

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM **PENSION NEWS**

Retiree Newsletter

SEPTEMBER 2019



75TH

ANNIVERSARY CELEBRATION

YOU ARE CORDIALLY INVITED TO JOIN US FOR A RECEPTION

Friday, October 4, 2019
3:00 PM to 6:00 PM OPEN RECEPTION

Helzberg Auditorium at Central Library
14 West 10th Street
Kansas City, MO 64105

ENTERTAINMENT • SPEAKERS • PRIZES • REFRESHMENTS

RSVP BY SEPTEMBER 20: kcpsrs.wufoo.com/forms/75th-anniversary/ or 816.472.5800

KCPSRS celebrates its 75th year in 2019! In tribute to this achievement please join us for an anniversary reception on October 4, 2019 at the Central Library, 14 West 10th St, Kansas City, MO.

The reception will be open from 3:00 pm to 6:00 pm in Helzberg Auditorium at the Central Library.

Free parking is available in the Central Library parking garage after your ticket has been validated at the reception.

Central Library parking garage information:
kclibrary.org/central-parking.

Join us, your peers, and friends!

Please RSVP at
kcpsrs.wufoo.com/forms/75th-anniversary/
or call 816-472-5800. We will need your name and phone number. If you are not able to attend there is no need to RSVP.

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RETIREE MEMBER NEWS

Legacy Planning and Your KCPSRS Benefit

Legacy planning is important to many retirees and knowing what to expect from your KCPSRS benefit after you pass away can help you in your planning.

When you retired, you chose a specific benefit payment option either the Basic Benefit, a Survivor Option, or Life Only. See how each option relates to KCPSRS payments after your death:

Basic Benefit (the most popular choice) – Retirement benefit payments for your lifetime. Should you pass away before your accumulated contributions and interest (account balance) have been paid back to you as monthly benefits, your remaining account balance will be paid to your beneficiary(ies). Keep in mind that account balances reduce with every monthly benefit payment paid and normally last only four years after your retirement date. Once your account balance has reduced to zero dollars, your monthly benefit is paid from the KCPSRS trust fund and no lump sum account balance payment can be made to a beneficiary.

Survivor Options – A reduced benefit payment for your lifetime and, upon your death, a life-time benefit to your designated survivor. After you and your survivor de cease, no further benefits are paid.

Life Only – A slightly higher benefit payment for your lifetime. No payments are due to a beneficiary even if you de cease before your account balance is zero.

AFTER YOUR DEATH - As you are aware, KCPSRS issues benefit payments for the month on the last business day of the month. This is true of the final payment upon your death as well. A non-prorated benefit payment will be issued for the month in which you pass on that month's regularly scheduled payment date. This final payment is dispensed in the way you would normally receive it: either direct deposit or mailed check (which would be in your name). KCPSRS offers no further death benefits nor payouts.

What happens if your bank account is closed before the final payment can be directly deposited into it? KCPSRS will still try to directly deposit your funds into that same account. On the rare occurrence that the bank returns those funds to KCPSRS, the final benefit payment will be issued to the person you designated on your form. On the equally rare occurrence that a final mailed check is returned to KCPSRS, the final payment can then be issued to the person you designated on your form.

Contact Retiree Services Coordinator Shannon McClain at 816.472.5800 or smcclain@kcpsrs.org with any questions.

Emergency Assistance for Retired Teachers

The Kansas City Association of School Retirees (KCASR) accepts applications for retired teachers in need of emergency financial assistance - maximum request is \$500. Funds may be used to assist with specific needs including, but not limited to, family funeral expenses, utilities, housing, clothing, and prescriptions. You are required to be a certified elementary or secondary teacher but do not have to be a member of KCASR.

Applications are available to download from www.kcpsrs.org on the *Retirees* menu. Or, you may contact Loxie Stock at 1640 Cypress, Kansas City, MO 64127 or loxiek@yahoo.com for the application form and more information. **Completed applications must be submitted to KCASR via mail or email to Loxie Stock.**



2018 ANNUAL FINANCIAL SUMMARY

Message from the Executive Director

It is my pleasure to present the KCPSRS *Annual Financial Summary Report*, which provides a brief overview of our financial results during the year 2018; and information regarding our membership and investments. This year's report recognizes KCPSRS' 75th anniversary. You will also want to view the historical timeline featured on our website (www.kcpsrs.org) for photos and short descriptions of the creation and growth of your retirement system.

