Ins and Outs of KPERS 3

2026 KPERS Employer Conference

Presenters:

Justin Quick, Sr Benefit Education Rep
Matt Renyer, Benefits Analyst

October 30, 2026

KPERS

Today's Topics

The Basics

Service Purchase

Leaving Employment

Retirement

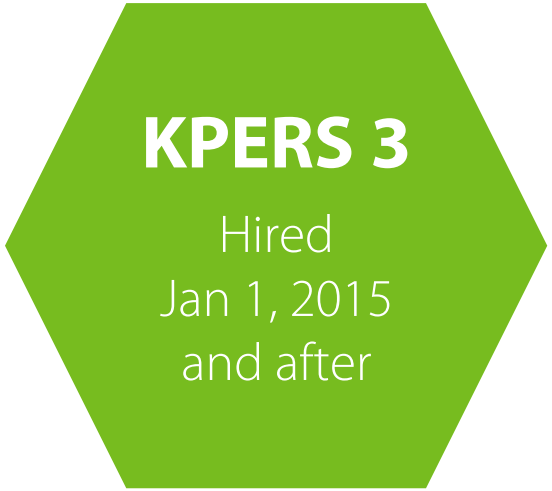
Keeping Up with KPERS 3



The Basics

Who Are KPERS 3 Members?

- All members new to KPERS hired after January 1, 2015.
- Returning members who left before vesting.
- Returning members who withdrew their previous KPERS membership.



KPERS 3 Retirement Plan

- Defined Benefit Plan With a Twist.
- Members will receive a lifetime monthly benefit.
- Benefit is calculated more like an annuity.

Dependent on Growth!

Plan Type

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



Contribution Account



Retirement Credit Account

Contribution Account

- Employees contribute **6%**.
- Contributions are based on 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).

Retirement Credits Account

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%

Retirement Credits

- Credits given quarterly.
- Represented as **dollars.**
- Build in value over time but **only available at retirement.**
- Earns interest **quarterly**.

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

Member Annual Statement

Account Balance

Contribution Account

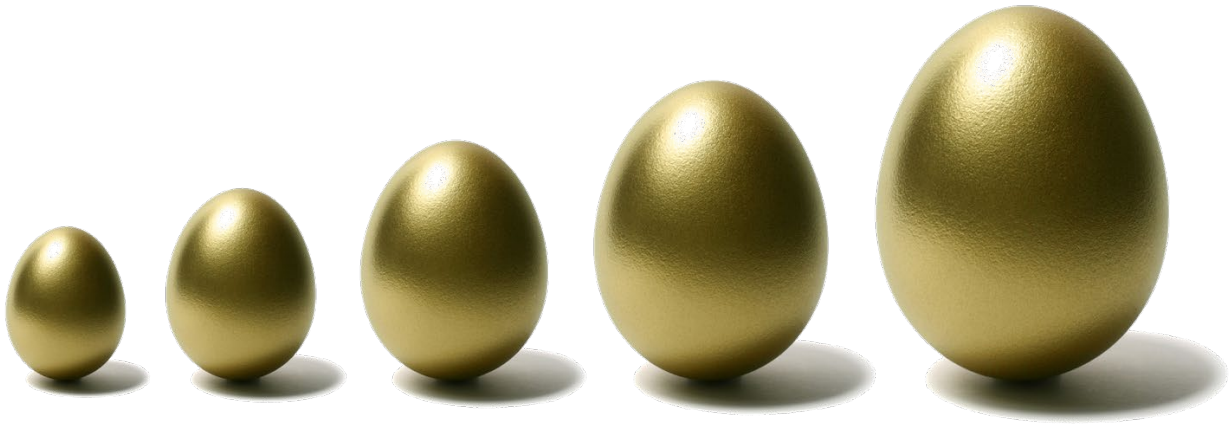
Your 2020 Contributions	$494.89
2020 Interest	$19.01
2020 Balance	**$781.38**

Retirement Credits (only available at retirement)

2020 Retirement Credits	$247.45
2020 Interest	$9.51
2020 Balance	$390.72

Power of Compound Interest

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



Power of Compound Interest

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



Power of Compound Interest

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 be
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**

