

Retirement Facts Book
Retirement Facts Book



From the Past ...To Our Present ...For Your Future!!!

**The Public School Retirement System
of
The School District of Kansas City,
Missouri**

Serving the Kansas City Community Since 1944

GENERAL SUMMARY

August 2006

- This retirement plan is designed for the employees of the School District of Kansas City, Missouri, the Kansas City Public Library, the Public School Retirement System and Charter Schools within boundaries of the Kansas City, Missouri School District.
- The plan is financed by employees' contributions, appropriations from the School District, the Public Library the Retirement System, Charter Schools and by earnings from investments.
- The plan provides service and disability retirement benefits, optional benefits for beneficiaries, and the refund of employee contributions for members who do not qualify for benefits or opt to take a lump sum distribution.
- Reciprocity of retirement credit is available for some members who transfer to or from other Public School Retirement Systems in Missouri.
- Credit for service in other Public School Systems outside Missouri or in private schools may be purchased under certain conditions.
- Responsibility for proper operations of the System is vested in the Board of Trustees.
- The Retirement Office is located at 4600 The Paseo, Kansas City, MO 64110.
- The telephone number for the office is (816) 472-5800. The fax number is (816) 472-5909.
- All employees participate in the Social Security system as well as the Retirement System. Changes in Social Security and Medicare tax rates or Social Security benefits do not cause any changes in the employee contributions or benefits under the Retirement System.
- Questions regarding Social Security benefits should be directed to the Social Security Administration. The phone number for that office is 1-800-SSA-1213. The web site is www.ssa.gov
- Questions regarding Social Security and Medicare tax withholdings should be directed to the payroll department of the member's employer.

ADMINISTRATION

BOARD of TRUSTEES

The Board establishes policy and is responsible for the operation of the Retirement System. The twelve members are selected as follows: The active members of the System elect four active employees to the Board. The retirees of the System elect two retired members. The School Board appoints four members. The Library Board appoints one member. The twelfth member is the Superintendent of Schools. Except for the Superintendent of Schools, all members serve four-year terms. There are no term limits.

EXECUTIVE DIRECTOR

The Executive Director implements the policies set by the Board of Trustees and is responsible for the day-to-day operation of the System.

ACTUARY

The actuary acts as technical advisor to the Board. Based on actuarial assumptions adopted by the Board the actuary makes annual valuations of the assets and liabilities of the Retirement System.

ATTORNEY

The attorney interprets legal matters for the Board and represents the System in any litigation.

AUDITOR

The auditor is a certified public accountant who prepares for the Board an annual audit of all the System's financial transactions.

FINANCIAL CONSULTANT

The financial consultant provides the Board with information regarding the allocation of investment assets, lends guidance when the Board selects investment advisors and monitors the performance of the investment advisors hired by the Board.

INVESTMENT ADVISOR

The investment advisors manage the investments of the System within the guidelines established by the Board.

CUSTODIAN BANK

The custodian bank provides records and safekeeping for the System's securities.

ADMINISTRATION

BOARD OF TRUSTEES

Effective as of July 1, 2008

Horace Coleman, Jr, Chairperson	elected by active members – term expires 2009
C. Artris Ashley	elected by active members – term expires 2008
Clarence S. Cole	appointed by School Board – term expires 2011
Joanne M. Collins	appointed by School Board – term expires 2009
Darwin Curls	appointed by School Board – term expires 2010
John T. Duncan	elected by retired members – term expires 2008
Alexander P. Ellison	appointed by School Board – term expires 2008
Caroline J. Helmkamp	elected by active members – term expires 2010
Cheptoo Kositany-Buckner	appointed by Library District – term expires 2010
Elizabeth Langle	elected by active members – term expires 2011
Curtis Rogers	elected by retired members – term expires 2010

ADMINISTRATIVE STAFF

Thomas Mann	Executive Director
Lois Henderson	Retiree Services Coordinator
Cecily Ketterer	Retirement Education Specialist
James (Jim) Lewallen	Administrative Manager
Laura J. Oswald	Fiscal Accountant
Willia (Jean) Reese	Senior Administrative Assistant
Joseph (Joe) Schaefer	IT Manager

OFFICE LOCATION

KCPSRS
4600 Paseo Blvd
Kansas City, MO 64110

use the Paseo Blvd entrance

Telephone: (816) 472-5800
Fax: (816) 472-5909
Web Site: www.kcpsrs.org

OFFICE HOURS

Monday — Friday 8:00 a.m. - 4:30 p.m.

STANDING OFFICE CLOSINGS

New Years Day
Martin Luther King Day
Presidents' Day
Good Friday
Memorial Day
Independence Day
Labor Day
Thanksgiving Day & Friday
Christmas

MEMBERSHIP

ENROLLMENT

All regular full-time employees whose compensation is provided by the School District of Kansas City, Missouri, the Kansas City Public Library; the Public School Retirement System of the School District of Kansas City, Missouri or Charter Schools within the boundaries of the Kansas City, Missouri School District must become members of the Retirement System as a condition of employment.

A regular full-time employee is a person employed in a position requiring service at least five hours per day, five days per week, and nine months per year.

Pretax savings plans are attractive because they turbo-charge your savings efforts. Your 7.5% contribution comes out of your paycheck before taxes are taken out.

CONTRIBUTIONS

Participation means that a percentage of your income is withheld from your gross pay (before taxes are taken out). Effective January 1, 1999, the percentage of income withheld for your retirement is 7.5%.

Your contributions are credited to your individual account. They can be withdrawn only if you cease covered employment and forfeit the credit accrued by the contributions. **You cannot borrow against your account funds in the form of a loan, nor can you take a hardship withdrawal.**

Employers make contributions to the plan. Effective January 1, 1999, the employer contribution rate is 7.5%. Employer contributions are not made to the individual accounts. Instead, they go into a general reserve account to pay benefits.

VESTING

Vesting relates to entitlement of benefits. Once you acquire **5 years of creditable service**, you will be vested in the Retirement Plan. That means that you have a right to a monthly benefit under this plan when all other qualifying requirements are met

Purchased service generally does not count for vesting purposes, except military service, reinstatement of service and purchased service for approved leave of absence.