While the System has come a long way in 75 years, the fundamental mission remains the same – **a secure retirement for Kansas City public school and library employees**. Throughout history, KCPSRS has been committed to serving our membership. We understand that commitment into the future demands more than maintaining the status quo. We must keep pace with the ever-changing educational environment and financial markets while remaining true to our mission and values. Accordingly, we align our work to safeguard system assets through efficient operations and prudent risk-adjusted investments to achieve target returns over the long term.

For more than 8,600 active, inactive-vested, and retired members, KCPSRS' staff facilitates the retirement process which spans several decades from a member's initial employment to the receipt of benefit payments throughout their retirement years. It is an honor to be a part of this process and work for the employees of the public schools and libraries within the Kansas City school district.

We will continue to do our best to ensure a strong and stable KCPSRS for the future.

Christine Gierer

Christine Gierer, Executive Director

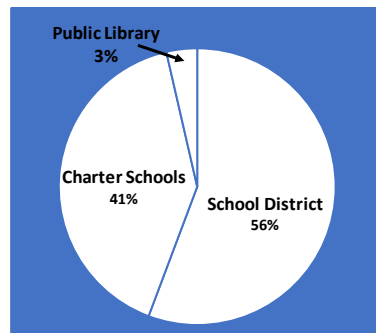
Since its origin in 1944, the Retirement System's membership and the economy has significantly changed. Today, the average monthly salary of an active member is nearly three times the average member's annual salary in 1945! The number of benefit recipients has increased by 94%.

Membership Profile Over the Years as of January 1						
Active Members	1945	1960	1980	2000	2010	2019
Total Number	2,147	4,183	5,171	4,666	4,336	3,898
Average Age	46.5	46.9	44.5	44	43	43
Avg. Years of Service	19.4	26.2	11.8	10.4	9.4	7.2
Avg. Annual Salary **	\$1,860	\$2,850	\$12,780	\$32,380	\$44,850	\$52,158
Benefit Recipients*	1945	1960	1980	2000	2010	2019
Total Number	240	590	2,099	2,806	3,317	4,113
Average Age	n/a	75.8	72.8	n/a	72	72.5
Avg. Annual Benefit **	\$1,128	\$1,130	\$2,530	\$9,550	\$18,060	\$19,500

* Retirees, survivors, disabled ** Rounded

All full-time employees of Kansas City's school district, charter schools and public libraries are active members of KCPSRS. Originally, all active members worked for the KC school district. In 1988, the public library was established as an independent entity, separating from the school district. In 1999, 18 charter schools opened in Kansas City. Today, the district and the charter schools are by far the largest employer groups.

Active Members by Employer as of January 1, 2019	
School District	2,165
Charter Schools	1,586
Public Library	140
KCPSRS	7
Total	3,898



2018 ANNUAL FINANCIAL SUMMARY

FINANCIAL STATEMENTS

In 1944 when KCPSRS was established and still today, the retirement system is important to Kansas City public schools and libraries in many ways. It helps attract and retain a quality workforce, which is essential to maintaining a strong community. KCPSRS members are teachers, school administrators, support staff, librarians, and other staff who are dedicated to improving the lives of children and adults through education.

KCPSRS is a solid retirement plan that provides a core lifetime benefit to help the city's public educational employees be financially independent. It is good for the members and good for the economy – of the nearly \$80 million in benefits paid annually, 82% of those dollars stayed in the greater Kansas City area, to be spent locally.

KCPSRS is prefunded with contributions from both the employee and employer. Those funds are pooled and professionally invested. Over time, contributions and investment earnings fund the retirement benefits paid now and into the future.

By design, KCPSRS is one part of an individual's healthy retirement plan that includes Social Security and personal savings.

