



KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

Retirement Facts Book

Fiduciary Stewardship • Accountability • Transparency • Member Focused

Serving the Kansas City Community Since 1944

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I. KCPSRS OFFICE INFORMATION

Kansas City Public School Retirement System
3100 Broadway, Suite 1211
Kansas City, MO 64111

Telephone: 816.472.5800

Fax: 816.472.5909

Email: kcpsrs@kcpsrs.org

Web Site: www.kcpsrs.org

OFFICE HOURS (Office currently closed to public due to COVID-19. Staff are available by phone and email)

Monday – Friday

8:00am – 4:30pm

STANDING OFFICE CLOSINGS

New Year's Day

Martin Luther King Day

Presidents' Day

Good Friday

Memorial Day

Independence Day

Labor Day

Thanksgiving Day

Friday After Thanksgiving

Christmas Day

The days between Christmas Day and New Year's Day

II. MISSION AND CORE VALUES

MISSION

The Kansas City Public School Retirement System works to fulfill the expectation of a secure retirement for employees of Kansas City's School District, charter schools and Public Library.

CORE VALUES

In pursuit of our mission, our work is guided and informed by four core values.

- **Fiduciary Stewardship:** We are legally and ethically responsible to our members to safeguard the assets that provide for their future financial security.
- **Accountability:** Our principle obligation and concern is the security of member assets through efficient operations and prudent investment decisions.
- **Transparency:** We ensure openness in all aspects of governance and operations for our members and community.
- **Member Focused:** We strive to make all decisions in the best interest of our members. All of our work begins with the question, "Is it good for our members?"

III. GENERAL SUMMARY

- The Kansas City Public School Retirement System (KCPSRS or the System) is designed for the employees of the School District of Kansas City, Missouri, the Kansas City Public Library, and the charter schools within boundaries of the Kansas City, Missouri School District and KCPSRS.
- The System is financed by employee contributions, contributions from the employers (School District, Public Library, charter schools and KCPSRS) and earnings from investments.
- The System provides service or disability retirement benefits, optional survivor benefits, and refunds of employee contributions plus interest for members who do not qualify for benefits.
- Recognition 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 retirement 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.
- All active members participate in Social Security as well as the System. Changes in Social Security and Medicare tax rates or Social Security benefits do not cause any changes in the required active member contributions or the retiree benefits of the System.
- Questions regarding Social Security benefits should be directed to the Social Security Administration, 800-SSA-1213, www.ssa.gov.

IV. ADMINISTRATION INFORMATION

| | |
|------------------------------|---|
| BOARD OF TRUSTEES | Establishes governance policies and is responsible for the operation of the System. The twelve member Board of Trustees 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 Kansas City School Board appoints four members. The Public Library Board appoints one member. The twelfth member is the Superintendent of the School District. Except for the Superintendent of the School District, all members serve four-year terms. There are no term limits. All members must reside in the boundaries of the Kansas City School District. |
| EXECUTIVE DIRECTOR | Implements the policies set by the Board of Trustees and is responsible for the day-to-day operation of the System. |
| 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 System. |
| ATTORNEY | Interprets legal matters for the Board and represents the System in any litigation. |
| AUDITOR | Conducts an annual audit of all the System's financial transactions for the Board. |
| ASSET CONSULTANT | Provides the Board with information regarding the allocation of invested assets, lends guidance when the Board selects investment managers and monitors the performance of the total portfolio and of the investment managers hired by the Board. |
| INVESTMENT MANAGER(S) | Invest the assets of the System within the specific portfolio guidelines established by the Board. |
| CUSTODIAN BANK | Provides records and safekeeping for the System's securities. |