CREDITABLE SERVICE

EARNED SERVICE CREDIT

Benefits are earned by working for the employers covered by the Plan. Creditable service means service as a regular employee making contributions to the Plan via payroll deduction.

PURCHASED SERVICE CREDIT

In some cases, credit can be received for time when you were not a regular employee.

Reinstatement of Prior Service

If you terminate membership in the Retirement System by withdrawing all accumulated contributions, you may, after reemployment and before retirement, purchase all creditable service withdrawn. The cost of the purchase will be the sum of the accumulated contributions and interest withdrawn plus interest from the date of withdrawal to the date of payment.

Purchasing service may seem very confusing and pretty expensive, but it may be beneficial when it comes time to retire. If you are eligible to use any of these purchase options you should contact the Retirement Office to find out if making the purchase would be worthwhile for you.

Leave of Absence

Any active member who is granted a qualified leave of absence may purchase creditable service for the period of leave if the following conditions are met:

- 1) The leave must be granted by the Member's board of directors for academic or health/family leave purposes.
- 2) The Member must return to employment within one year of the leave approval date.

You must apply for service credit and pay for the credit before retirement. The cost of the purchase and the method of payment will depend upon several factors. Inquiries should be directed to the Retirement Office.

Missouri Public School Membership Credit

If you come to the Retirement System from another public school, library, college, junior college or university system in the State of Missouri, you may elect to transfer membership to this Retirement System. To do so you must meet certain requirements:

- 1) Your credit toward retirement must be withdrawn from the previous system.
- 2) You must be a regular full-time employee when you make the purchase.
- 3) Application for the purchase must be made before you retire.
- 4) Service purchase must be paid for before retirement.

Other requirements exist, depending on the amount of service you wish to purchase. The cost of this type of purchase varies based on the number of years as well. Contact the Retirement Office for more information.

Missouri Reciprocity

Provision of Rule 16 CSR 10-5.080 published for the State of Missouri Public School Retirement System shall apply only to individuals with an effective retirement date after June 30, 2003.

The rule states that an individual may combine service credit from each of the three systems in Missouri (Missouri Public School Retirement System, St. Louis Public School Retirement System & Kansas City Public School Retirement System) with which the individual has at least five years of creditable service to determine eligibility for normal or early retirement with each of the respective systems. Service credit from a system with which the individual has less than five years of service may not be combined with any other service credit under this rule. Service credit may not be combined for any other purpose. Only service credit that is certified by the relevant system may be combined pursuant to this rule. An individual may not combine credit with other credit that is based on the same period of employment. Furthermore, service credit may only be combined pursuant to this rule only for the purpose of service retirement eligibility and shall not be combined to determine eligibility for any other benefit payable by any system, including, but not limited to disability, surviving spouse and / or children benefits or minimum benefits.

If you are:

Age	55
Have 15 years w/ KCPSRS	15
Have 5 years w/St.Louis	<u>5</u>
	75 credits

You are eligible for normal retirement through KCPSRS.

Military Service Credit

Any active member of the Retirement System, who enters service in the armed forces of the United States, after reemployment and before retirement, may purchase and receive credit for the military service. In order for this service to be eligible for credit the period of leave must not exceed five years, it must have ended in an honorable discharge, and application for reemployment with one of the employers must have been filed within the required time after discharge. The application and the purchase must be made within five years from the date of reemployment.

Purchased service for periods of military leave will apply toward the minimum service requirement for vesting and for disability retirement.

Purchase of Out-of-State Service

If you were employed in another public school district, library, college, junior college or university outside the state of Missouri, you may be eligible to purchase credit for that service. To do so you must withdraw all credit from the previous retirement system.

The Retirement Office can provide the details regarding eligibility and required steps for purchasing service credit

Purchase of Private Service

If you were employed by a private school, library, college, junior college or university prior to becoming an active member of this Retirement System you may be eligible to purchase service credit in this system based on that prior employment. To do so you must withdraw all credit from the previous retirement system.

Five-tenths of a Year

Effective August 28, 2003, any person who is within five years of being eligible to retire may purchase up to five-tenths of a year of creditable service, for the purpose of achieving the minimum creditable service time for a retirement allowance.

The Retirement Office can provide details regarding eligibility and required steps for purchasing service credit.

NOTE: PURCHASE OF ADDITIONAL CREDITABLE SERVICE MUST BE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE.

BENEFITS

RETIREMENT BENEFITS

In order to receive a normal retirement pension you must meet the following qualifications:

- 1) You must be **vested (see page 3)**.
- 2) You must be **60 years old; or** you must have at least **75 credits**, with each year of creditable service (prorated for fractional years) equal to one credit, and each year of age (prorated for fractional years) equal to one credit.
- 3) You must be **retired** from the School District, Library, Retirement System or a Charter Schools within the KCMSD boundaries.

EARLY RETIREMENT BENEFITS

You can choose to receive a **reduced monthly pension** once you become vested **and** attain the age of 55. The monthly benefit will be reduced based on the number of months you lack meeting the full retirement requirements (see Appendix B, page 30).

DISABILITY BENEFITS

You are entitled to receive a disability retirement allowance if the following requirements are met:

- 1) You are **vested**.
- 2) You are **unable to perform** your employment duties.
- 3) This incapacity is likely to be **permanent**.
- 4) The disability must be **certified** by the Retirement System's Medical Board and approved by the Board of Trustees.
- 5) You will be subject to **periodic re-evaluations of** your disability.

You may work as a non-regular, substitute, part-time, or temporary employee of the School District, Library, the Retirement System, or a Charter Schools within the KCMSD boundaries for up to 600 hours in any school year without losing retirement benefits. If you work one hour over the 600-hour limit, your benefits will be suspended as long as you continue your employment. There are no restrictions on volunteer work or work other than for the employers in this Retirement System.

Note: Application for benefits may be made after you cease to be an active member, provided the disability commenced while you were an active member and provided that the application is made no later than six months after you ceased to be an employee of one of the Retirement System's employers covered under this plan.