Power of Compound Interest

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



Power of Compound Interest

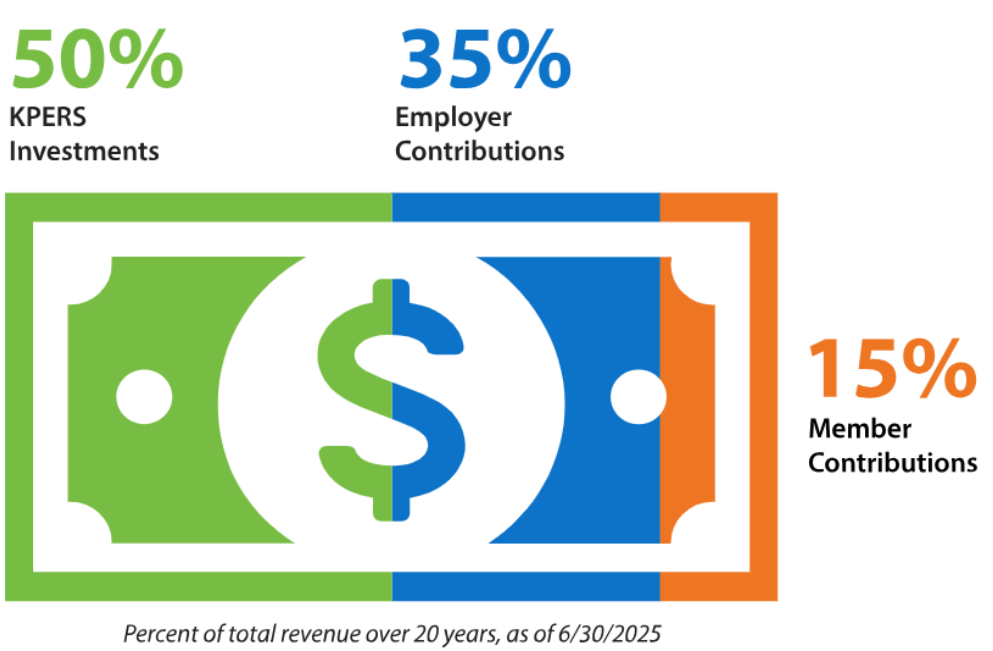
Retirement Date: 02/01/2061
Retirement Age: 65
Total Service: 5 years
Estimated Annual Base Benefit: **$7,729.36**
Estimated Monthly Base Benefit: **$644.11**
The base benefit is the 10-year life certain option. You will receive a monthly b
reduces your monthly benefit Info on retirement payment options