BOARD OF TRUSTEES

| | | |
|---------------------------------|-----------------------------|-------------------|
| Horace Coleman, Jr. Chairperson | appointed by School Board | term expires 2022 |
| Mark Bedell Ed.D. | Superintendent | ex-officio |
| Joanne M. Collins | appointed by School Board | term expires 2021 |
| Carl Evans | appointed by School Board | term expires 2023 |
| Brian Welch | appointed by School Board | term expires 2024 |
| Debbie Siragusa | appointed by Public Library | term expires 2022 |
| Ben Bullington* | active members | term expires 2021 |
| Anthony Madry | elected by active members | term expires 2022 |
| Roger Offield** | elected by active members | term expires 2024 |
| Von Smalley | elected by active members | term expires 2021 |
| Beverly Pratt | elected by retired members | term expires 2024 |
| Curtis L. Rogers | elected by retired members | term expires 2022 |

*Mr. Bullington was appointed to a vacant position. This seat will be up for election at the end of 2021.

**Mr. Offield is a charter school employee

ADMINISTRATIVE STAFF

| | |
|-----------------|---------------------------------|
| Jim Roehner | Executive Director |
| Jill Chaloupka | Executive Assistant |
| Erica Hill | Retirement Education Specialist |
| Jim Lewallen | Administrative Manager |
| Shannon McClain | Retiree Services Coordinator |
| Laura J. Oswald | Associate Director |
| Joe Schaefer | Information Technology Manager |

V. MEMBERSHIP INFORMATION

MEMBERSHIP

All regular full-time employees who receive compensation provided by the Kansas City Missouri School District, the Kansas City Public Library, a charter school within the boundaries of the Kansas City, Missouri School District, and KCPSRS are active members of the System as a condition of employment.

A regular full-time employee is a person employed in a position requiring service of not less than twenty-five hours per week, and not less than nine months per year.

CONTRIBUTIONS

All active members (employees) contribute 9% of their regular salary to the System. The employee contributions are withheld from gross pay (before taxes) and credited to each individual's KCPSRS account. These contributions can be refunded only if an active member ceases covered employment and forfeits the service credit accrued by their contributions. Active members may not borrow against their KCPSRS account, nor take a hardship withdrawal.

Employers also make contributions to the plan. Effective January 1, 2020, the employer contribution rate is 12%. The employer contributions are not a "match" contribution, meaning employer contributions are not credited to individual's KCPSRS account. The employer contributions go into a general reserve account to pay long-term retirement benefits.

VESTING

Vesting relates to a member's entitlement of benefits. Once a member acquires 5 years of creditable service, the member is vested in the System. A vested member has a right to a KCPSRS monthly benefit when all other eligibility requirements are met.

CREDITABLE SERVICE

EARNED SERVICE CREDIT

Creditable service means the time a regular employee spent working and making contributions to KCPSRS via payroll deduction.

PURCHASED SERVICE CREDIT

In some cases, service credit can be purchased by the member for time when the member was not a regular employee.

REINSTATEMENT OF PRIOR SERVICE

If a member terminates employment and takes a refund of all their accumulated contributions, that individual may, after reemployment and before retirement, purchase all creditable service that was previously refunded. The cost of the purchase of service will be the amount of the refund plus interest from the refund date to the date of payment for the purchased service.

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

PURCHASE OF SERVICE - 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:

(Purchasing service may seem very confusing and 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 KCPSRS to find out if making the purchase would be worthwhile for you.)

- 1) The leave must be granted by the member's employer'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.

The member 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 KCPSRS.

PURCHASE OF MISSOURI PUBLIC SCHOOL SERVICE CREDIT

If a KCPSRS member has service from another public school, library, college, junior college or university system in the State of Missouri, they may elect to purchase or transfer service credit to KCPSRS. Certain requirements must be met:

- 1) Credit toward retirement must be withdrawn from the previous system.
- 2) The member must be a regular full-time employee when the purchase is made.
- 3) Application for the purchase or transfer must be made before retirement from KCPSRS.
- 4) Service purchase must be paid for before KCPSRS retirement.

Other requirements exist, depending on the amount of service to be purchased. The cost of this type of purchase varies based on the number of years as well. Contact KCPSRS for more information.

KCPSRS can provide details regarding eligibility and required steps for purchasing or transferring service credit.