DEATH BENEFITS

If you die before taking a retirement pension, and your **primary beneficiary** for the plan is a surviving spouse, a dependent child under age 19, or a dependent parent, the primary beneficiary is entitled to receive a monthly retirement allowance if:

- 1) You were an **active Member** of the Plan;
or
- 2) You were an **inactive vested Member** but you met **the age and service requirements** for either a regular or an early retirement benefit.

The beneficiary you designate for your Retirement System account can be someone other than the beneficiary designated on your employer's life insurance program.

NOTE: Death benefits are not the same as the survivor option you may choose when you take a retirement pension. Death benefits are paid to your surviving spouse or dependent if you die before receiving benefits yourself.

NOTE: Always notify the Retirement Office when you wish to change the beneficiary on your membership record.

WITHDRAWAL OF CONTRIBUTIONS

This pension plan is designed to provide monthly benefits to qualified members. The benefits are financed through contributions made by the members and the employers. If you do not qualify for a current or future monthly pension, or if you choose to take a lump sum payment instead of a monthly pension, then you have the right to receive **your employee contributions plus any earned interest** on those contributions after you have experienced a 60 day "break in service."

NON-VESTED

If you stop working for the employers before qualifying for a pension benefit then you may terminate membership in the Plan and request a distribution of your contributions plus earned interest. Contributions made after February 1, 1990, and all interest earned are subject to taxation at the time of withdrawal unless the money is rolled directly into an IRA or a qualified retirement plan. Contributions left in the plan by non-vested members will earn interest for up to four years after termination of employment.

You cannot gain access to your contributions via loans or withdrawals while you are member of the Plan. Since membership in the Plan is a condition of employment, a distribution is available only if your employment has ended and you request a refund of contributions and earned interest.

If you think there is a chance you may go back to work for the School District, Library, Charter Schools or Retirement System you may want to leave your contributions in the Plan. Your assets will earn interest for up to 4 years, and if you go back to work the prior service will be counted towards your entitlement to receive a pension.

VESTED

You have a right to withdraw your contributions and interest in a lump sum if you are no longer employed by any of the employers and you have not applied for a monthly benefit. All pretax contributions and interest earned are subject to taxation when withdrawn unless rolled directly to an IRA or a qualified retirement plan. Taking the lump sum payment eliminates your entitlement to any future retirement benefits.

DEATH OF MEMBER

If you die before taking a pension your employee contributions plus accumulated interest will be paid in a lump sum payment to your designated beneficiary or to your estate if:

- 1) The designated primary beneficiary is someone other than a surviving spouse, a dependent child or a dependent parent; **or**
- 2) The designated beneficiary qualifies for a monthly allowance (surviving spouse or dependent child or parent) but chooses to take a lump sum payment.

Lump sum payments look very attractive because, in many cases, they represent one of the largest sums of money you may ever accumulate. But bear in mind two things:

- 1) Although the lump sum may seem like a lot of money, you should compare it to the stream of monthly benefits you will not receive.
- 2) If you take a lump sum payment you will receive only your contributions and earned interest, and give up all rights to the employer contributions made to the plan on your behalf.

BENEFIT CALCULATIONS

DEFINITIONS

Average Final Compensation (AFC) The highest **average** annual compensation received with the correct contributions (see page 3) made, for any **four consecutive years** of contributable service. (Prorated for fractional years of continuous service)

Years of Creditable Service (YCS) The amount of time a regular employee is a member of the retirement system and makes **contributions** to the system.

RETIREMENT BENEFITS

REGULAR SERVICE BENEFIT

Your retirement benefit is the product of the Average Final Compensation, times the Years of Creditable Service, times 2% (See the MULTIPLIER box in the upper right hand column) subject to the minimum and maximum limits. Dividing the annual retirement benefit by 12 gives you the monthly benefit amount.

$$\frac{\text{AFC} \times 2\% \times \text{YCS}}{12} = \text{MONTHLY PENSION}$$

MINIMUM RETIREMENT ALLOWANCE Members who retire with at least 10 years of creditable service are entitled to a basic benefit as follows:

10 to 20 Years Creditable Service--\$150 plus an additional \$15 per month for each full year of creditable service over 10.

20 Years Creditable Service--\$300 monthly basic benefit.

MAXIMUM RETIREMENT ALLOWANCE

For most retirees the maximum retirement benefit is 60% of Average Final Compensation. Therefore even if you have more than 30 years of contributable service your benefit will not exceed 60% of your AFC.

MULTIPLIER If you retire before June 30, 1999 your benefit will be calculated using 1.75%, instead of 2%. Anyone who retires on or after June 30, 1999 will receive a benefit calculated with the 2% multiplier.

Appendix A is a **worksheet** that helps you to calculate your own retirement benefit

EXAMPLE: Pat Smith retires from the School District after working 15.5 years. Pat's highest average annual compensation for four consecutive years is \$22,500. The calculation of Pat's monthly benefit would be:

$$\frac{\$22,500 \times .02 \times 15.5}{12} = \$581.25$$

If you had more than **34.25** creditable years of service **before** August 28, 1993, special rules apply to you. You will be able to use a higher number of years in calculating your benefit; however, you will continue to use the 1.75% benefit multiplier instead of the 2% multiplier after June 30, 1999. Contact the Retirement Office if you have questions.

EARLY RETIREMENT BENEFIT

The early retirement benefit calculation reduces the monthly pension based on the number of months prior to normal retirement age a member elects to receive a benefit.

Appendix B is a table containing the factors used to calculate the reduced early retirement benefit.

BENEFIT OPTIONS

The benefit that you receive is a lifetime pension. The Retirement System has set up optional methods of paying the pension so that you can use the benefit to best meet your financial needs.

Basic Benefit consists of the retirement benefit payable based on the simple retirement benefit calculation and, if applicable, the early retirement reduction factor. This benefit is payable for as long as you live. If you should die before you have received retirement payments totaling the amount of your contributions to the plan, then your beneficiary will receive a lump sum payment of the remainder of your contributions and interest.

EXAMPLE: Pat Smith is 57 years and 7 months old when he decides to retire. His pension of \$581.25 is reduced to \$472.57 because he is taking an early retirement benefit.

$(\$581.25 \times .81303 = \$472.57)$

Option 1 provides a reduced benefit to you for the rest of your life **plus the same benefit for your beneficiary** for the balance of your beneficiary's life. If your beneficiary dies before you do, then your retirement benefit will be increased, at that time, to the amount payable to you under the Basic Benefit formula. After the death of both you and your beneficiary, no further benefits are payable.