ADDITIONAL INFORMATIONAL RESOURCES

View the following in-depth reports by accessing our website:

[Actuarial Report](#)

[Audit Report](#)

View the complete annual report at:

[www.kcpsrs.org/publications/Comprehensive Annual Financial Report \(CAFR\)](http://www.kcpsrs.org/publications/Comprehensive%20Annual%20Financial%20Report%20(CAFR))

Fiduciary Net Position

December 31, 2018

Assets

Cash	\$ 1,877,215
Receivables	\$ 1,101,115
Investments at fair value	\$ 600,954,128
Other assets	\$ 72,338
Total assets	\$ 604,004,796

Liabilities

Accounts payable	\$ 533,053
Investment payables	\$ 610,736
Accrued expenses	\$ 98,528
Total liabilities	\$ 1,242,317

Net positions restricted for pensions \$ 602,762,479



Changes in Fiduciary Net Position

Year Ended December 31, 2018

Additions

Contributions	\$ 35,146,999
Net investment income	\$ (33,250,915)
Total additions	\$ 1,896,084

Deductions

Benefits payments	\$ 79,333,689
Member refunds	\$ 4,084,837
Administrative expenses	\$ 1,499,928
Other expenses	\$ 17,150
Total deductions	\$ 84,935,604

Net (decrease) increase	\$ (83,039,520)
Beginning of year	\$ 685,801,999
Net positions restricted for pensions-end of year	\$ 602,762,479

2018 SUMMARY ANNUAL REPORT

FUNDING OF BENEFIT PAYMENTS

The new millennium has been an investment market roller-coaster. Still, investment earnings fund most of the retirement benefits KCPSRS pays, and that is by design.

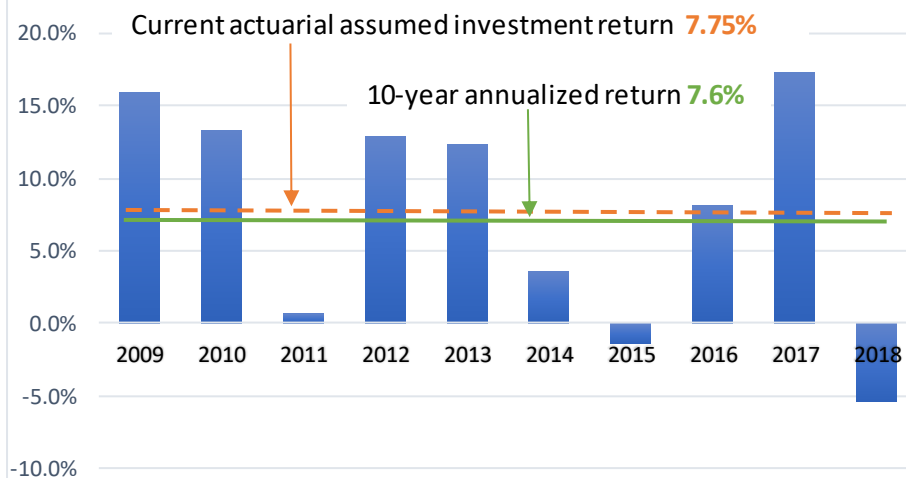
Even with the 2018 year investment loss, 62 cents of every dollar used to pay retirees is generated from investment earnings.

Ten Year Average



Ten Years of Investment Returns

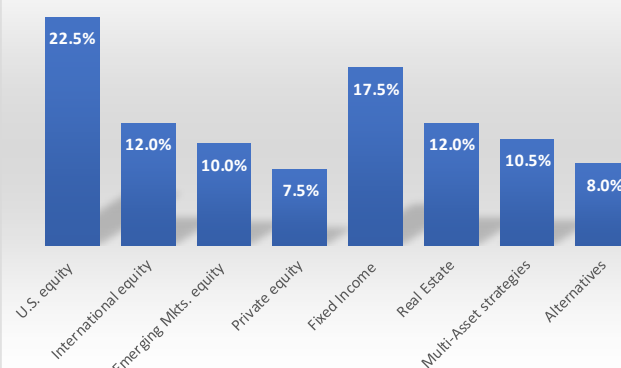
(net of expenses)



When KCPSRS was initially established 75 years ago, assets of the retirement system were invested solely in fixed income securities issued by the federal government. The investment program has evolved over the years to incorporate diversification. No one knows what the future will hold for investment markets. As a result, the KCPSRS investment portfolio is structured to control risk under a variety of economic outcomes. By investing in a variety of markets and assets, KCPSRS is better able to participate in investment gains and minimize losses over the long-term. The chart to the right illustrates KCPSRS' target asset allocation.

