

Retirement Options

Retirement is a major milestone. As a KPERS retiree, you'll receive a *monthly retirement benefit for the rest of your life*. And you get to choose a benefit option that works best for you.

When you retire you can choose from a maximum monthly, joint-survivor or life-certain option. You can also choose to take a partial lump sum.

Your decision is important, **because once you make a choice, you cannot change it**. Please consider your options carefully so you can make the best decision for you and your loved ones.

Calculating Your Benefit

KPERS uses a formula to calculate your annual benefit.

$$\begin{array}{c} \text{Final Average} \\ \text{Salary} \end{array} \times \begin{array}{c} \text{Statutory} \\ \text{Multiplier} \end{array} \times \begin{array}{c} \text{Years of} \\ \text{Service} \end{array} = \text{Annual Benefit}$$

This number is then used to calculate your monthly payment options. You can estimate your payment options in your KPERS account at kspers.gov. This will help you put dollar amounts with your choices. You can also schedule a personal counseling appointment with a KPERS staff member to discuss your retirement options. See all options, with scenarios, on the back.

Retiree Death Benefit

All retired members are eligible for a \$6,000 lump-sum death benefit. You can choose a person, your estate, a trust or a funeral establishment to receive the death benefit.

Cost-of-Living Adjustments(COLA)

COLAs are increases in your benefit amount after you retire. You do not receive an automatic COLA. For this reason, personal savings becomes even more important to protect against inflation.

Ready, Set, Go

- ☐ Find out when you can go
- ☐ Estimate your benefit at **kspers.gov** or request an estimate from KPERS
- ☐ Choose a payment option
- ☐ Get the documents needed for the retirement application
- ☐ Determine your tax withholding requirements
- ☐ Check your beneficiaries
- ☐ Submit your Retirement Application (KPERS-15 form) at least 30 days before the day you want to retire
- ☐ Decide if you want to continue your KPERS life insurance

Example for Scenarios

Dan is ready to retire. Dan is 65 years old, has 15 years of service and his final average salary is **\$91,429**. His wife, Sue, is 62 years old. Using the formula, we know his annual benefit is **\$48,000**. Let's look at Dan's retirement options in the blue column below.

Maximum Monthly Option

Your maximum monthly benefit is the basis for your other options. This option does not provide any survivor options. After your death, if you have any remaining contributions, your beneficiary will receive that balance. The monthly benefit payments will end.

Joint-Survivor Options: 50%, 75% or 100%

Your joint survivor will receive a monthly benefit for the rest of their life, equal to 50%, 75%, or 100% of your benefit amount, after your death. Your survivor cannot be changed once you retire. If your joint survivor dies before you, your survivor option is canceled. Your benefit increases to your maximum monthly benefit amount.

Your survivor's percentage and their age determine your benefit reduction. Actuarial tables and factors are used to calculate these adjustments.

Life-Certain Options: 5-year, 10-year or 15-year

Like the other options, you will receive a benefit for the rest of your life. If you die within your life-certain choice, your beneficiary will receive your full monthly benefit for the rest of that 5-, 10- or 15-year period.

You can change beneficiaries at any time, and you can have any number of beneficiaries. They will share the benefit equally.

With the Life-Certain option, your monthly benefit will be reduced. KPERS uses actuarial tables and factors to calculate adjustments. The longer the guaranteed period, the greater the decrease. Your benefit is also affected by your age at retirement. The older you are, the more your benefit is reduced.

Partial Lump-Sum Option (PLSO)

You can take part of your retirement benefit in an up-front lump sum. Choosing this will reduce your life-time monthly benefits.

Your options are: 10%, 20%, 30%, 40% or 50%. 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.

Certain generalizations have been made in this publication. Kansas law and the rules adopted by the Board of Trustees will control specific situations.

Maximum Monthly Example

Dan's annual benefit is \$48,000.

His **monthly** maximum:
 $\$48,000 \div 12 = \mathbf{\$4,000}.$

Joint-Survivor Example

Dan chooses the **50% joint-survivor option** for his wife, Sue.

Dan's adjusted monthly benefit is **\$3,592**.

Sue's monthly survivor benefit is **\$1,796** (50% of Dan's).

Life Certain Example

Dan chooses the **10-year life certain option** for his wife, Sue.

Dan's adjusted monthly benefit is **\$3,800**.

Dan dies seven years after he retires. Sue will receive \$1,900 a month for three more years. This totals the 10 years Dan was guaranteed.

PLSO Example

Dan chooses a **30% lump sum with the maximum monthly benefit**.

Dan receives a lump sum of \$132,423 at retirement, and his monthly benefit is reduced by 30% to **\$2,800**.