EXAMPLE: Pat waits until age 60 to retire. He would receive \$581.25 if he decides to take the basic benefit.

Option 2 provides a reduced benefit to you for the rest of your life plus a benefit for your beneficiary that is **50% of your monthly allowance**. If your beneficiary dies before you, your monthly allowance is increased at that time to the amount payable under the Basic Benefit formula. After the death of you and your beneficiary no further benefits will be paid.

EXAMPLE: Pat knows that his wife Chris would require nearly his entire pension to live on if he dies first. In order to guarantee Chris's lifetime income Pat chooses Option 1.

Option 3 pays a slightly higher benefit than the Basic Benefit but it eliminates the payment of the remainder benefit to your estate or to your beneficiary that is offered with the Basic Benefit.

EXAMPLE: Pat would like to guarantee Chris a portion of his retirement income, but it is more important that they maximize their household income while both are alive. Option 2 might be the best choice.

DISABILITY BENEFITS

REGULAR SERVICE BENEFIT

Your disability benefit is calculated in the same way that your retirement allowance is determined; however, you are deemed to have reached retirement age at the time you qualify for disability benefits.

MINIMUM DISABILITY ALLOWANCE

The minimum disability allowance is 25% of your average final compensation, or a benefit calculated assuming you worked to age 60---whichever is smaller. Contact the Retirement Office to find out how these provisions might apply to your situation.

BENEFIT OPTIONS

The Retirement System has set up optional methods of paying the pension so that you can use the benefit to best meet your financial needs.

Basic Benefit is based on the simple retirement benefit calculation. If you should die before you have received payments totaling the amount of your contributions to the plan, then your beneficiary will receive a lump sum payment of the remainder.

Option 1 provides a reduced benefit to you for the rest of your life **plus the same benefit for your beneficiary** for the balance of your beneficiary's life

Option 2 provides a reduced benefit to you for the rest of your life plus a benefit for your beneficiary that is **50% of your monthly allowance**.

Option 3 pays a slightly higher Basic Benefit but it eliminates the payment of any remainder benefit to your estate or to your beneficiary.

Pat Smith becomes disabled at age 38 after working at the Library for 15.5 years. His average annual compensation is \$22,500. Even though he is several years less than normal retirement age, Pat is deemed to be eligible for full retirement. The calculation of Pat's benefit would be:

$$\frac{\$22,500 \times 15.5 \times .02}{12} = 581.25$$

Your Disability benefit will be subject to adjustment if you resume any kind of work. You should call the Retirement Office if that situation arises.

With both Option 1 and Option 2, **if your beneficiary dies before you do**, your monthly allowance will be increased at that time to the amount payable under the basic benefit formula.

DEATH BENEFIT FACTORS

If your beneficiary is entitled to receive a monthly pension under the death benefit provisions, that benefit will be computed based on the following:

- 1) The death benefit will be computed using the retirement benefit formula, and using your date of death as the date of retirement.
- 2) If you die as an active member, the years of service will be the greater of ten or your actual years of service.
- 3) Your beneficiary will receive the 100% survivor benefit known as “Option 1” (see Retirement Benefit Calculation).
- 4) If your beneficiary is a dependent child the benefit will terminate when the child attains age nineteen.

Remember: Death benefits are not the same as the survivor option of a retirement or disability retirement benefit.

Your age, at the time of your death, and the age of your beneficiary will affect the amount of the Survivor Benefit. Please contact the Retirement Office with questions.

MISCELLANEOUS

STATEMENTS

ACTIVE MEMBER STATEMENTS

Active members will receive a statement showing their last reported salary and employee contributions for each year of service since 1973, the interest earned on those contributions and the beneficiaries listed on the account. If you are vested this report will be sent to you every year until you retire, or terminate your membership in the system by leaving your job and taking a lump sum payment. It is the member’s responsibility to keep their beneficiary designation(s) current.

When you receive your annual statement from the Retirement Office, examine it carefully. That is the only way to be assured of timely and accurate payment of benefits that you have earned.

If your employment is terminated before you achieve vested status you will receive this report for as long as you leave your money in the system up to four years after terminating your employment.

RETIREE STATEMENTS

A payroll statement is mailed every month to each retiree.

RETIREMENT CHECKS

Monthly retirement checks are due and payable the last business day of the month. The Retirement System mails the retirement checks on the business day before the last business day of the month. If you do not receive a check by the tenth of the following month you should contact the Retirement Office to request a replacement check.

CHANGE OF ADDRESS; TAX WITHHOLDING; OR BANK ACCOUNT

The Retirement Office must receive changes of address; tax withholding changes or direct deposit account changes by the **fifteenth of the month** in order for the changes to take effect for the next monthly pension payment. To make these changes you must make a **written request**. The necessary forms to make these changes can be found on our web site at www.kcpsrs.org.

DIRECT DEPOSIT

The Retirement Office encourages you to receive your monthly benefits by electronic transfer – direct deposit into an account. It is the safest and fastest method of receiving your benefit. Benefits paid via electronic transfer are posted to your bank account by noon on the last business day of the month. Pension checks sent through the U. S. Mail can take up to three, four and even five business days to arrive to your home. There is a \$5.00 replacement fee for lost checks replaced six months or longer after initial issuance date if the original check cannot be returned to KCPSRS. The Retirement Office can provide the forms necessary to initiate direct deposit of your benefits.

TAX WITHHOLDING

All or part of your benefit will be subject to income taxation. You can ask to have federal and Missouri tax withheld from your retirement checks. If you do not complete and submit a federal withholding form to the Retirement Office, that office is required to assess a standard withholding allowance against your allowance.

The Retirement Office issues a Form 1099-R to every person who receives a distribution in a year. The form lists the amounts of distributions and tax withholdings for the year, and should be used in filing your income tax return for the year of the distribution.

For your protection the Retirement Office will not change, your records based telephone calls or conversations. You must request changes in writing.

Over 80%of the retirees in this system have changed to direct deposit of their checks. Social Security has made direct deposit mandatory. It makes sense to use the direct deposit system.