MILITARY SERVICE CREDIT

Any active member of KCPSRS 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. 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.)

Any active member of KCPSRS who leaves their employment to enter service in the armed forces of the United States and dies during that service will have the System count their period of qualified military service as creditable service for vesting purposes, but not for benefits. This has no effect on members who already achieved five years of creditable service prior to entering the armed forces. If the period of military service causes the member to reach five years (vested status), his/her beneficiary will be entitled to the survivor benefit under Section 169.326 if the designated beneficiary is a dependent as defined in that section.

PURCHASE OF OUT-OF-STATE SERVICE

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

PURCHASE OF PRIVATE SERVICE

Members who were previously employed by a private school, library, college, junior college or university prior to becoming an active member of KCPSRS may be eligible to purchase KCPSRS service credit based on that prior employment. To do so, all credit from the previous retirement system must be withdrawn.

FIVE-TENTHS OF A YEAR

Any member who is within five years of being eligible for KCPSRS retirement may purchase up to five-tenths of a year of creditable service for the purpose of achieving the minimum creditable service time for a KCPSRS retirement benefit.

MISSOURI RECIPROCITY (RECOGNITION OF SERVICE)

Provisions of RSMO 169.569 shall apply only to individuals with an effective retirement date after June 30, 2003.

The rule states, to determine eligibility for regular or early retirement with each of the respective systems, an individual may combine service credit from each of the four systems in Missouri:

- The Public School Retirement System of Missouri (PSRS)
- The Public School Retirement System of St. Louis (PSRSSTL)
- The Public School Employee Retirement System of Missouri (PEERS)
- The Kansas City Public School Retirement System (KCPSRS)

with which the individual has at least five years of creditable service. Service credit from a retirement 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 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.

Recognizing service may allow an individual to retire sooner. However, each retirement benefit is calculated using only the years of service and salary on record with each of the retirement systems.

Examples

Plan B

If you are:

| | |
|------------------------|------------|
| Age | 55 |
| Have 15 years w/KCPSRS | 15 |
| Have 5 years w/PSRS | <u>5</u> |
| | 75 credits |

Plan C

If you are:

| | |
|------------------------|------------|
| Age | 55 |
| Have 20 years w/KCPSRS | 20 |
| Have 5 years w/PEERS | <u>5</u> |
| | 80 credits |

VI. BENEFITS

REGULAR RETIREMENT BENEFITS

In order to receive a regular retirement benefit you must meet the following qualifications:

Plan B (Members retiring on or after June 30, 1999 and hired prior to January 1, 2014)

- 1) Be **vested** (see page 5).
- 2) Be **60 years old; or** have at least **75 credits (points)**.
Each year of creditable service (prorated for fractional years) is equal to one credit, and each year of age (prorated for fractional years) is equal to one credit.
- 3) Have terminated employment with any KCPSRS participating employers (KC School District, Public Library, or a charter school within the KCMSD boundaries, or KCPSRS).

(A point is another term for credits – it is your age plus the years of service you have earned. Every year you work, you earn two points – one for your age and one for the year you work.)

Plan C (Members hired after January 1, 2014)

- 1) Be **vested** (see page 5).
- 2) Be **62 years old; or** have at least **80 credits (points)**.
Each year of creditable service (prorated for fractional years) is equal to one credit, and each year of age (prorated for fractional years) is equal to one credit.
- 3) Have terminated employment with any KCPSRS participating employer (School District, Public Library, or a charter school within the KCMSD boundaries, or KCPSRS).

EARLY RETIREMENT BENEFITS

Members may choose to receive a **reduced monthly benefit** once vested **and** have attained the age of 55. The monthly benefit will be reduced based on the number of months the member lacks meeting the full retirement requirement of being at least age 60 under Plan B or age 62 under Plan C (see Appendix B, page 20).