Target Asset Allocation

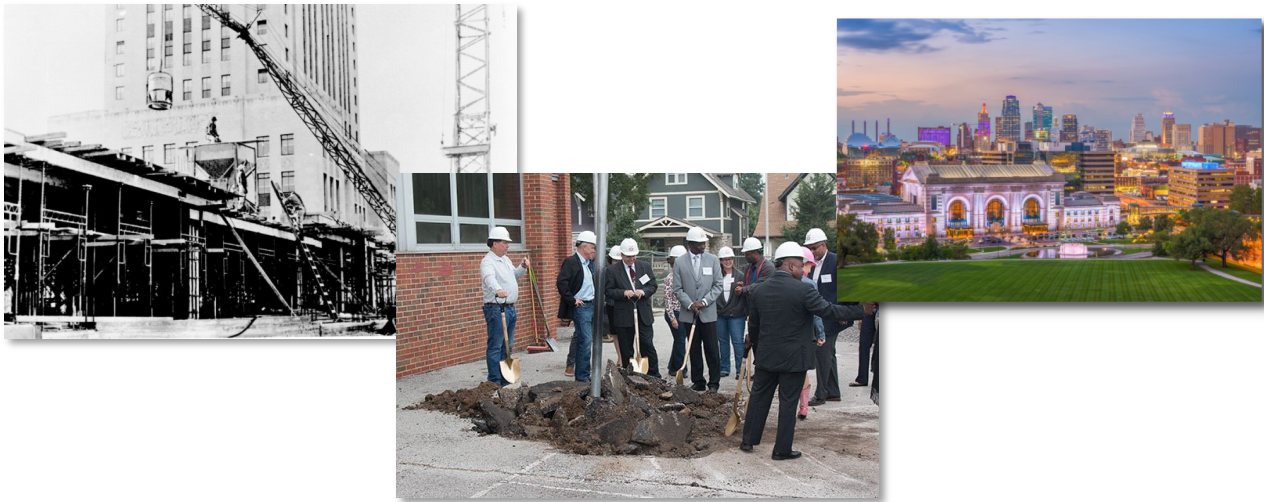
as of December 31, 2018



2018 ANNUAL FINANCIAL SUMMARY

In 2018, as well as through the years...

KCPSRS has played an important role in supporting and sustaining the greater Kansas City area.



\$67 million benefits paid in the Greater KC area in 2018

The economic advantages of pensions go beyond retirement benefits.

Last year, KCPSRS paid over \$67 million in benefits to Greater Kansas City residents. This has a positive impact on the whole area, not just for our retirees.

Retirees use their KCPSRS benefits to buy goods and services in the Kansas City community. This spending ripples through the local economy as one person's spending becomes another person's income, creating a multiplier effect. The result is a significant and positive economic impact for many Kansas City residents.

A recent study conducted by the National Institute on Retirement Security found that each \$1.00 paid out in pension benefits supported \$1.43 in total economic activity in Missouri. Researchers found that reliable pension income can be especially important not only in providing retirees with peace of mind, but also by stabilizing local economies during economic downturns.

82% of KCPSRS Retirees reside in Greater Kansas City

\$19,500 average annual benefit of KCPSRS Retirees

**The benefits of KCPSRS go beyond helping our members,
it is good for greater Kansas City!**

Tips in Retirement **Staying Safe Online**

Just as you use locks to keep criminals out of your home, you also need to use safeguards to secure your electronic accounts. Even if we're being very cautious, it's still possible to become a victim. There's no shame in it as cyber criminals are professional fraudsters. Personal information is valuable and below are some ways to protect it when emails come your way.



