KPERS 457 Non-Affiliated

2026 KPERS Employer Conference

Is It Time?

Presenter:

Len Lehmann, New Employer Specialist

October 30, 2026

KPERS

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Is it time for KPERS 457?



Agenda

- KPERS/ KPERS 457 Background
- Plan features and highlights
- Engineered for Kansas
- No Cost for Employers
- Low Cost for Employees
- KPERS 401(a) for Employer Contributions



KPERS 101

- **The Kansas Legislature** created KPERS in **1962** (and KP&F in 1966) to secure a financial foundation for those spending their careers in Kansas Public Service
- **KPERS 1** Hired Before July 1, 2009
- **KPERS 2** Hired between July 1, 2009 & December 31, 2014
- **KPERS 3** Hired on or after January 1, 2015



www.kspers.gov/pdf/InfoBrief_general.pdf


KPERS

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alongside KPERS for better financial security

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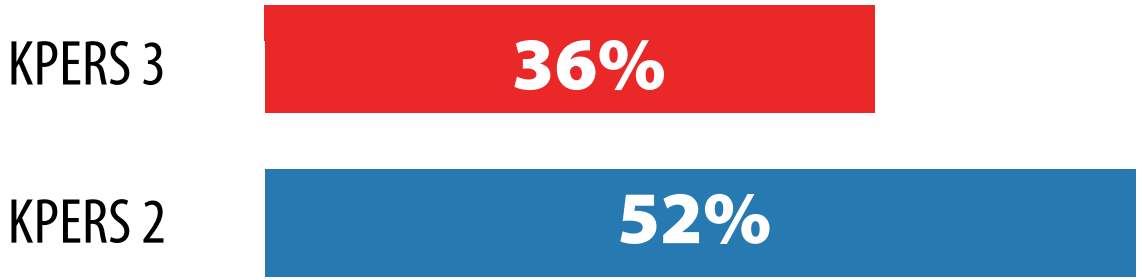
Better together

KPERS Stats

Most active civilian government employees in Kansas who are covered by a pension are now in KPERS 3 – about 51% (anyone hired on or after January 1, 2015). More of the workforce becomes KPERS 3 every year, as KPERS 1 and 2 employees retire.

For an employee starting work with KPERS at age 35 and retiring from that work at age 65, the KPERS 3 pension is predicted to replace (on average) about 36% of their pre-retirement income.

KPERS 2 is estimated to replace about 52%.



* Source-all information on this page: Reviewing the KPERS 3 Retirement Plan, Kansas Legislative Division of Post Audit, https://www.kslpa.gov/audit-report-library/reviewing-the-kpers-3-retirement-plan/, February 2024, accessed 06/26/2025.

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KPERS Pension and Social Security May Not Be Enough

- **Personal savings** important, especially for KPERS 3
- **Over half** of all active KPERS members are KPERS 3*

Other factors to consider:

- Inflation with no KPERS COLA
- Rising healthcare costs
- Costs of living longer
- Standard of living in retirement

* About 51% of actively employed KPERS members are in KPERS 3, *Stepping Ahead to Secure Our Future,* June 30, 2023, KS Public Employees Retirement System.

