



CHAPTER: Separation

SUBJECT: Retirement – Kansas Police & Firemen’s Retirement System

POLICY NUMBER: 4.605

PAGES: 6

RELATED POLICIES:
4.604 4.605A

ENABLING RESOLUTION:
320-1988 267-2007 269-2007
183-2013

REVISION DATE(S):
2/88 1/89 3/90 2/91 9/93
2/94 3/97 11/01 10/02 12/07
10/13 10/15

DEPARTMENT OF PRIMARY RESPONSIBILITY: HUMAN RESOURCES

SPECIAL NOTES: This Policy/Procedures Manual does not in any way constitute an employment contract. Sedgwick County reserves the right to amend this Manual at any time subject only to approval by the Board of County Commissioners and the Governing Body of Sedgwick County Fire District Number One.

I. Purpose

The purpose of this policy is to provide information to employees who are covered by the Kansas Police & Firemen’s Retirement System (KP&F). Covered employees include firefighters, emergency medical technicians, and police officers.

II. Policy

- A. Kansas law requires that all employees in a covered position with participating employers become members of the Kansas Police & Firemen’s Retirement System (KP&F). A covered position is one that is not seasonal or temporary, and requires at least 1,000 hours of work per year.
- B. Tier I Members are employees who were employed before July 1, 1989, and did not choose Tier II coverage. Tier II Members are employees who were employed on or after July 1, 1989, or before July 1, 1989, and chose Tier II coverage.
- C. Elected Sheriffs may choose whether or not to become a member of KP&F.
- D. All KPERS and KP&F policies are effective as of the effective date of the relevant statutes.

III. Procedure

- A. Members contribute 7.15 percent of gross earnings. Kansas law does not allow a member to borrow from contributions. Contributions are made on a pre-tax basis and deferred

from federal income taxes until withdrawal or retirement. Contributions do need to be added back into gross income for state income tax purposes when the member does the Kansas state income taxes each year.

- B. Interest is credited annually on June 30, based on the balance in the employee's account on December 31 of the preceding year. Members hired before July 1, 1993, earn eight (8) percent interest on contributions. Members hired on or after July 1, 1993 earn four (4) percent interest on contributions.
- C. The amount of interest credited to the member's account has no bearing on retirement benefits. Account balances are only important if a member withdraws or dies before retirement. Employer contributions are not credited to a member's account and stay with the Retirement System.
- D. Members receive an annual statement to use as a tool for retirement planning. The annual statement shows contributions, earned interest, years of service, current final average salary and beneficiary information. Members who have at least ten years of service credit also have retirement benefit estimates.
- E. Members who are vested have earned enough service credit to guarantee a retirement benefit. Tier I KP&F members become vested with 20 years of credited service. Tier II KP&F members become vested with 15 years of service.
- F. If vested, upon separation of employment, a member may choose to withdraw contributions plus interest, giving up all Retirement System rights, benefits and service credit or keep contributions with the Retirement System, and apply for retirement benefits when eligible. Members choosing to keep the contributions with the Retirement System, become an "inactive member." Contributions will continue to earn interest. Inactive members who do not withdraw contributions and again return to covered employment immediately become a contributing active member and keep previous service credits. If a member is not vested, he or she is not guaranteed a retirement benefit and has up to five years to withdraw contributions, put interest.
- G. Members may apply to withdraw contributions anytime 31 days after the end of employment. A member may elect between two options when withdrawing contributions.
 - a. Option 1: Contributions may be rolled over into an eligible retirement plan like a 457 (b) deferred compensation plan, 403 (b) annuity, individual retirement account (IRA), or a qualified retirement plan. This option allows the member to defer paying taxes until a later date.
 - b. Option 2: Contributions can be paid directly to the member. Federal law requires a mandatory 20 percent federal tax withholding on taxable amounts paid to the recipient.