No COLA* Monthly Benefit

Benefit Option	No Lump Sum
BASE BENEFIT Life-Certain 10 Years	**$644.11**

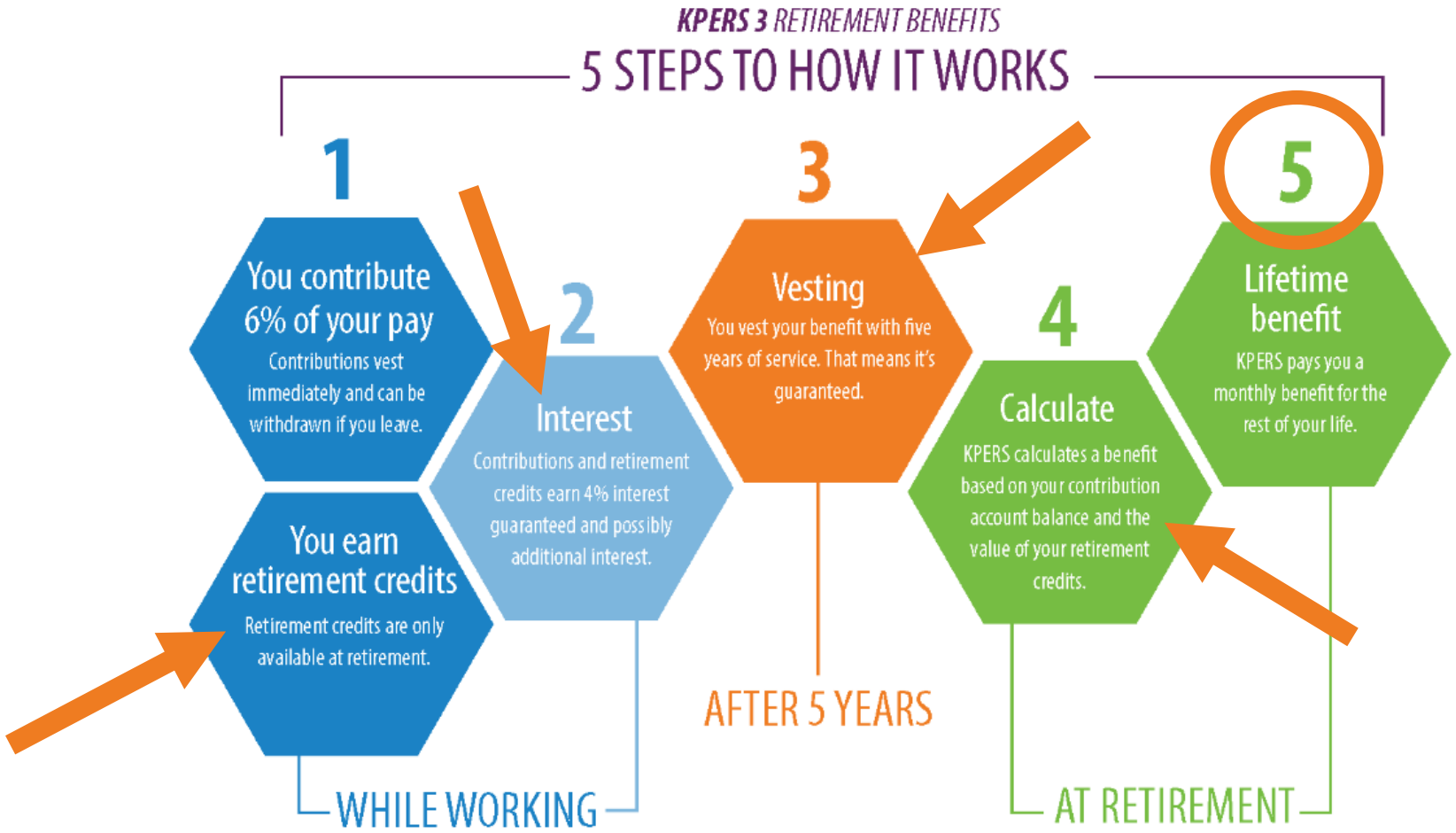
Employer Contributions

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



Percent of total revenue over 20 years, as of 6/30/2025

How It Works


KPERS 3 RETIREMENT BENEFITS
5 STEPS TO HOW IT WORKS
1
You contribute 6% of your pay
Contributions vest immediately and can be withdrawn if you leave.
You earn retirement credits
Retirement credits are only available at retirement.
2
Interest
Contributions and retirement credits earn 4% interest guaranteed and possibly additional interest.
3
Vesting
You vest your benefit with five years of service. That means it's guaranteed.
4
Calculate
KPERS calculates a benefit based on your contribution account balance and the value of your retirement credits.
5
Lifetime benefit
KPERS pays you a monthly benefit for the rest of your life.
WHILE WORKING
AFTER 5 YEARS
AT RETIREMENT



Service Purchase

Reasons to Purchase Service

- Vest sooner
- Retire earlier
- Increase retirement credits



Member should call KPERS before making the final 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.

KPERS 3 Special Notes

- Amount in Service Purchase Account will only be payable in event of **withdrawal or death.**
- Will **not** change Tier level to a previous Tier.

KPERS 3 Special Notes

Types of Service	Years of Service	Rate (see table)	Purchase Cost	Monthly Benefit
KPERS 3	3.00 (have)	3%	-	$1,593.
Forfeited	8.25 (buying)	-	$11,827.31	
Total	11.25	4%		$1,731($138.)

Would take **7 years** in retirement to break even



Leaving Employment

Non-Vested

- **Not eligible** for a retirement benefit.
- Accounts will continue to **earn interest**
  - 2 plan years
- Return to KPERS employment
  - Service credit restored if return within five years and left money at KPERS.