DISABILITY BENEFITS

Members may be eligible to receive a disability retirement benefit if the following requirements are met:

- 1) Member is **vested**.
- 2) Member is **unable to perform** their employment duties.
- 3) This incapacity is likely to be **permanent**.
- 4) The disability must be **certified** by the System's Medical Board and approved by the Board of Trustees.
- 5) Disability retirees will be subject to **periodic re-evaluations of** their disability.
- 6) Disability retirees may be subject to annual **income restrictions**.
- 7) The disability commenced while the individual was an active member (employed with a covered employer).

(Application for disability benefits may be made after you cease to be an active member, provided the disability commenced while you were an active member and provided the application be made no later than six months after you ceased to be an employee of one of KCPSRS's participating employers.)

DEATH BENEFITS

If you die prior to taking a monthly retirement benefit, 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 benefit if:

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

(Death benefits are not the same as the survivor payment options you may choose when you retire. Death benefits are paid to your surviving spouse or dependent if you die before receiving benefits yourself.)

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

(Always notify KCPSRS when you wish to change the beneficiary on your KCPSRS membership record.)

REFUND OF YOUR CONTRIBUTIONS

KCPSRS is designed to provide lifetime monthly benefits to qualified members. KCPSRS benefits are financed through contributions made by the members and the employers. However, if you do not qualify for a current or future KCPSRS monthly benefit, or if you choose to take a refund of your account instead of a monthly benefit, then you have the right to receive a refund of your employee contributions plus any earned interest on those contributions after you have satisfied a 60 calendar day and a 15 work day “break in service.” The employer contributions are not refunded.

NON-VESTED MEMBER REFUND

If you stop working for the employer before qualifying for a KCPSRS monthly benefit, then you may terminate membership in KCPSRS and request a refund of all your employee contributions plus earned interest. Contributions and interest earned are subject to taxation at the time of refund unless the money is rolled directly into an IRA or a qualified retirement plan. In addition, if you are under age 59½, the IRS generally assesses an additional 10% penalty on all withdrawals. Taking a refund of your account eliminates your entitlement to any future KCPSRS retirement benefits. Contributions left in the plan by non-vested members will earn interest for up to four years after termination of employment.

VESTED MEMBER REFUND

You have a right to a refund of all your employee contributions and interest if you are no longer employed by any of the covered employers and you have not applied for a KCPSRS monthly benefit. All pretax contributions and interest earned are subject to taxation when refunded unless rolled directly to an IRA or a qualified retirement plan. In addition, if you are under the age 59½, the IRS generally assesses an additional 10% penalty on all withdrawals. Taking a refund of your account eliminates your entitlement to any future KCPSRS retirement benefits. Contributions left in the plan by a vested member will continue to earn interest each year until the member is eligible for KCPSRS monthly benefit or dies.

DEATH OF MEMBER PAYMENT

If you die before taking a KCPSRS monthly benefit, all your employee contributions plus interest will be paid to your designated beneficiary or to your estate. See page 10 for the exception to this.

(You cannot gain access to your contributions via loans or hardship withdrawals while you are member of the System. Since membership in KCPSRS is a condition of employment, a refund is available only after the required “break in service” and you submit a completed Request of Refund form.)

(If you think there is a chance you may go back to work for the School District, Library, Charter Schools or KCPSRS you may want to leave your contributions in the System. Your assets will earn interest for up to four years, and if you go back to work the prior service will be counted toward the calculation of your retirement benefit.)

(A refund may look very attractive because, in many cases, it represents one of the largest sums of money you may ever accumulate. However, bear in mind that although the refund may seem like a lot of money, you will want to compare it to amount of monthly benefits you will not receive, if you withdraw funds.)

(Beneficiaries may defer tax on lump sum payments by electing rollovers (or direct transfers to IRAs in the case of non-spouse beneficiaries).

VII. BENEFIT CALCULATIONS

DEFINITIONS

Average Final Compensation (AFC) The highest average annual compensation on which contributions were made, for any **four consecutive years** of contributable service.

Years of Creditable Service (YCS) The number of years a regular employee is a contributing member of the retirement system.

