Employment
Member's Begin or Return Date	03/02/2016
Line 1	ASPT_232189
Line 2	ASPT_232189
City	CP1232189
State	Kansas
Zip Code	05456

KPERS

28

Membership

Employee Page

EMPLOYEE

- Home
- Employee Info
- EMPLOYEE INFO
- Enroll
- Link Up
- PAY REPORTS
- Submit Report
- Adjustment
- MISC
- Invoices

Employee Info

John Doe	Member Group	KPERS
000-12-3456	Member Type	KPERS 3
08/06/1996	Total Contributions	\$361.71
Report Disability	Interest	\$39.16
	Years of Service	0.5
	Membership Date	03/04/2019

KPERS Data Employee Elections Notes Retirement Help

KPERS

29

Membership


Handouts


KPERS

30

Membership

KPERS 3 Overview





31



Service Purchase




32

Service Purchase

Types of Service Purchase

- Year of Service
- Forfeited KPERS
- Military
- Elected Official Service
- In-State or Out-of-State Non-Federal Public Service
- Vista Service
- Peace Corps

An application is needed to calculate the cost



33

Service Purchase


Cost

Costs based on employee's **age & salary** at time of application

- Previous 12 months salary
- Current annual rate of pay
- Final average salary (determined by KPERS)

A number of assumptions are needed to perform these calculations.

Cost will only be determined after an application is received.




34


Service Purchase

Reasons to Purchase Service

- Vest sooner
- Retire earlier
- Increase retirement credits



Member should call KPERS before making the final purchase.




35

Service Purchase

KPERS 3 Special Notes

- Purchasing service credit increases years of service and retirement credit rate **only**.
- Service purchase payments are **not** deposited into contribution account or included in balance for retirement benefit.
- Service purchase payments **kept separate** from account balance but do earn interest.
- Amount in Service Purchase Account will only be payable in event of **withdrawal or death**.
- Will **not** change Tier level to a previous Tier.




36

Service Purchase

KPERS 3 Special Notes

Types of Service	Years of Service	Rate (see table)	Purchase Cost	Monthly Benefit
KPERS 3	2.00 (have)	3%	-	\$486
Forfeited	14.25 (buying)	-	\$22,880	
Total	16.25	5%	\$22,880	\$541 (+\$55)

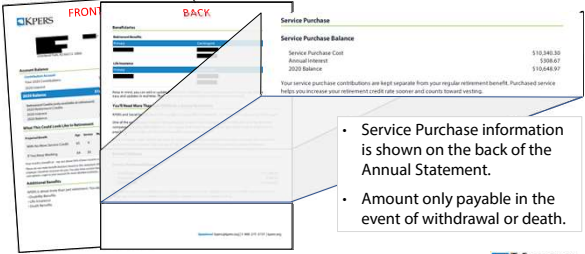
Would take **34 years** in retirement to break even




37

Service Purchase


Member Annual Statement




- Service Purchase information is shown on the back of the Annual Statement.
- Amount only payable in the event of withdrawal or death.



38



Leaving Employment




39

Leaving Employment

Non-Vested

- **Not eligible** for a retirement benefit.
- Contributions will continue to **earn interest**
 - 2 plan years
- Return to KPERS employment
 - KPERS 1 and 2 will become KPERS 3
 - KPERS 3 will have service credit restored if return within five years and left money at KPERS.
- Can **withdraw** contributions 31 days after last day of employment.




40

Leaving Employment

Vested

- Vested with **five (4.5) years** of service credit.
- **Guaranteed** lifetime monthly retirement benefit.
- Can apply for retirement benefits when eligible.
- Account **continues** to earn interest.
- Retirement credits **continue** to earn interest.
- Member **can withdraw contributions if they wish to forfeit retirement benefit.**





41

Leaving Employment

Contact KPERS

- Give member Leaving Employment flyer.
- Member should call KPERS to discuss the status of account.

42



43

Retirement

Retirement Eligibility

<p>Full Retirement Benefit</p> <ul style="list-style-type: none"> • Age 65 with 5 years <u>or</u> • Age 60 with 30 years 	<p>Early Retirement Benefit</p> <ul style="list-style-type: none"> • Age 55 with 10 years
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44

Retirement

KPERS 3 Benefit Calculation

<ul style="list-style-type: none"> • Employee's account balance (contribution account and retirement credit value) • Actuarial factors 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">KPERS 3</th> </tr> <tr> <th colspan="2" style="text-align: center;">EXAMPLE</th> </tr> </thead> <tbody> <tr> <td>Employee Account Balance:</td> <td style="text-align: right;">\$200,000</td> </tr> <tr> <td>Retirement Credit Balance:</td> <td style="text-align: right;">\$140,000</td> </tr> <tr> <td>Actuarial Factor:</td> <td style="text-align: right;">12.262500%</td> </tr> <tr> <td>Annual Benefit:</td> <td style="text-align: right;">$\\$340,000 / 12.262500 = \\$27,727$</td> </tr> <tr> <td>Monthly Benefit:</td> <td style="text-align: right;">$\\$27,727 / 12 = \mathbf{\\$2,310.58}$</td> </tr> </tbody> </table>	KPERS 3		EXAMPLE		Employee Account Balance:	\$200,000	Retirement Credit Balance:	\$140,000	Actuarial Factor:	12.262500%	Annual Benefit:	$\$340,000 / 12.262500 = \$27,727$	Monthly Benefit:	$\$27,727 / 12 = \mathbf{\$2,310.58}$
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The ratio and age determines the actuarial factor.

45

Additional Savings

Benefits Will Be Here

- KPERS prefunded during your career
- \$24.9 billion in assets, with about \$1.5 billion in contributions each year
- Over \$5.2 billion in investment income in FY 2021
- About \$2 billion in benefits each year

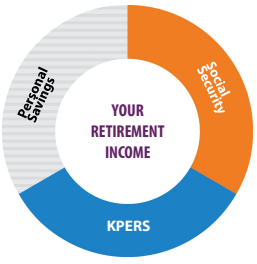



52

Additional Savings

KPERS Won't Be Enough

- Experts recommend replacing **at least 80%** of retirement income
- KPERS and Social Security alone **won't be enough**
- **Personal savings** is vital income source for sound retirement
- Amount could be affected by **individual expenses** (e.g. health care)

53


Additional Savings

The Cost of Waiting What \$50 per month could do for you

Age	Total Invested (\$9,000 over 15 years)	Earning Interest	Balance at age 65
Age 30	\$9,000	\$52,429.05	\$62,429.05
Age 40	\$9,000	\$22,735.76	\$31,735.76
Age 50	\$9,000	\$7,132.85	\$16,132.85

balance at age 65

Calculations done using: <http://www.daveramsey.com/blog/investing-calculator/>
Assumes 7% return & yearly compounding.



54

Additional Savings



kpers457
a deferred compensation savings plan

Your employer, no matter what size, can enjoy the benefits of this group plan. Even if you already have a voluntary plan, KPERS 457 might be a good fit.

phone: 785-296-6637



55



Thank You



56