- Don't reveal personal or financial information in an email
- Never assume a stranger online is trustworthy even if they know some things about you: It's relatively easy for scammers to get mailing lists for various organizations. Because someone can easily get your full name, address, etc., doesn't mean they can be trusted with any more of your personal information or money.
- Emails can offer a deal that's too good to be true. It's likely a fictitious offer or prize created to trick you into revealing private information, to send money to a scammer, or get you to install malicious software.
- Pay attention to the sender's full email address and any links within the email. Malicious email addresses and websites may look like legitimate, but upon closer inspection may use a variation in spelling or a different domain (e.g., .com versus .net).
- If you're unsure whether an email request is legitimate, try to verify it by contacting the company directly using information provided on an account statement, not information provided in an email.
- Think before you act: Be wary of communications that push you to act immediately.
- When in doubt, throw it out.

There may come a time when it's useful or necessary for caregivers to help retirees with finances, taxes, or other issues. Caregivers may even have access to a retiree's online accounts. **KCPSRS requires a power of attorney that includes making financial decisions on a retiree's behalf or other legal authorization for caregivers to access, discuss and/or modify your retirement account(s).** If you are considering enlisting someone else's help, be very careful to only authorize someone you trust completely. Whether you're the retiree or the caregiver, consider consulting with an attorney to make sure that all authorizations are in order.

Find more tips and resources related to cyber security on these websites:

<https://www.dhs.gov/stopthinkconnect> <https://www.connectsafely.org/seniors/>
<https://staysafeonline.org/stay-safe-online/managing-your-privacy/privacy-tips-older-adults/>
<https://cyberinsureone.com/online-safety-seniors/>

Working After Retirement

Post retirement work for any KCPRS-covered employer, including placement by temporary employment agencies (e.g., Kelly Services) is limited by law. If you are employed full-time for one of our employers, your retirement benefit is suspended. If you work part-time and exceed one of the following limits, your KCPSRS benefit is suspended. **Hour limit:** No more than 600 hours each school year (July 1 – June 30, including summer school). **Salary limit:** No more than 50% of your salary when employed.

Retirees are required to maintain a record of the hours worked and salary earned with each covered-employer. Employers and temporary agencies are also required to report these hours to KCPSRS. Since employers' reporting is often delayed, your personal record may help not only your peace of mind by keeping you within the limitations, but also your pocketbook as you're less likely to have your KCPSRS retirement benefit suspended or need to reimburse the Retirement System, if you exceed the limits.



Stay *connected* on social media



facebook.com/KCPSRS



youtube.com/channel/UCiqODsv_8w0HalpY_cAsVuA

2019—2020 Upcoming Events

SEPTEMBER

- 2 KCPSRS Office closed—Labor Day
- 9 Board of Trustees meeting
- 16 Deadline to submit direct deposit & tax changes for September retirement benefits
- 27 Retirement benefit checks mailed
- 30 Retirement benefit direct deposits deposited

OCTOBER

- 4 Anniversary Celebration
- 7 Board of Trustees meeting
- 15 Deadline to submit direct deposit & tax changes for October retirement benefits
- 30 Retirement benefit checks mailed
- 31 Retirement benefit direct deposits deposited

NOVEMBER

- 4 Board of Trustees meeting
- 15 Deadline to submit direct deposit & tax changes for November retirement benefits
- 27 Retirement benefit checks mailed
- 28-29 KCPSRS Office closed—Thanksgiving
- 29 Retirement benefit direct deposits deposited

DECEMBER

- 2 Board of Trustees meeting
- 16 Deadline to submit direct deposit & tax changes for December retirement benefits
- 25-31 KCPSRS Office Closed—Christmas
- 30 Retirement benefit checks mailed
- 31 Retirement benefit direct deposits deposited

JANUARY

- 1 KCPSRS Office closed—New Year's Day
- 6 Board of Trustees meeting
- 15 Deadline to submit direct deposit & tax changes for January retirement benefits
- 20 KCPSRS Office closed—Martin Luther King, Jr. Day
- 30 Retirement benefit checks mailed
- 31 Retirement benefit direct deposits deposited

FEBRUARY

- 3 Board of Trustees meeting
- 17 KCPSRS Office closed—President's Day
- 18 Deadline to submit direct deposit & tax changes for February retirement benefits
- 27 Retirement benefit checks mailed
- 28 Retirement benefit direct deposits deposited