REGULAR RETIREMENT

PLAN B (Anyone who retires on or after June 30, 1999 and was hired prior to January 1, 2014)
Your retirement benefit is the product of your Average Final Compensation, times your Years of Creditable Service, times 2%, subject to the minimum and maximum limits.

See Appendix A for an example and a worksheet to help you estimate your retirement benefit.

Dividing the annual retirement benefit by 12 equals the monthly benefit amount.

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

PLAN C (Anyone hired on or after January 1, 2014)
Your retirement benefit is the product of your Average Final Compensation, times your Years of Creditable Service, times 1.75%, subject to the minimum and maximum limits.

Dividing the annual retirement benefit by 12 equals the monthly benefit amount.

$$\frac{\text{AFC} \times 1.75\% \times \text{YCS}}{12} = \text{MONTHLY BENEFIT}$$

MINIMUM RETIREMENT

Members who retire with at least 10 years of creditable service are entitled to a minimum 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 minimum basic benefit.

MAXIMUM RETIREMENT

The maximum retirement benefit is 60% of Average Final Compensation. Therefore, even if you have more than 30 years of contributable service for Plan B or 34.25 years of contributable service for Plan C, your benefit will not exceed 60% of your AFC.

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

EARLY RETIREMENT

The early retirement benefit calculation reduces the regular retirement benefit based on an actuarial factor for the number of months prior to normal retirement age that a member elects to receive a benefit.

EXAMPLE: Pat is 57 years and 7 months old when he decides to retire. He is a plan B member. His benefit of \$581.25 is reduced to \$467.95 because he is taking an early retirement benefit.

DISABILITY RETIREMENT

A member must be vested (5 years of service) to qualify for disability. A disability benefit is calculated using the regular retirement calculation; however, you are deemed to have reached retirement age at the time you qualify for disability benefits.

$(\$581.25 \times .80507 = \$467.95)$

The minimum disability benefit is either, 25% of your average final compensation, or a benefit calculated using the maximum years of credible service assuming the member worked to age 60---whichever is smaller.

Disability benefits are subject income restrictions and reevaluations (see page 10).

Contact KCPSRS to find out how disability provisions might apply to your situation.

DEATH BENEFIT FACTORS

If a member's beneficiary is entitled to receive a monthly benefit under the death benefit provisions, that benefit will be calculated based on the following:

- 1) The regular retirement benefit formula and using your date of death as the date of retirement.
- 2) If a member dies while an active member, the years of service will be the greater of ten or their actual years of service.
- 3) Member's beneficiary will receive the 100% survivor benefit known as "Option 1" (see Benefit Payment Options).
- 4) If the beneficiary is a dependent child, the benefit will terminate when the child reaches age 19.

VIII. BENEFIT PAYMENT OPTIONS

BENEFIT PAYMENT OPTIONS

Retirement benefits are paid monthly for life. The member may select the payment option that best suits his or her financial needs. Once the first payment is received the member may not change their payment option.

Basic Benefit is based on the regular retirement benefit calculation and, if applicable, the early retirement reduction factor. Payable monthly for as long as you live. Should you die within the first years of retirement and, **IF** there is any remaining balance of your contributions plus interest then your designated beneficiary will receive a refund of any remaining balance. You must designate a beneficiary in the event any final payment be due.

Option 1 (100% Survivor) provides a reduced benefit to you for the rest of your life and, upon your death, the same benefit for your designated survivor for the balance of their life. If your survivor dies before you, your retirement benefit will be increased to the Basic Benefit amount. Death certificate required prior to the increase. After the death of both you and your survivor, no further benefits will be paid.

Option 2 (50% Survivor) provides a reduced benefit to you for the rest of your life and, upon your death, a benefit for your designated survivor that is 50% of your monthly benefit. If your survivor dies before you, your monthly benefit is increased at that time to the Basic Benefit amount. Death certificate required prior to the increase. After the death of you and your survivor no further benefits will be paid.

