Retirement 101

2026 KPERS Employer Conference

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KPERS

Retirement Eligibility Normal

KPERS 1

- **Age 65** with **1 year**
- **Age 62** with **10 years**
- Any age when **age** & **years** of service equal **85 points**

KPERS 2 and 3

- **Age 65** with **5 years**
- **Age 60** with **30 years**

Retirement Eligibility Early

KPERS 1, 2, and 3

- **Age 55** with **10 years**

Different reduction tables apply.

Early retirement permanently reduces monthly benefit.

KPERS 3- Not eligible for Partial Lump Sum Option

Final Average Salary

KPERS 1

Hired before July 1, 1993, or in your "Year of Service" on July 1, 1993,

- Highest **three-year average (12 quarters)**, or
- Highest **four-year average (16 quarters)** including additional compensation

Hired on or after July 1, 1993,

- Highest **three-year average (12 quarters)**

KPERS 2

- Highest **five-year average (20 quarters)**

Final Average Salary

KPERS 1 Highest three-year average (12 quarters)

	2024	2023	2022	2020
Quarter 4		$11,250	$10,500	$10,000
Quarter 3		$11,250	$10,500	$10,000
Quarter 2	$2,600	$11,250	$10,500	$10,000
Quarter 1	$11,250	$11,250	$10,500	$10,000
	$13,850	**$45,000**	**$42,000**	**$40,000**

Final Average Salary: $128,250 ÷ 3 = $42,750

$11,250
$11,250
$11,250
$11,250
$11,250
$10,500
$10,500
$10,500
$10,500
$10,000
$10,000
$10,000
Total: $128,250

Retirement Benefit Calculation

KPERS 1

	Final Avg Salary		Statutory Multiplier		Years of Service		Annual Benefit		Months in Year		Monthly Benefit
EXAMPLE	40,000	x	1.75%	x	20	=	$14,000	÷	12	=	$1,167
	40,000	x	1.85%	x	10	=	+ $7,400	÷	12	=	+ $617
			Combined (Total)				$21,400	÷	12		**$1,784**

KPERS 1: Service before January 1, 2014, is calculated at 1.75%. Service January 1, 2014, and after is calculated at 1.85%.

Account balance doesn't determine your benefit.

Retirement Benefit Calculation

KPERS 2

	Final Avg Salary		Statutory Multiplier		Years of Service		Annual Benefit		Months in Year		Monthly Benefit
EXAMPLE	40,000	x	1.85%	x	30	=	$22,200	÷	12	=	**$1,850**

Account balance doesn't determine your benefit.

Retirement Benefit Calculation

KPERS 3

- **Employee's account balance**

  (contribution account and retirement credit value)

- **Actuarial factors**

  (age, account balance, and retirement credit value.)

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:	$12,727/ 12= $2,310.58

Rounding Quarter

- Work only one day into the rounding quarter to earn credit for that entire quarter
- Adds additional year of service to benefit calculation
- Not everyone's rounding quarter is the same. Based on hire date and how your employer tracks financial quarters
- Call KPERS to find out your exact rounding quarter

Rounding Quarter

Rounding Quarter Example

- John has 19.25 years of service on January 1.
- John's rounding quarter is the 2nd quarter, which starts April 14.
- John only needs to work through April 14 to earn credit in the 2nd quarter.
- John will then have 19.50 years of service, rounding to 20 years.

Monthly Retirement Options

	Maximum Benefit	Joint Survivor 100, 75 or 50%	Life Certain 15, 10*, or 5 year
KPERS 1&2 KP&F 1&2 Judges	**Lifetime benefit to member. No survivor options and ends upon member's death; any remaining contributions from the member are paid to member's beneficiary.**	**Lifetime benefit to member and continuing lifetime benefit to joint survivor.** A joint survivor can only be one person but can be anyone; do not need to be a spouse. If survivor passes, another person cannot be named, and **benefit reverts to the Maximum option.**	**Lifetime benefit to member.** Beneficiaries receive the life certain benefits. Beneficiaries can be changed at any time as many times as the member chooses but can only be changed by the member.
KPERS 3 (1/1/2025 and after)	**n/a**	**Lifetime benefit to member and continuing lifetime benefit to joint survivor.** A joint survivor can only be one person but can be anyone; do not need to be a spouse. If survivor passes, another person cannot be named, and **benefit reverts to the 10-year Life Certain.**	**Lifetime benefit to member.** Beneficiaries receive life-certain benefits. Beneficiaries can be changed at any time as many times as the member chooses but by the member. **KPERS 3 members receive 10-yr Life Certain with no reduction. Takes place of Maximum Benefit.**

Life-Certain Options

Life-Certain terms start at the time that a member **retires**, not at the time a member passes.

Benefits are paid to the beneficiaries on file, in equal portions. A member cannot designate specific portions.

These benefits are paid monthly.

If a Life-Certain recipient passes while the benefit is still ongoing, then their benefit is passed on to their beneficiary **through the guaranteed period**.

Partial Lump-Sum Option (PLSO)

This option allows a member to receive a portion of their future benefits in a **lump sum** at retirement. A member can pick any combination of the monthly benefit and the lump-sum option.

The plan offers PLSO payments in increments of 10%, 20%, 30%, 40%, and 50%.

KPERS 2 members have more limited options, 10%, 20%, and 30%.

KPERS 3 members have the option to pick **any dollar amount** or **any percentage** up to **30%**. If a KPERS 3 member retires early, then no PLSO option is offered.

For lump-sum payments, we withhold an **automatic 20%** if paid directly to the member. They can complete a W-4R form and have us withhold additional taxes, but we cannot withhold less than 20%.

Taxes on Monthly Benefits

- All benefits from KPERS are **tax-free** for the **State of Kansas** and taxable by the federal government. These are taxed the same if it is a member or a benefit recipient.

- We withhold on monthly benefits based on the **W-4P** the member submits. If a member is unsure what they should have withheld, we suggest they talk with their tax person. We do have an estimator; we can assist a member with getting to the dollar amount or percentage that they want.

- **Changes to monthly tax withholding can be made at any time.**

Off-Cycle Payments

Off-cycle payments are always included in salary calculations. KPERS annualizes members' salaries for benefit purposes, but all reportable salary is included in those calculations.

Application Process

The retirement date is the 1st of the month after a member has left payroll. A member cannot be on payroll and receive KPERS retirement benefits in the same month.

The most important thing is to be sure all the sections are completed and submitted. Any missing portions will be needed before the benefits can be calculated.

Any changes to a retirement application after it has been submitted, such as the monthly payment option or PLSO amount, will require the member's signature and date. Changes must be submitted before the member's KPERS retirement date.

Application Process – Common Errors

- No retirement date
- More than one monthly option chosen
- **Not including the PLSO page or not indicating an election for the PLSO**
- No monthly option if PLSO is chosen
- No payment instructions for the PLSO
- No spousal consent – if a member picks a Max, LC, or PLSO, the spouse must sign.
- Not sending proof of age or proof of name change
- **Receiving a KPERS 1 application for a KPERS 3 member**
- **Receiving an outdated retirement application that includes a substitute W-4P**

Common Questions

Q **What happens if a funeral home goes out of business?**
A We will pay the beneficiaries on file if the funeral home has ceased operations. If it has new ownership, then we will pay the new owner.

Q **What will the new Member and Employer Web Portals be like?**
A We are in the process of bringing in a new operating system. This new system will incorporate the Member Web Portal as well as the Employer Web Portal. We have a team that is looking at current "pain points" and trying to come up with solutions.

Other Questions?

Questions?