This is just like having taxes taken out of your paycheck, except, in this case it's optional. If you are making quarterly estimated tax deposits you probably can get by without having taxes withheld. Otherwise you should have taxes automatically taken out.

RETURNING TO WORK

SUBSTITUTE work for the Kansas City School District, Kansas City Public Library and non-profit Charter Schools within the School District boundaries cannot be more than 600 hours per school year (i.e., July 1st through June 30th).

REEMPLOYMENT (working in a full-time equivalent job category) with the School District, Public Library, or non-profit Charter School within boundaries of the Kansas City, Missouri School District requires the retiree to discontinue receiving the monthly retirement check. The (former) Retiree must notify the Retirement Office in writing prior to the month reemployment begins so the monthly retirement allowance is stopped timely in order to avoid the Retiree owing payment(s) back to the Retirement System.

INSURANCE

Retirees from the School District may purchase group health and dental insurance through the Retirement System at the time of retirement or during an “open enrollment” period. The benefits will be the same as those offered by the School District. Premiums will be the cost schedule provided by the current insurance carrier. Retirees eligible for Medicare may purchase health insurance at a reduced cost. Premiums will be deducted from your monthly retirement check. If you are eligible for the Retirement Medical Program (RMP), premiums will be deducted from your RMP account first.

Retirees from the Kansas City Public Library or Charter School may join the group health and dental insurance plans at the annual **open enrollment period only**.

NOTE: In some instances, Employers may institute different plans for retirees to return to work as full time employees. These plans wages are generally paid by other institutions than (KCMSD), Library or Charter Schools) with no benefits and are therefore exempt from the Re-employment policy as defined. Before committing to any such plans, contact the retirement office for approval and/or clarification.

NOTE: After retirement, you will be responsible for the total insurance premium. While employed your employer pays a portion of your insurance premium.

RETIREMENT MEDICAL PROGRAM

The Retirement Medical Program (RMP) was established to assist eligible employees in providing for their post-retirement health insurance needs. Although it is a program separate from the Retirement Plan the same Board of Trustees who run the Retirement System administers it.

MEMBERSHIP

You become eligible to participate in the RMP on the latest of the following dates:

- 1) The date you become an employee.
- 2) December 1, 1994.
- 3) If you are a member of a bargaining unit, the date the unit has bargained for your participation in the program.
- 4) The date you become vested in the Retirement System.

BENEFITS

In order to receive benefits from this program you must meet the following requirements:

- 1) Your employment must be terminated.
- 2) You are vested in the Retirement System.
- 3) The sum of the years of service and your age must equal or exceed 75.
- 4) You are not entitled already to receive employer-provided retirement medical coverage.
- 5) You have not opted for a zero premium Medicare supplement.
- 6) The portion of your severance that is eligible for transfer into the RMP must be at least \$1,000.

CONTRIBUTIONS

Your benefit is paid for out of your severance pay. Rather than paying all of your severance in the form of a fully taxable lump sum check, a portion of the pay is transferred into your account within the RMP Trust

The funds that get transferred into your RMP Trust account will be used to pay insurance premiums for you and your dependents when you retire.

This program provides four important benefits:

- 1) You don't have to pay federal, state, or FICA taxes on the part of the severance that goes into the RMP.
- 2) You get to pay your health insurance premiums out of this account and you don't have to pay taxes on the money used to pay those premiums.
- 3) Your account earns a share of the earnings from the investment of the Trust assets.
- 4) If you die before your RMP account is depleted your beneficiary will receive a life insurance death benefit equal to the remaining balance in your account.

You pay no taxes on the money that goes into the RMP trust.

See pp 23-24 for calculation of your unused sick days.

GENERAL RETIREMENT INFORMATION

FILING YOUR APPLICATION FOR RETIREMENT

- 1.) The Retirement System can accept your completed application no less than 30 days or more than 90 days prior to your effective date of retirement.
- 2.) Effective July 1, 2001 all effective retirement dates will begin on the first day of the month. You must complete the application, select a benefit payment plan, and sign the application during the time frame listed above.
- 3.) If a member is planning to retire at the end of a school year and also plans to work summer school, then the member cannot retire until the month after the completion of summer school assignment.

NOTICE LETTER

Approximately the same time your benefit begins, you will receive a detailed retirement notice letter from the Retirement System regarding your retirement option, the beneficiary information, years of service and the amount of your monthly benefit.

HOW BENEFITS ARE PAID

Your first pension benefit will be in the form of a check and mailed to your home address.

The Retirement System mails the first retirement check on the day before the last working day of the month. Under normal mailing conditions, you should receive a check by the 10th of the following month, at the latest. Occasionally, a retirement check may not be delivered in a reasonable time (10 to 12 days). If so, you should contact the Retirement System and request a replacement check after this reasonable time.

After your first check, your retirement benefits will be electronically transferred to your bank account.

CHANGE OF ADDRESS

If your address changes after retirement, it is your responsibility to keep the Retirement Office updated. Please submit your new address in writing to our office. The Retirement System mails important correspondence (1099-R's, legislation updates, insurance information, etc.) to your home.

Members may address correspondence to the Retirement System at the address below. Please include your Social Security number on all correspondence.

Kansas City Missouri Public School Retirement System
4600 The Paseo
Kansas City, MO 64110
or call (816)472-5800

TERMINATION OF BENEFIT AT DEATH

The retirement allowance will terminate on the date the death occurred.

RETIREMENT CONFERENCE

- **Since you must file (complete the application for retirement including members signature and witness signature) within 90 days but not less than 30 days of your chosen retirement (first day of the month) date, please call the retirement office (816 472-5800) an appointment date at least 10 days in advance.**

THINGS TO BRING TO THE CONFERENCE

- Member's birth certificate.
- Beneficiary's Social Security number, birth date and birthplace.
- If you choose a survivor option, you must bring the beneficiary's birth certificate.
- A voided check /deposit slip to enable us to establish direct deposit for your retirement benefit.
- Please bring a copy of your last pay statement.

OTHER DECISION YOU WILL NEED TO MAKE

● **RETIREMENT APPLICATION**

The Member must complete and sign a retirement application.