Option 3 (Life Only) pays a slightly higher benefit than the Basic Benefit. However, if you should die before receiving retirement payments totaling the amount of your contributions plus interest, there is no payment to your beneficiary or estate.

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

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.

IX. INFORMATION FOR RETIREES

RETIREE STATEMENTS

On December 31st of each year, a retirement benefit statement is mailed to all retirees/payees, which reflects the all the retirement payments made to the retiree/payee during that year. In addition, a statement is mailed out when a retiree/payee makes changes to their address, bank account, or tax withholding. Retirees/payees may securely access their membership information at any time from any device with internet access via *My Account* on the KCPSRS website at www.kcpsrs.org.

RETIREMENT PAYMENTS

DIRECT DEPOSIT

KCPSRS strongly encourages retirees/payees to have their monthly retirement benefits directly deposited to their personal bank account. It is the safest and fastest method of receiving monthly benefit payments. Direct deposited benefits are electronically transferred to the retiree/payee's bank account on the last business day of the month. The Direct Deposit form may be found on our website www.kcpsrs.org in the *Retirees* tab on *Important Forms for Retirees*.

Retirees with direct deposit have their check deposited securely and consistently on the last business day of the month.

Social Security has made direct deposit mandatory.

Direct deposit is secure and dependable.

PAPER CHECKS

If a retiree/payee does not have a bank account, KCPSRS will mail the benefit check on the business day before the last business day of the month.

Retirement checks sent through the U.S.P.S. are not considered late until the 10th of the following month.

If this occurs, contact KCPSRS (816-472-5800) to request a replacement check. There is a \$30 "stop pay" check fee for any check that needs to be reissued.

KCPSRS can provide the forms necessary to initiate direct deposit of your benefits.

CHANGE OF ADDRESS, TAX WITHHOLDING, AND/OR BANK ACCOUNT

KCPSRS must receive changes of address, tax withholdings and/or direct deposit account changes by the 15th of the month for the changes to take effect for that month's payment.

Retirees/payees may update their mailing address and tax withholdings by accessing their member account by:

1. On-line -- Log-in to *My Account* on the KCPSRS website at www.kcpsrs.org.
2. Submitting the appropriate form to KCPSRS via US mail, email, or fax (forms can be downloaded from the website www.kcpsrs.org Retiree Tab or call KCPSRS to have a form mailed to you.
3. Address changes may be requested via a phone call to KCPSRS 816-472-5800. Identifying information will need to be verified.

Updating your bank account for direct deposit requires a completed direct deposit form.

TAX WITHHOLDING

All or part of benefit payments will be subject to income taxation. Retirees/payees may request federal and Missouri tax to be withheld from their benefits. If a federal withholding form is not submitted, KCPSRS is required to assess the standard tax withholding from benefit payment.

(This is just like having taxes taken out of your paycheck except in this case it's optional.)

KCPSRS issues an IRS Form 1099-R to every person who receives a benefit or a refund during the year. The form lists the amount of benefits or refund paid in the calendar year and the tax withholdings. This form should be used in filing personal income tax returns for the year. Payees may securely access membership and payment information from any device with internet access. Log-in to *My Account* on the KCPSRS website at www.kcpsrs.org.

RETURNING TO WORK

REEMPLOYMENT in a full-time position with the Kansas City Public School District, Public Library, or a Kansas City charter school requires the retiree to suspend their monthly retirement check. **Retirees are responsible for notifying KCPSRS prior to the month reemployment begins so the monthly retirement benefit can be suspended in a timely manner, to avoid the retiree owing payment(s) to KCPSRS.**

PART-TIME, SUBSTITUTE and/or TEMPORARY EMPLOYMENT (see note below) work by a retiree for the Kansas City Public School District, Public Library or a Kansas City charter school **cannot be more than 600 hours per school year** (July 1 – June 30) and a retiree cannot earn more than 50% of the annual salary they were paid by the employer prior to retirement. This includes work via a third-party contractor when work is performed at any of KCPSRS covered employers (i.e. KC school).