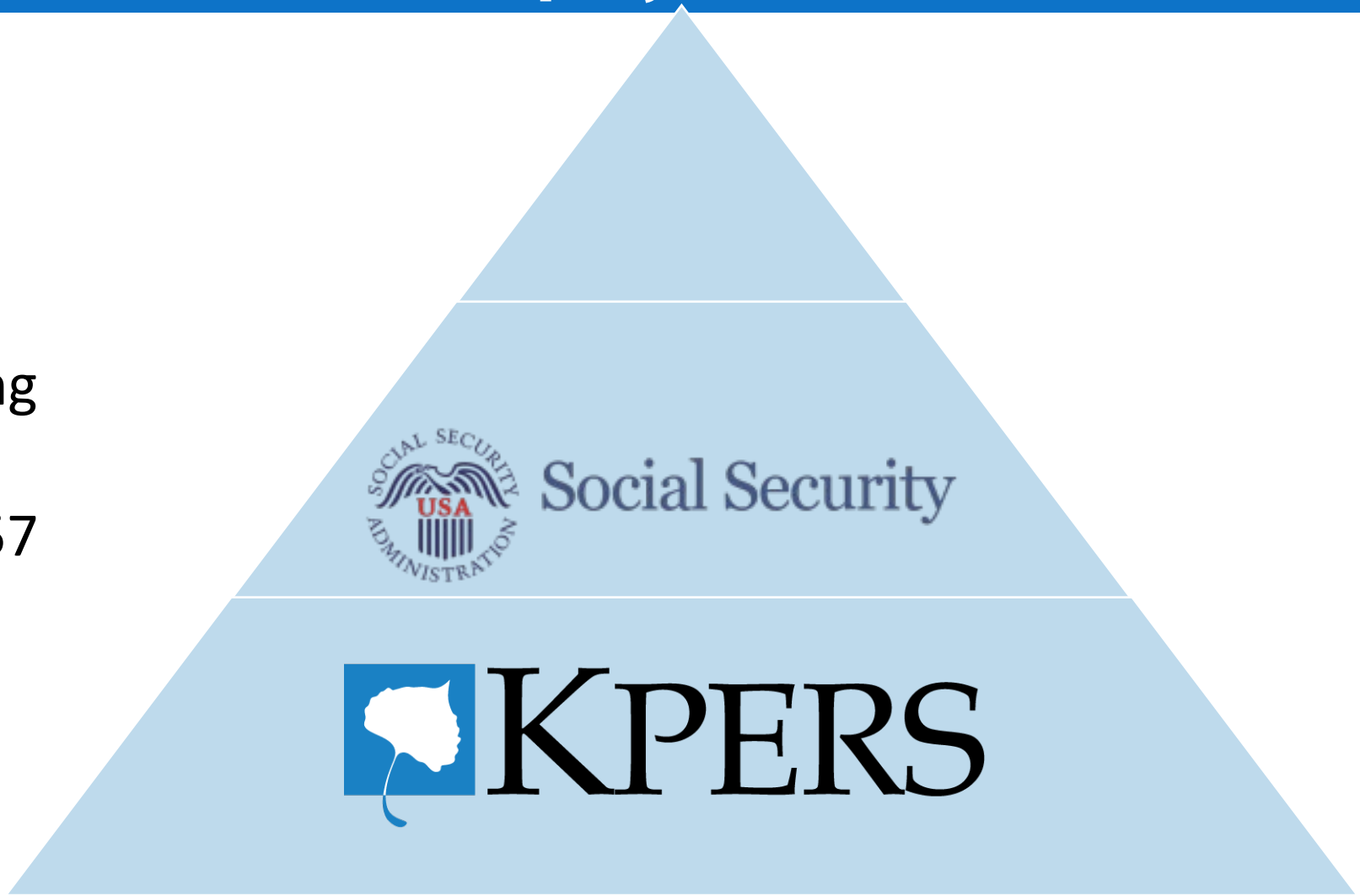
Retirement Pyramid for Public Employees in Kansas

Understand your possible sources of income when deciding how much to contribute to your 457