● **SELECT A RETIREMENT BENEFIT OPTION**

BASIC BENEFIT - Regular benefits paid for life.

Beneficiary will receive any employee contributions and interest remaining at Member's death.

OPTION I - 100% JOINT AND SURVIVOR.

A reduced benefit is paid to the Member. At the Member's death, the named beneficiary begins receiving the same amount. If the beneficiary dies first, the benefit will "pop-up" to the basic benefit. There are no beneficiaries after the original beneficiary.

OPTION II - 50% JOINT AND SURVIVOR:

A reduced benefit is paid to the Member. At the Member's death, the named beneficiary begins the next month receiving one-half the amount the member was receiving. If the beneficiary dies first, the benefit will "pop-up" to the basic benefit. There are no beneficiaries after the original beneficiary.

In both OPTION I and OPTION II, if the beneficiary dies first, the Member's benefit will "pop-up" to the Basic Benefit. There are no beneficiaries after the original beneficiary.

OPTION III - ACTUARIAL INCREASE OF BENEFITS:

An actuarially increased retirement benefit is payable during the Member's life with all benefits ceasing at death. There are no beneficiaries.

- You will complete Federal, and in most cases Missouri, withholding certificate.
- School District provided life insurance ends on your last day as an employee.
- You will complete Group Health and/dental applications, if applicable. You must be receiving a monthly retirement benefit to be eligible to purchase insurance through the retiree group.
- Most Kansas City, Missouri School District employees and all Public Library employees are potential participants in the Retirement Medical Trust Plan.
- You may substitute no more than 600 hours per school year for the Kansas City School District, Kansas City Public Library, The Retirement Office and/or Charter Schools located within the Kansas City, School District Boundaries.
- You will complete a release of information form if you wish to have certain retiree associations contacted you.
- For Members retiring through the Public School Retirement System of the School District of Kansas City, Missouri (KCPSRS) with a retirement effective date of March 1, 2005 onward, benefit payments will only be made in the form of direct deposit to your bank account. Only if a new retiree can show hardship by complying with direct deposit will an exemption be granted by the Executive Director.

The purpose of this administrative change is to reduce the cost of lost or stolen check replacements. Each month, when a paper check is reported lost or stolen, the Retirement System must: (1) put a stop payment on the initial check... cost \$15; (2) process a replacement check... cost \$18. The Retirement System easily receives upwards of ten requests a month on lost or stolen checks (which eventually turn up as slow delivery by the U.S. Postal Service).

Additionally, this measure serves to assist retirees in receiving their retirement benefit in a more efficient and timely manner. When a paper check is reported lost or stolen, we must wait five business days from the date of mailing to see if the check is eventually delivered; then we must put a stop payment on the initial check (two business day) before we can re-issue a replacement check. This results in seven business days before the replacement check is "mailed" again.

With direct deposit, the retiree receives his/her pension benefit in his/her bank account by noon on the last business day of the month.

● **ELECTRONIC DEPOSIT**

Your monthly retirement benefit will be sent by electronic deposit to your bank account.

The pension benefit will be electronically deposited to your account by noon on the last working day of the month. A statement showing your pension benefit information will be sent to you instead.

THE PUBLIC SCHOOL RETIREMENT SYSTEM

----- OF -----
THE SCHOOL DISTRICT OF KANSAS CITY, MO

Board of Trustees

Horace Coleman, Jr.,
Chairperson
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4600 Paseo Boulevard
KANSAS CITY, MO 64110
PHONE: (816) 472-5800 FAX: (816) 472-5909
www.kcpsrs.org

serving the community since 1944

Thomas Mann
Executive Director

APPLICATION FOR SERVICE RETIREMENT

(Name, please print) (Social Security #) (Telephone #)

(Street Address) (City) (State) (Zip Code)

(E-mail address – for internal use only)

TO THE BOARD OF TRUSTEES:

In accordance with the provisions of the law governing the operation of the Public School Retirement System of the School District Of Kansas City, Missouri, the undersigned, a member of the Retirement System, does hereby make application for retirement as a

_____ AT _____
(Position) (Location)

to be effective as of _____

You must file this application before the effective date of your retirement if, on the effective date, you will be (a) age 60 or more: or (b) an age when added to the number of years of creditable service shall total a sum not less than seventy-five. If you do not satisfy either (a) or (b), you must have at least 5 years of creditable service, have attained age 55 and your retirement allowance will be reduced by an actuarial amount.

The above age and advance filing requirements do not apply to disability retirement. Disability retirement becomes effective as of the later of (1) the day the signed application is received by the Retirement System Office, or (2) the day after the last day on which you receive compensation from any employer associated with this Retirement System.

(Sign your name on the line opposite the benefit you select; no change in benefit [or, in options 1 or 2, in beneficiary] may be made after your first retirement payment is due unless permitted under any future law having retroactive effect.)

BASIC BENEFIT

Retirement allowance payable for life, with estate or named beneficiary to receive, in a lump sum, any accumulated employee contributions and interest in the retirant’s account on the retirement date which have not been paid out as retirement benefits before the retirant’s death. No interest is credited after the retirement date.

(Sign name)

BENEFIT OPTIONS – as provided by section 169.326 of the Missouri Revised Statute:

1. Reduced retirement allowance payable for life and continuing thereafter to the beneficiary named on the reverse side of this application for his or her remaining lifetime; in the event the beneficiary predeceases the retirant, then the retirant’s retirement allowance shall be adjusted to the basic benefit calculated at the time of retirement no refund or any unpaid accumulated contributions or interest at death of retirant or beneficiary

(Sign name)

2. Reduced retirement allowance payable for life and continuing thereafter at one-half of the monthly benefit to the beneficiary named on the reverse side of this application for his or her remaining lifetime; in the event the beneficiary predeceases the retirant, then the retirant’s retirement allowance shall be adjusted to the basic benefit calculated at the time of retirement; no refund of any unpaid accumulated contributions or interest at death of retirant or beneficiary.

(Sign name)

3. Retirement allowance increased over the basic benefit for life with no refund of any unpaid accumulated contributions or interest at death.