Any retiree who works over the 600-hour limit, must contact KCPSRS. The benefits will be suspended until the end of the school year. **It is the retiree's responsibility to track their hours and notify KCPSRS if they will be exceeding the limit and to repay KCPSRS for any overpayments.**

Employers and third-party vendors are reporting retiree hours to KCPSRS, however this is delayed reporting so it is in the best interest of the retiree to track their own hours. The financial consequences can be staggering when a retiree has to repay KCPSRS for overpayments.

HEALTH INSURANCE

Retirees from the School District may purchase group health and dental insurance through the School District at the time of retirement. Once a retiree terminates their insurance affiliated with the School District, they forfeit the opportunity to re-enroll with the School District's group health insurance.

Retirees from other employers will want to check on other opportunities for health insurance before they retiree.

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

APPENDIX A

HOW TO ESTIMATE YOUR RETIREMENT BENEFIT

PLAN B ELIGIBLE MEMBERS

The formula for calculating service retirement benefits is as follows:

$$\begin{array}{c}
 \text{AVERAGE FINAL COMPENSATION (see page 12)} \\
 \times \\
 \text{2\% multiplier} \\
 \times \\
 \text{THE NUMBER OF YEARS OF CREDITABLE SERVICE (maximum of 30)}
 \end{array}$$

Anyone who retires on or after June 30, 1999 and was hired prior to January 1, 2014 will receive a benefit calculated with the 2% multiplier.

| | Example | Try on your own |
|--|--|---|
| STEP 1: Add your four highest annual consecutive years of salary (for this example we will use four complete contract years – we prorate your years when we do your calculations) | 62,000 63,500 64,000 <u>65,000</u> 254,500 | _____ _____ _____ _____ _____ |
| STEP 2: Divide by 4 to get your Average Final Compensation | 63,625 | _____ |
| STEP 3: Multiply the total from STEP 2 by 2%. | 1,275.50 | _____ |
| STEP 4: Multiply the result of STEP 3 by the numbers of years of creditable service (for this example we'll use 15 years of contributable service) | 19,087.50 | _____ |
| STEP 5: Divide the annual retirement allowance by 12 to arrive at the monthly benefit. | 1,590.63 | _____ |

PLAN C ELIGIBLE MEMBERS

The formula for calculating service retirement benefits is as follows:

$$\begin{array}{c}
 \text{AVERAGE FINAL COMPENSATION (see page 12)} \\
 \times \\
 1.75\% \\
 \times \\
 \text{THE NUMBER OF YEARS OF CREDITABLE SERVICE (maximum of 34.25)}
 \end{array}$$

Anyone hired on or after January 1, 2014 will receive a benefit calculated with the 1.75% multiplier.

| | Example | Try on your own |
|--|--|---|
| STEP 1: Add your four highest annual consecutive years of salary (for this example we will use four complete contract years – we prorate your years when we do your calculations) | 62,000 63,500 64,000 <u>65,000</u> 254,500 | _____ _____ _____ _____ _____ |
| STEP 2: Divide by 4 to get your Average Final Compensation | 63,625 | _____ |
| STEP 3: Multiply the total from STEP 2 by 1.75%. | 1,113.44 | _____ |
| STEP 4: Multiply the result of STEP 3 by the numbers of years of creditable service (for this example we'll use 15 years of contributable service) | 16,701.56 | _____ |
| STEP 5: Divide the annual retirement allowance by 12 to arrive at the monthly benefit. | 1,391.80 | _____ |

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. An early retirement benefit is determined by multiplying the regular retirement benefit by the appropriate factor.

1. **Plan B (Anyone who retires on or after June 30, 1999 and was hired prior to January 1, 2014)**
 - a. **Eligibility:** Member must be at least age 55 and have at least 5 consecutive years of creditable service (not purchased).
 - b. **Application:** Member must sign application at least 60 days before effective date of retirement.
 - c. **Benefit:** The regular retirement benefit times an early retirement actuarial reduction factor based on current age.