Vested

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



Retirement

Retirement Eligibility

Full Retirement Benefit

- 65 with 5 years of service
- 60 with 30 years of service



Retirement Eligibility

Early Retirement Benefit

- 55 with 10 years of service



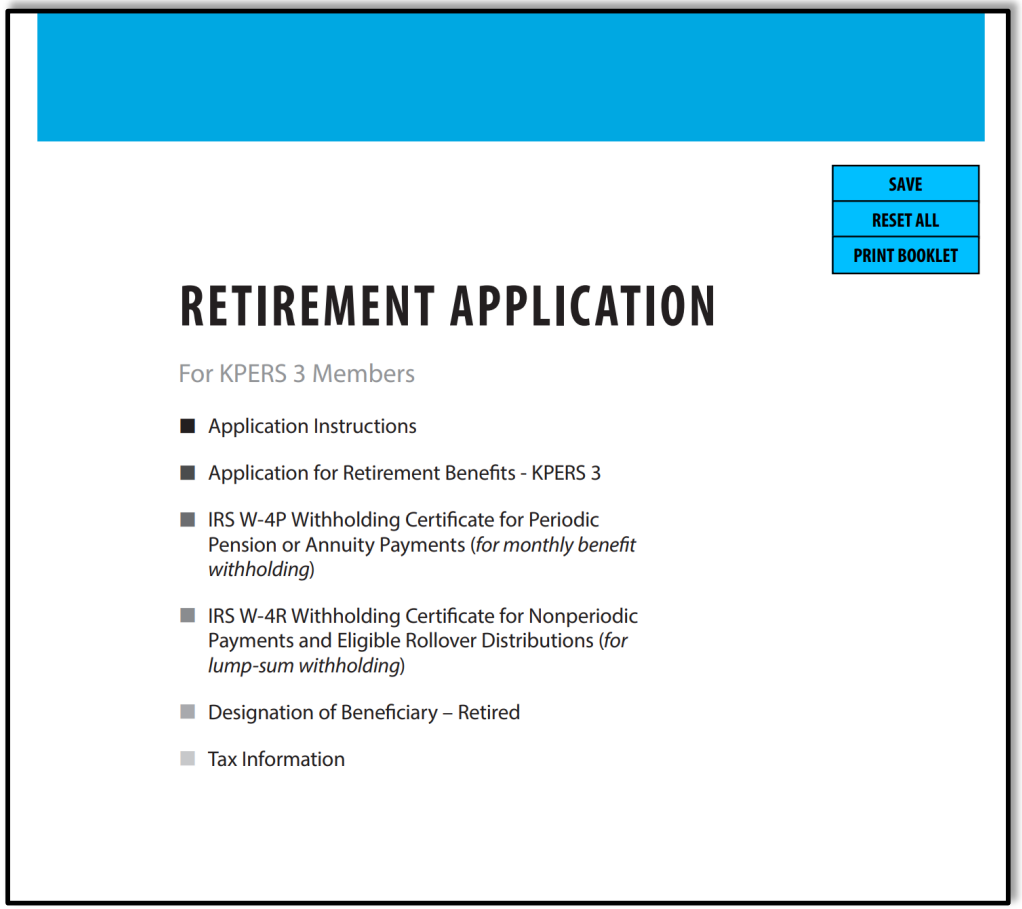
Partial Lump Sum Option is unavailable.

KPERS 3 Benefit Calculation

Age and Balance are factors in the determining the Actuarial Factor.

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= **$2,310.58**

Retirement Application



Requires a KPERS 3 Retirement Application K3-15

KPERS 3 Benefit Options

- **Base monthly option** (10-year life-certain)
- **Life-certain** options based on a single-life annuity with
  - 5-year
  - 10-year
  - 15-year
- **Joint-survivor** options
  - 50%
  - 75%
  - 100%
- **Partial lump-sum** option for any dollar amount or percentage (up to 30%) with normal retirement
- **Cost-of-living adjustment** choice of 1% or 2% increase each year

KPERS 3 Benefit Options

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT Life-Certain 10 Years	**$3,143.86**	**$2,829.47**	**$2,200.70**
Partial Lump-Sum Option	$0.00	$46,261.83	$138,785.48
Life-Certain 5 Years	$3,186.22	$2,874.45	$2,244.71
Life-Certain 15 Years	$3,048.46	$2,743.61	$2,133.92
Joint-Survivor 50%	$3,009.34	$2,708.40	$2,106.54
Joint-Survivor 75%	$2,904.09	$2,613.68	$2,032.86
Joint-Survivor 100%	$2,805.95	$2,525.35	$1,964.16

KPERS 3 Benefit Options

1% COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
Life-Certain 10 Years	$3,295.06	$2,965.56	$2,306.54
Partial Lump-Sum Option	$0.00	$52,976.53	$158,929.60
Life-Certain 5 Years	$3,333.54	$3,007.83	$2,351.91
Life-Certain 15 Years	$3,191.89	$2,872.70	$2,234.32
Joint-Survivor 50%	$3,114.44	$2,803.00	$2,180.11
Joint-Survivor 75%	$2,989.85	$2,690.86	$2,092.89
Joint-Survivor 100%	$2,874.84	$2,587.35	$2,012.39