(Sign name)

Designated Beneficiary _____ Relationship _____

Address _____

Date of Birth _____ Social Security # _____

Place of Birth _____ Beneficiary Telephone Number _____

I have read this entire application for retirement and fully understand its terms. I hereby waive and relinquish any and all rights to all benefits, options, rights and privileges identified or described on this application which I have not selected or elected by signing my name or otherwise as instructed on the application. In addition, I fully understand as a retired member of The Retirement System, I am allowed by law to substitute (or work part-time) up to 600 hours per school year (July 1 to June 30) with any of the following employers: (1) the Kansas City Missouri School District; (2) Kansas City Public Library District; (3) all charter schools located within the Kansas City Missouri School District boundaries; and (4) the Retirement System. I understand if I exceed 600 hours, or return to work in a full-time capacity at the aforementioned employers, my retirement benefits will be suspended until such time I return to retirement status.

The above statements are true to the best of my knowledge and belief

Dated at _____ this _____ day of _____, 2008

(Witness)

(Signature of Member)

Verification of Beneficiary’s

Date and place of birth _____

(Type of document used for proof)

(Initials)

No option election shall become effective in case a Member dies within thirty days after retirement or within thirty days after filing such election; in such an event the Member shall be considered as an active Member at the time of death.

How do I figure my severance pay (sick days)?

Information you need

1. Number of sick days
2. Years of service (maximum 25 years)
3. Daily rates of pay (annual salary divided by number of work days)
4. Number of vacation days when applicable

Formula

Number of sick days (A), times three percent, times years of service (B), times daily rate of pay (C) plus number of vacation days (D) times daily rate of pay (C).

$$\frac{\text{_____}}{\text{(A)}} \times 3\% \times \frac{\text{_____}}{\text{(B)-}} \times \frac{\text{_____}}{\text{(C)}} = \$ \text{_____} * \text{plus}$$

$$\frac{\text{_____}}{\text{(D)}} \times \frac{\text{_____}}{\text{(C)}} = \$ \text{_____} *$$

*For employees eligible for the Retirement Medical Program monies will be distributed based on the bargaining unit design.

Employee Classification

Contribution Formula

KANSAS CITY, MISSOURI SCHOOL DISTRICT

Administrative Salary Schedule

Pay Grades 64 and above	100% of all amounts between \$10,000 and \$30,000
Pay Grades 59 to 63	100% of all amounts between \$6,000 and \$21,000
Pay Grades 58 and below	100% of all amounts between \$3,000 and \$18,000

Certified Personnel (represented by AFT, Local 691)

Teachers, Counselors, etc.	100% of all amounts between \$2,000 and \$20,000
----------------------------	--

Classified Personnel (represented by
KCAEOP/KCFT or AFT, Local 691)

Secretaries, Paraprofessionals, Security Officers

100% of all amounts between
\$1,500 and \$10,000

Food Service Unit (represented by Local 2000)

100% of all amounts between
\$1,500 and \$12,000

All Other Units (represented by Local 2000)

100% of all amounts between
\$1,500 and \$25,000

KANSAS CITY PUBLIC LIBRARY

All Classifications

100% of all amounts between
\$10,000 and \$25,000

APPENDIX A

HOW TO ESTIMATE YOUR RETIREMENT BENEFIT

The formula for calculating service retirement benefits for Plan B is as follows:

$$\begin{array}{c}
 \text{AVERAGE FINAL COMPENSATION (see page 10)} \\
 \times \\
 2\% \\
 \times \\
 \text{THE NUMBER OF YEARS OF CREDITABLE SERVICE (maximum of 30)}
 \end{array}$$

If you retire before June 30, 1999 your benefit will be calculated using 1.75%, instead of 2%. Anyone who retires on or after June 30, 1999 will receive a benefit calculated with the 2% multiplier.

If you had more than 34.25 creditable years of service before August 28, 1993, special rules apply to you. Contact the Retirement Office.

	EXAMPLE	INSERT YOUR NUMBERS
STEP 1: Add your highest four consecutive annual salaries (for this example we will use four <u>complete</u> contract years with the <u>correct</u> contribution amounts)	20,000 22,500 23,000 <u>23,500</u> 89,000	_____ _____ _____ _____
STEP 2: Divide by 4 to get your Average Final Compensation	22,250	_____
STEP 3: Multiply the total from STEP 2 by 2%.	445	_____
STEP 4: Multiply the result of STEP 3 by the numbers of years and any partial years of creditable service (for this example we'll use ten complete years of contributable service)	4,450	_____
STEP 5: Divide the annual retirement allowance by 12 to arrive at the monthly benefit.	370.83	_____

APPENDIX B

EARLY RETIREMENT

Vested members are eligible for early retirement with reduced benefits. Reduced monthly benefits are calculated by using approved actuarial tables based on life expectancy. Your early retirement allowance is determined by multiplying your normal retirement allowance by the appropriate factor. The table below is the currently approved list of factors as of May 1, 2001.

Months/Age	55	56	57	58	59
0	0.65572	0.71168	0.77334	0.84138	0.91662
1	0.66038	0.71682	0.77901	0.84765	0.92357
2	0.66505	0.72196	0.73468	0.85392	0.93052
3	0.66971	0.7271	0.79035	0.86019	0.93747
4	0.67437	0.73223	0.79602	0.86646	0.94441
5	0.67904	0.73737	0.80169	0.87273	0.95136
6	0.6837	0.74251	0.80736	0.879	0.95831
7	0.68836	0.74765	0.81303	0.88527	0.96256
8	0.69303	0.75279	0.8187	0.89154	0.97221
9	0.69769	0.75793	0.82437	0.89781	0.97916
10	0.70235	0.76306	0.83004	0.90408	0.9861
11	0.70702	0.07682	0.83571	0.91035	0.99305

APPENDIX C

PLAN A PROVISIONS

SERVICE RETIREMENT -- PLAN A

Plan A covers a small number of members hired prior to January 1, 1962.

Normal retirement is available to all members of Plan A at age 62 with a minimum of five years of creditable service.

Early retirement is available with reduced benefits at age 60 with at least five years of creditable service or at age 55 with 30 years of creditable service.

The benefit is computed by multiplying the average of the highest five years of salary (maximum \$3,000) times 1.25% times years of creditable service (maximum 40).