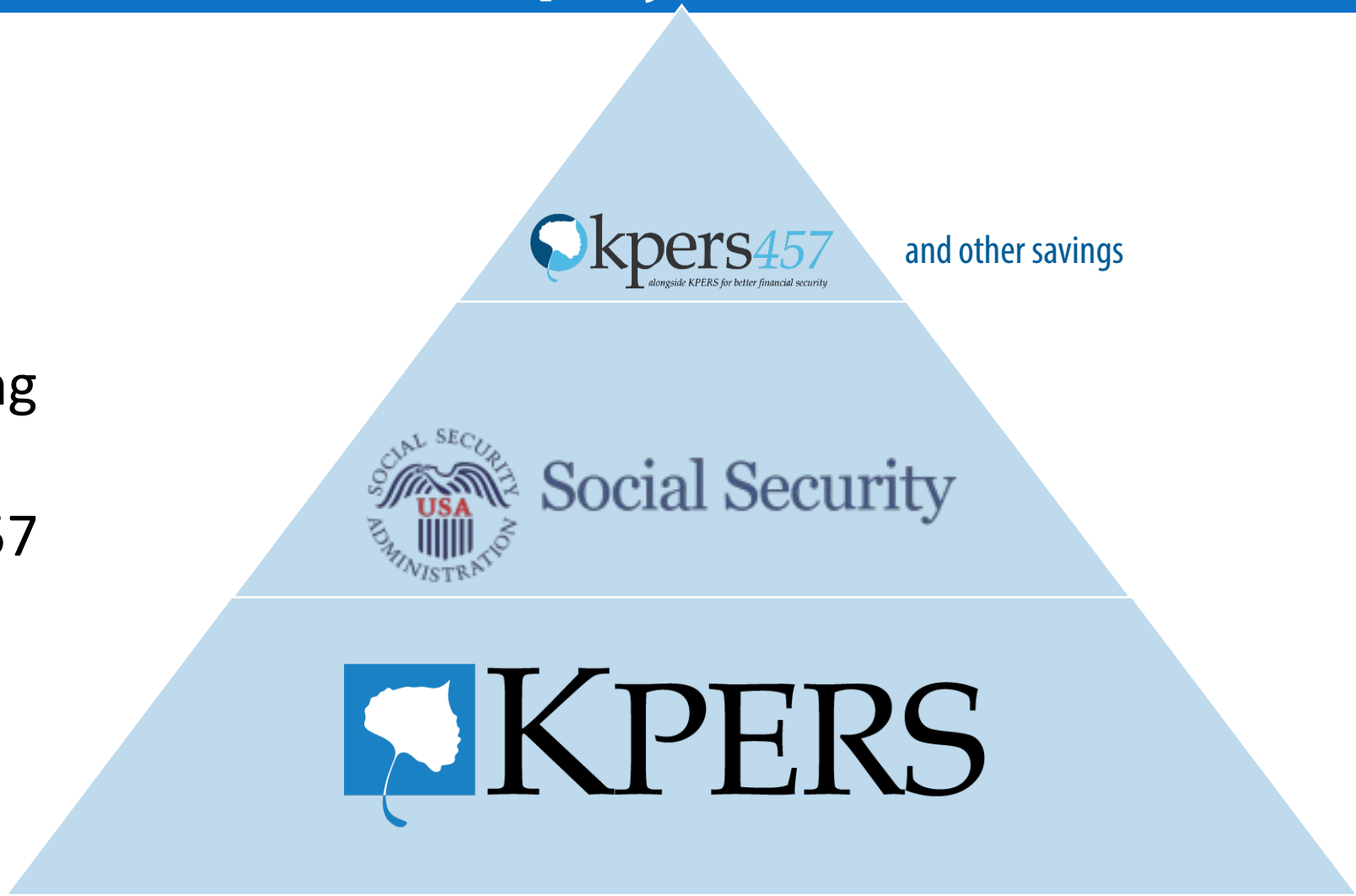
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Retirement Pyramid for Public Employees in Kansas