**self-funded annual cost-of-living adjustment*

2% COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
Life-Certain 10 Years	$3,002.50	$2,702.25	$2,101.75
Partial Lump-Sum Option	$0.00	$52,976.53	$158,929.60
Life-Certain 5 Years	$3,031.39	$2,735.69	$2,140.82
Life-Certain 15 Years	$2,906.00	$2,615.40	$2,034.20
Joint-Survivor 50%	$2,811.53	$2,530.38	$1,968.07
Joint-Survivor 75%	$2,688.69	$2,419.82	$1,882.08
Joint-Survivor 100%	$2,576.13	$2,318.51	$1,803.29

KPERS 3 Benefit Options

No COLA* Monthly Benefit

Benefit Option	No Lump Sum
BASE BENEFIT Life-Certain 10 Years	$1,457.10

1% COLA* Monthly Benefit

Benefit Option	No Lump Sum
Life-Certain 10 Years	$1,325.93

Current Retirement Benefit Dilemma

- Member retires with 5 years of service.
- Earning about $55,000 a year.
- Has $15,835.79 in Contribution Account.

No COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT Life-Certain 10 Years	**$196.24**	**$176.62**	**$137.37**
Partial Lump-Sum Option	$0.00	$3,137.88	$9,413.64

Retirement Benefit Dilemma

If member takes the 10-year Life Certain Option only, no PLSO, it will take 7 years in benefit payments to equal amount in Contribution Account. Member will be 72.

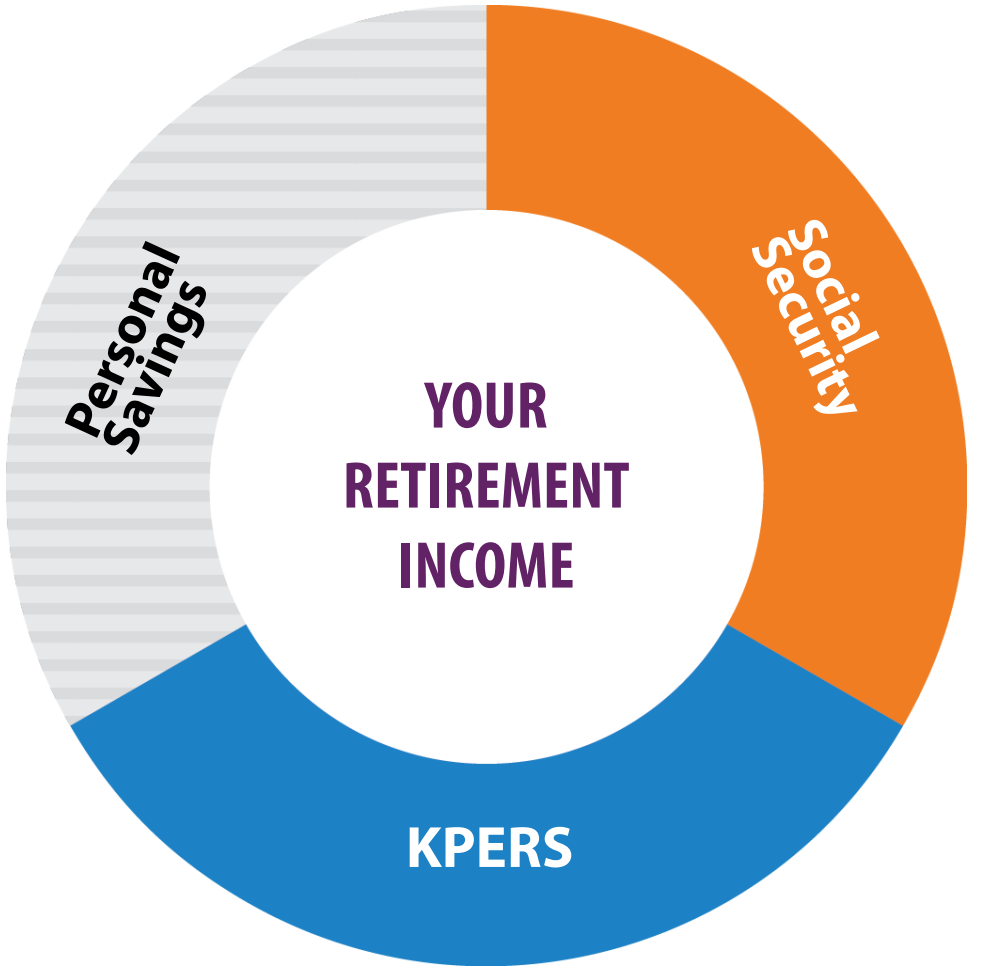
No COLA* Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	30% Lump Sum
BASE BENEFIT Life-Certain 10 Years	$196.24	$176.62	$137.37
Partial Lump-Sum Option	$0.00	$3,137.88	$9,413.64