Early Retirement Reduction Factors for Employees Retiring Before Age 60 or Minimum Normal Retirement Age (75 points)

| Months | 55 | 56 | 57 | 58 | 59 |
|--------|---------|---------|---------|---------|---------|
| 0 | 0.64082 | 0.69926 | 0.76364 | 0.83467 | 0.91315 |
| 1 | 0.64569 | 0.70462 | 0.76956 | 0.84121 | 0.92038 |
| 2 | 0.65056 | 0.70999 | 0.77547 | 0.84775 | 0.92762 |
| 3 | 0.65543 | 0.71535 | 0.78139 | 0.85429 | 0.93486 |
| 4 | 0.66030 | 0.72072 | 0.78731 | 0.86083 | 0.94210 |
| 5 | 0.66517 | 0.72608 | 0.79323 | 0.86737 | 0.94934 |
| 6 | 0.67004 | 0.73145 | 0.79915 | 0.87391 | 0.95657 |
| 7 | 0.67491 | 0.73681 | 0.80507 | 0.88045 | 0.96381 |
| 8 | 0.67978 | 0.74218 | 0.81099 | 0.88699 | 0.97105 |
| 9 | 0.68465 | 0.74754 | 0.81691 | 0.89353 | 0.97829 |
| 10 | 0.68952 | 0.75291 | 0.82283 | 0.90007 | 0.98552 |
| 11 | 0.69439 | 0.75827 | 0.82875 | 0.90661 | 0.99276 |

Factors are based on 7.75% and the RP 2014 Mortality Table projected to 2035 with a 25% male / 75% female blend.

2. Plan C (Members hired on or after January 1, 2014)

- a. **Eligibility:** Member must be at least age 55 and have at least 5 consecutive years of creditable service (not purchased).
- b. **Application:** Member must sign application at least 60 days before effective date of retirement.
- c. **Benefit:** The regular retirement benefit times the early retirement actuarial reduction factor based on current age.

Early Retirement Reduction Factors for Employees Retiring Before Age 62 or Minimum Normal Retirement Age (80 points)

| Months | 55 | 56 | 57 | 58 | 59 | 60 | 61 |
|--------|---------|---------|---------|---------|---------|---------|---------|
| 0 | 0.53259 | 0.58116 | 0.63466 | 0.69370 | 0.75893 | 0.83111 | 0.91113 |
| 1 | 0.53664 | 0.58562 | 0.63958 | 0.69913 | 0.76494 | 0.83778 | 0.91854 |
| 2 | 0.54069 | 0.59008 | 0.64450 | 0.70457 | 0.77096 | 0.84445 | 0.92594 |
| 3 | 0.54473 | 0.59453 | 0.64942 | 0.71001 | 0.77697 | 0.85111 | 0.93335 |
| 4 | 0.54878 | 0.59899 | 0.65434 | 0.71544 | 0.78299 | 0.85778 | 0.94075 |
| 5 | 0.55283 | 0.60345 | 0.65926 | 0.72088 | 0.78900 | 0.86445 | 0.94816 |
| 6 | 0.55687 | 0.60791 | 0.66418 | 0.72631 | 0.79502 | 0.87112 | 0.95556 |
| 7 | 0.56092 | 0.61237 | 0.66910 | 0.73175 | 0.80103 | 0.87779 | 0.96297 |
| 8 | 0.56497 | 0.61683 | 0.67402 | 0.73718 | 0.80705 | 0.88446 | 0.97038 |
| 9 | 0.56902 | 0.62129 | 0.67894 | 0.74262 | 0.81306 | 0.89112 | 0.97778 |
| 10 | 0.57306 | 0.62575 | 0.68386 | 0.74805 | 0.81908 | 0.89779 | 0.98519 |
| 11 | 0.57711 | 0.63021 | 0.68878 | 0.75349 | 0.82509 | 0.90446 | 0.99259 |

Factors are based on 7.75% and the RP 2014 Mortality Table projected to 2035 with a 25% male / 75% female blend.