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KPERS 457 Footprint

512 local employers

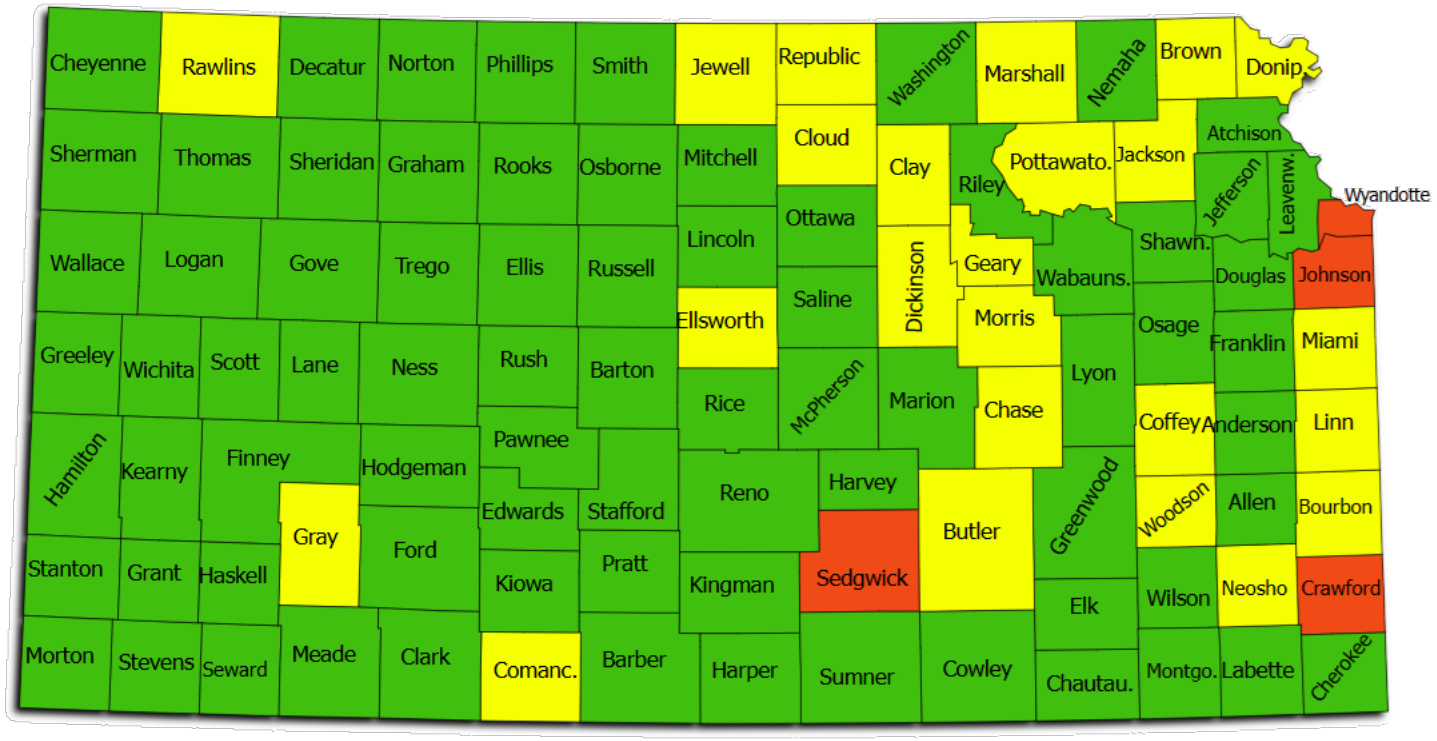
28K participants

$1.9B in assets under administration



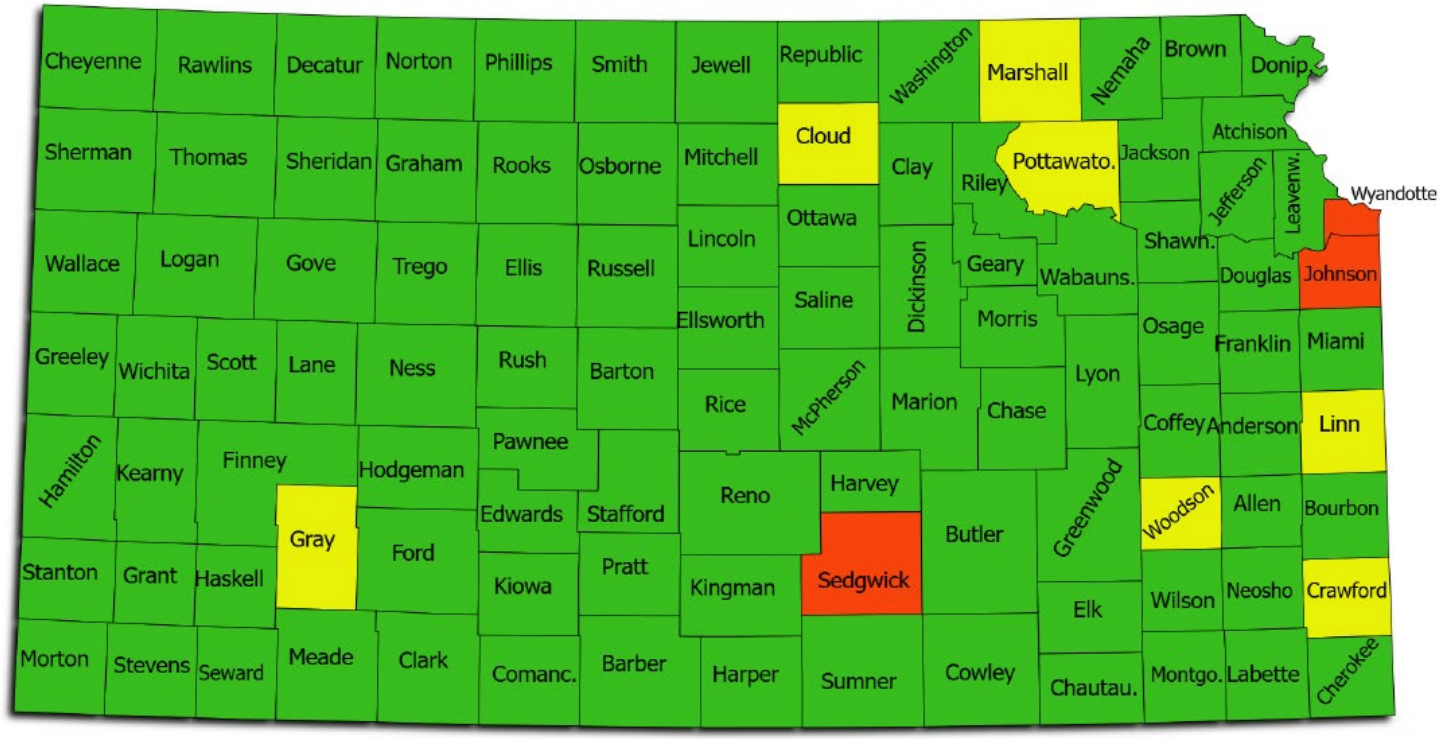
As of 10/13/2025

Counties in KPERS 457 in 2015



As of 10/13/2026

Counties in KPERS 457 in 2026



As of 10/13/2026

Eligibility

- **All direct employees** (not contractors) of any participating employer are eligible for KPERS 457
- Including **full-time, part-time** and seasonal employees
- **EMPLOYEES DO NOT NEED TO BE KPERS / BENEFITS ELIGIBLE**
- Contributions can be **pretax** and/or **Roth** (post tax)
- Minimum contribution per pay is **$12 or 1%**
- **No minimum** number of employees required

Why KPERS 457



Why KPERS 457

- **State benefit** available at **NO COST** to the employer
- **KPERS Pension data-sharing** for comprehensive retirement planning
- **My Total Retirement™, Online Advice** or **Point in Time Advice*** now available
- **Low** employee costs

Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

Why KPERS 457

Low administrative and investment costs

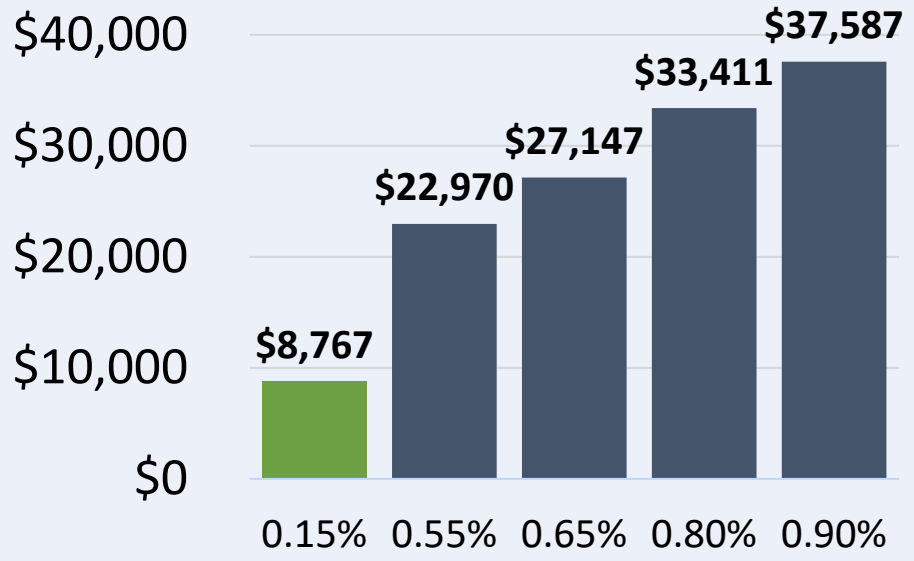
- The difference between our administrative cost of **0.145%** and a potentially higher cost near **1.0%** may not seem like much, but…

Service provider and fiduciary oversight*	0.145% of balance
Investment expenses	Charged directly by the investment managers and vary by employee investment choices

- Over a 30-year career, higher fees may potentially cost your employees more.
- Paying less in fees may allow them to **save more** for retirement.

*** Fiduciary oversight provided by KS Public Employees Retirement System (KPERS).**

Costs to participants over 30 years



FOR ILLUSTRATIVE PURPOSES ONLY. Does not represent actual costs of specific other plans. This hypothetical illustration does not reflect a particular investment and is not a guarantee of future results. It assumes an 8% annual rate of return, reinvestment of earnings, and no withdrawals. The total fees listed represent the cumulative amount of administrative fees (in dollars) that might be paid by a single participant at each fee level, assuming: starting balance of $20,000, 26 contributions of $100 each year, for 30 years.

Why KPERS 457

- Advisors familiar with how KPERS & KPERS 457 **work together**
- **Retirement Plan Advisors** across Kansas assigned only to KPERS 457
- Advisors are **salaried** professionals with the goal of getting employees ready for retirement
- **Friendly/easy**, not intimidating
- **KPERS** oversight

Public School Can Add KPERS 457

- **Low** employee costs
- **No Aggregation** of deferrals for contributions limits between 403(b) and 457
- Eligible participants can maximize deferrals into **BOTH** plans in same calendar year
- Especially attractive for **higher paid employees** (superintendent, principal, district office, etc.)
- KPERS 457 assets are **not** subject to 10% early withdrawal penalty prior to 59.5 unless another exception applies.

Benefits for The Employee





Benefits for the Employee

- Potentially **lower cost** than other accounts
- Costs are **clearly** disclosed
- Help employees **understand** if their retirement goals are "on track" or need to "get back on track"
- **Custom** educational materials
- Toll-free client **service**
- Helpful, **easy** website
- **Advice** available to all participants

Assessing the Best Option for Individuals

Best interest advice program outcomes

1

Do-it-yourself[2]

- **Yes** to managing their own investments
- **No** to help

2

Target Date Funds

- **No** to managing their own investments
- **Yes** to help

Individuals who have simpler financial situations

3

Point-in-time advice[1]

- **Yes** to managing their own investments
- **Yes** to help

4

Managed Accounts

- **No** to managing their own investments
- **Yes** to help

Individuals who have complex financial situations and are willing to pay a fee

1 Point-in-time advice is provided by an Empower representative registered with Empower Financial Services, Inc. at no additional cost to account owners and may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts. There is no guarantee provided by any party that use of the advice will result in a profit.