KPERS Won't Be Enough

- KPERS and Social Security alone **won't be enough**

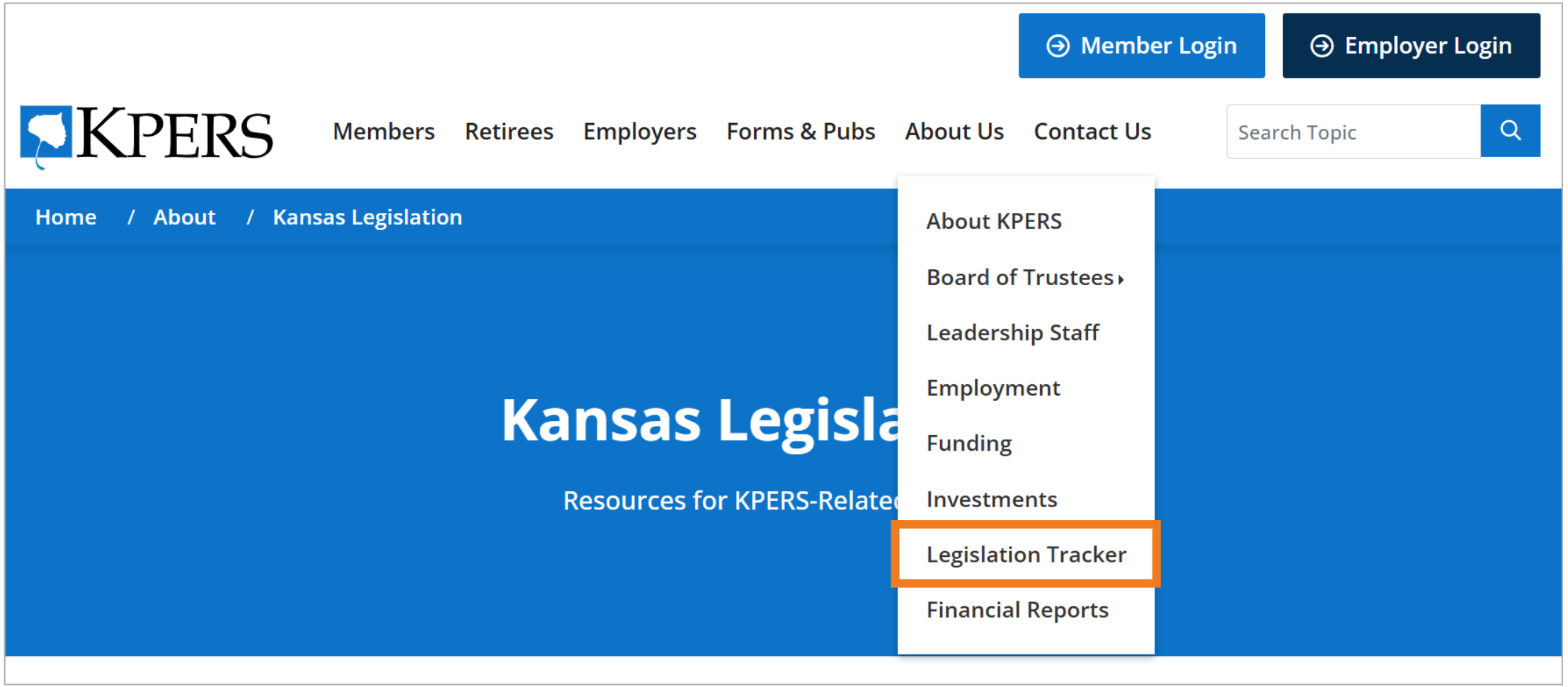
- **Personal savings** is vital income source for sound retirement





Keeping Up With KPERS 3

KPERS Legislation Tracker



KPERS Legislation Tracker

KPERS Summary

- Where It ‘s At
- Quick Look
- Hearings
- Fine Print



KPERS 3 Highlights

- Dependent on Growth.
- Proceed with Caution with a Service Purchase.
- Benefit Calculated Differently.
- Different Retirement Application.

Thank You



Questions?