The Formula -- Plan A

$$\frac{\text{Average Annual Salary}}{(\$3,000 \text{ maximum})} \times .0125 \times \frac{\text{Years of Creditable Service}}{(40 \text{ years maximum})} = \frac{\text{Annual Retirement Benefit}}$$

CHANGING FROM PLAN A TO PLAN B

Members under Plan A may change to Plan B by paying into the Retirement System any additional amount the member would have contributed for the service (since January 1, 1962) if the member had been a member of Plan B from its inception, plus interest compounded annually on such contributions.

PLAN A PAYMENT OPTIONS

The payment options under Plan A differ from the options under Plan B. Contact the Retirement Office if you have questions.

PLAN A DEATH BENEFITS

If you are a member of Plan A and die, your accumulated contributions (with interest) will be paid in a lump sum to your designated beneficiary or to your estate. If at the time of your death you qualified for normal or early retirement but had not yet retired, your surviving spouse may elect to receive a monthly retirement benefit instead of a return of contributions.

GLOSSARY OF TERMS

Missouri Revised Statutes

Chapter 169 **Teacher and School Employee Retirement Systems** **Section 169.270**

August 28, 2005

Definitions.

169.270. Unless a different meaning is clearly required by the context, the following words and phrases as used in sections 169.270 to 169.400 shall have the following meanings:

- (1) "Accumulated contributions", the sum of all amounts deducted from the compensation of a member or paid on behalf of the member by the employer and credited to the member's individual account together with interest thereon in the employees' contribution fund. The board of trustees shall determine the rate of interest allowed thereon as provided for in section 169.295;
- (2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of formulas and/or tables which have been approved by the board of trustees;
- (3) "Average final compensation", the highest average annual compensation received for any four consecutive years of service. In determining whether years of service are "consecutive", only periods for which creditable service is earned shall be considered, and all other periods shall be disregarded;
- (4) "Beneficiary", any person designated by a member for a retirement allowance or other benefit as provided by sections 169.270 to 169.400;
- (5) "Board of education", the board of directors or corresponding board, by whatever name, having charge of the public schools of the school district in which the retirement system is established;
- (6) "Board of trustees", the board provided for in section 169.291 to administer the retirement system;
- (7) "Break in service", an occurrence when a regular employee ceases to be a regular employee for any reason other than retirement (including termination of employment, resignation, or furlough but not including vacation, sick leave, excused absence or leave of absence granted by an employer) and such person does not again become a regular employee until after sixty consecutive calendar days have elapsed, or after fifteen

consecutive school or work days have elapsed, whichever occurs later. A break in service also occurs when a regular employee retires under the retirement system established by section 169.280 and does not again become a regular employee until after fifteen consecutive school or work days have elapsed. A "school or work day" is a day on which the employee's employer requires (or if the position no longer exists, would require, based on past practice) employees having the former employee's last job description to report to their place of employment for any reason;

(8) "Charter school", any charter school established pursuant to sections 160.400 to 160.420, RSMo, and located, at the time it is established, within the school district;

(9) "Compensation", the regular compensation as shown on the salary and wage schedules of the employer, including any amounts paid by the employer on a member's behalf pursuant to subdivision (5) of subsection 1 of section 169.350, but such term is not to include extra pay, overtime pay, consideration for entering into early retirement, or any other payments not included on salary and wage schedules. For any year beginning after December 31, 1988, the annual compensation of each member taken into account under the retirement system shall not exceed the limitation set forth in Section 401(a)(17) of the Internal Revenue Code of 1986, as amended;

(10) "Creditable service", the amount of time that a regular employee is a member of the retirement system and makes contributions thereto in accordance with the provisions of sections 169.270 to 169.400;

(11) "Employee", any person who is classified by the school district, a charter school, the library district or the retirement system established by section 169.280 as an employee of such employer and is reported contemporaneously for federal and state tax purposes as an employee of such employer. A person is not considered to be an employee for purposes of such retirement system with respect to any service for which the person was not reported contemporaneously for federal and state tax purposes as an employee of such employer, regardless of whether the person is or may later be determined to be or to have been a common law employee of such employer, including but not limited to a person classified by the employer as independent contractors and persons employed by other entities which contract to provide staff and services to the employer. In no event shall a person reported for federal tax purposes as an employee of a private, for-profit entity be deemed to be an employee eligible to participate in the retirement system established by section 169.280 with respect to such employment;

(12) "Employer", the school district, any charter school, the library district, or the retirement system established by section 169.280, or any combination thereof, as required by the context to identify the employer of any member, or, for purposes only of subsection 2 of section 169.324, of any retiree;

(13) "Employer's board", the board of education, the governing board of any charter school, the board of trustees of the library district, the board of trustees, or any combination thereof, as required by the context to identify the governing body of an employer;

- (14) "Library district", any urban public library district created from or within a school district under the provisions of section 182.703, RSMo;
- (15) "Medical board", the board of physicians provided for in section 169.291;
- (16) "Member", any person who is a regular employee after the retirement system has been established hereunder ("active member"), and any person who (i) was an active member, (ii) has vested retirement benefits hereunder, and (iii) is not receiving a retirement allowance hereunder ("inactive member");
- (17) "Minimum normal retirement age", the earlier of the date the member attains the age of sixty or the date the member has a total of at least seventy-five credits, with each year of creditable service and each year of age equal to one credit, with both years of creditable service and years of age prorated for fractional years;
- (18) "Prior service", service prior to the date the system becomes operative which is creditable in accordance with the provisions of section 169.311. Prior service in excess of thirty-eight years shall be considered thirty-eight years;
- (19) "Regular employee", any employee who is assigned to an established position which requires service of not less than twenty-five hours per week, and not less than nine calendar months a year. Any regular employee who is subsequently assigned without break in service to a position demanding less service than is required of a regular employee shall continue the employee's status as a regular employee. Except as stated in the preceding sentence, a temporary, part-time, or furloughed employee is not a regular employee;
- (20) "Retirant", a former member receiving a retirement allowance hereunder;
- (21) "Retirement allowance", annuity payments to a retirant or to such beneficiary as is entitled to same;
- (22) "School district", any school district in which a retirement system shall be established under section 169.280.