2 Do-it-yourself, while technically not advice, indicates the outcome of the conversation with an Empower representative whereby the individual states they want to manage their own investment allocation.

Help-Me-Do-It Investors

KPERS 457 Retirement Plan Advisors can help review:

- KPERS 457 investment options.
- Savings and financial wellness.
- Guidance on your options if you change jobs or retire.
- Information on target date or risk-based funds.

Consider all your options, including taxes, fees and expenses, before moving money between accounts. Assess all benefits of current accounts before moving money.

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Do-It-For-Me Investors

An investment strategy that give your employees:

- A personalized strategy.
- A comprehensive plan.
- A dedicated team.
- Simplicity

My Total Retirement™

An investment strategy created just for you
You may want to look into a professionally managed account that offers a personalized approach to planning for the future you want.

Personalized - We develop an investment strategy that fits your needs and goals.

Simple - We do the work for you to help you stay on track for your future.

Comprehensive - We look at your saving, investing and retirement income needs

One-to-one - You have ongoing access to your LOCAL retirement plan advisor.

Why Do Retirement Readiness Reviews (RRRs) Matter?

- Comprehensive analysis of retirement income available vs need
- Guidance on contributions, retirement age, to help improve odds of retirement success
- Advice available when Point in Time Advice provided simultaneously
- Best-interest recommendations for investment approach:

  Target Date Fund, ***Point in Time Advice*** *(both no cost), or* ***My Total Retirement***

The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide tailored retirement education and guidance at no additional cost to participants.

Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

Why Do Retirement Readiness Reviews (RRRs) Matter?

- ~70% of recommendations: no-cost solution
  *(Target date fund or Point in Time Advice)**
- Holistic: considers Social Security, pension, outside assets
- Personalized: individualized portfolio construction
- Withdrawals: strategies to help with after-tax retirement income

* YTD results of Retirement Readiness Reviews with Best Interest Profiles for KPERS 457 participants, as of 8/31/2025.

Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

Why Do Retirement Readiness Reviews (RRRs) Matter?

- 85% feel financially ready for retirement with advisor (57% without)[1]
- Yet only 27% of Americans use an advisor[2]
- 73% diversified their account during RRR[3]
- 94% rated RRR meeting as excellent or highly effective[4]
- 56% spend 3+ hours/week dealing with personal finances[5]

1 Empowering America's Financial Journey™, December 2023.

2 YouGov Financial Services Category View, July 2024.

3 Empower recordkeeping data as of April 30, 2025. Percent of participants who received personalized guidance from an Empower Retirement Plan Advisor who then diversified their investments in the plan.

4 Empower data as of December 31, 2024. Participants receiving personalized guidance from an Empower Retirement Plan Advisor who rated their interaction excellent or highly effective.

5 Employee Financial Wellness Survey, PwC, 2023.

How Can Our Retirement Plan Advisors Help Your Employees?

- Participants who met with an Advisor saved 45% more than peers[1]
- Participants who met with Advisor had balances 125% higher than peers[1]

1 Empowering America's Financial Journey 2025. Empower government client data as of 12/31/2024.

Benefits for the Employee

- Retirement Plan Advisors **statewide**
- **Pretax** and/or **Roth** contributions
- Contributions can be changed **easily, quickly** & at **no additional cost** to participants
- Variety of investments including target-date funds, stable value fund & range of mutual funds in **core lineup**
- Optional **self-directed** brokerage available (additional fees apply).

Self-directed brokerage account (SDBA) is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

Benefits for The Employer



Why Sponsor a Plan?

- Help your employees **save more** for retirement with a plan made for them.
- Help attract **good employees** and help keep them.
- Become consistent with other public employers in Kansas that already have KPERS 457.

Advantages

- **Higher Max than IRA:** Up to $24,500/year
  (vs maximum of $7,500/year for IRA)*
- **In Control:** Participants decide how to invest and how much
- **Convenience:** Consistent paycheck deductions

* For tax year 2026. Both allow additional amounts for savers age 50 or older.

Benefits for the Employer

Our service provider (Empower):

- Handles employee **enrollments**.
- Tracks employee contribution **changes**.
- Tracks **beneficiaries**.
- Educates & provides retirement guidance to participants.
- Handles QDROs, loans, withdrawals, death claims, and unforeseeable emergency withdrawals.

Employers provide on-site access to participants, send contributions and provide employment end dates & other employee data as required.

Benefits for the Employer

- **KPERS** handles most **fiduciary duties*** normally borne by employers:
  - Selecting & regularly reviewing investments.
  - Negotiating reasonable costs.
  - Selecting & monitoring service providers.
  - Keeping plan document and trust updated.
- Multiple service providers require **more** due diligence

* As a service provider, Empower does not perform these duties and does not act as a fiduciary to the plan.

Employer Versus Fiduciary Responsibility

New Hire Services	Employer	Fiduciary
Provide on-site access to participants	✓	✓
Send contributions and required data (employment end dates)	✓	✓
Selecting and regularly reviewing investments		✓
Negotiating reasonable costs		✓
Selecting and monitoring service providers		✓
Owning plan document and trust (creation and updates)		✓

These duties are performed by KPERS. As a service provider, Empower does not perform these duties and does not act as a fiduciary to the plan.

Benefits for Employers



There's no cost for employers to join and no minimum number of employees.



Goodwill of adding another employee benefit.



You have a partner.

Interested?

- Contact Len Lehmann at **816-783-7049** or **len.lehmann@empower.com** to **start** the process, answer questions, provide you paperwork, etc.
- Get authorization and complete the **Resolution, Joinder and Supplement** paperwork.
- **Email** signed paperwork to KPERS 457
- Approximately 45 days


kpers401(a)
alongside KPERS for better financial security

Why KPERS 401(a)?

KPERS 401(a) For EMPLOYER Contributions

- KPERS 457 is **not** structured to include employer contributions
- Available **since 2017**
- **Benefits of a 401(a) plan**
  - Maximizes total employer and employee contributions due to **separate limits**
    - Up to $**70,000** or 100% of compensation in **401(a)** contributions for 2025
    - Up to **$23,500** or 100% of compensation in **457** contributions for 2025[1]
  - Employer pays FICA on contributions to 457 plans, but **no employer FICA** on employer contributions to a **401(a)**
  - Greater plan design **flexibility** (e.g., eligibility, matching, vesting)

[1] Some employees may be eligible to contribute more to 457(b), under catch-up provisions.

KPERS 401(a) Examples

- Employer match of 3% when employee contributes to KPERS 457
- Employer makes 2% contribution after 6 months of employment
- Employer hires new City Administrator or Police Chief and includes a 5% contribution as part of contract
- Employer carves out a special contribution for a specific group (maintenance, practitioners, senior management, hard to hire positions, et al.
- Future changes can be updated with approval from governing body/board

Companion Plan to KPERS 457

Just Like KPERS 457…

For Employers
No minimum number of employees are needed to join.
There are no costs to join.
It can be added as a benefit, even if you already have a 401(a) plan.
Enjoy simplified administrative responsibilities. KPERS does the hard part!

For Employees
Local advisors across the state are available to educate and assist your employees.
Plan advisors understand how personal savings fit with KPERS benefits.
Robust, interactive participant website at kpers457.org.
Plan services, including local advisors, are available to participants even after retirement.
The 24-hour automated phone access and staffed customer service center (weekdays 8 a.m. to 7 p.m.) are available.

Questions?

Len Lehmann
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len.lehmann@empower.com

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