- H. KP&F death benefits cover regular Tier I and Tier II members. Benefits are automatically paid to the employee's spouse and/or eligible children. Children are eligible up to age 18, or 23 if a full-time student. If the employee does not have a surviving spouse or eligible children, their beneficiary receives a one-time lump-sum benefit.
- a. Service-Connected Death - The employee's spouse receives an annual benefit of 50 percent of the employee's final average salary in on-going monthly payments for rest of his or her life. Eligible children also receive an annual benefit of 10 percent of the employee's final average salary. The maximum total benefit is 75 percent of the final average salary.
 - b. Non Service-Connected Death – The employee's spouse receives a lump-sum payment of 100 percent of the employee's final average salary, plus an annual benefit of the final average salary x 2.5 percent x years of service in on-going monthly payments for the rest of his or her life. The maximum annual benefit is 50 percent of the employee's final average salary. If the employee does not have a surviving spouse, eligible children share the benefit.

I. Tier I and Tier II members are covered by different disability benefits.

Tier I, Service-Connected Disability Benefits

Tier I employees receive an annual disability benefit of 50 percent of his or her final average salary, in on-going monthly payments. Eligible children receive an annual benefit of 10 percent of the employee's final average salary. Children are eligible up to age 18, or 23 if a full-time student. The maximum total benefit is 75 percent of the employee's final average salary.

If the employee has no eligible children, the benefit is the higher of:

- 50 percent of final average salary, or
- Final average salary x 2.5 percent x years of service. The maximum benefit is 80 percent of his or her final average salary.

Tier I, Non Service-Connected Disability Benefits

Tier I employees receive an annual benefit of final average salary x 2.5 percent x years of service, in on-going monthly payments. The minimum benefit is 25 percent of the employee's final average salary and the maximum benefit is 80 percent. An employee must wait 180 days from the last day he or she is actively at work to apply for benefits.

Under Tier I, an employee will remain on disability for the rest of his or her life unless he or she returns to work for a KP&F participating employer or is no longer disabled.

Tier II Disability Benefits

Tier II disability benefits are the same, whether the employee's disability is service-connected or non service-connected. An employee receives an annual benefit of 50

percent of his or her final average salary, in on-going monthly payments there is no child's benefit. There is no waiting period. The employee will continue receiving service credit until he or she is no longer disabled or until he or she is eligible to retire. If an employee is already eligible to retire, he or she may not apply for disability.

If an employee is disabled and off payroll for five or more years, the final average salary may be recalculated to benefit the employee when determining retirement benefits.

Working While Receiving Disability Benefits-Tier 1

If the employee returns to work with any KP&F participating employer, the disability benefits will automatically stop. If he or she returns to work in a KPERS-covered position, there will not be an earnings limit, and the employee will immediately become a contributing member of KPERS. The employee will not have an earnings limit if he or she works for any employer not affiliated with the Retirement System.

Working While Receiving Disability Benefits-Tier II

If the employee returns to work with any KP&F participating employer, disability benefits will automatically stop. If the employee returns to work in a KPERS-covered position, he or she cannot contribute to KPERS. This is because the employee will continue to receive service credit for KP&F while on disability. For any employment subject to Social Security, the disability benefit will be reduced \$1 for every \$2 of earned income over \$10,000 in a calendar year.

J. **Retirement Benefits**

Members must meet both age and service requirements. Age is determined by the member's last birthday. A remainder of two service quarters will round to one year.

Note: The maximum retirement benefit (90 percent of final average salary) is reached when a member has 36 years of service. Working more than 36 years will not increase the member's benefit unless his or her final average salary increases.

Retiring With Full Benefits

- Tier I:
 - Age 55 with 20 years of service
 - Any age with 32 years of service
- Tier II:
 - Age 50 with 25 years of service
 - Age 55 with 20 years of service
 - Age 60 with 15 years of service

Retiring Early for Tier I and Tier II

A member can retire as early as age 50 with 20 years of service. However, his or her benefits will be **permanently reduced**. Benefits are reduced by 0.4 percent for each month the member is under age 55.

If the member has KPERS service credit, it may count towards his or her KP&F service requirement for retirement eligibility. Only KP&F service will be used to calculate the member's KP&F retirement benefit. A separate retirement benefit will be calculated for your KPERS service.

Purchased military service cannot be used to reach retirement eligibility.

- K. A member needs to apply to receive retirement benefits. Retirement benefits do not automatically begin. An Application for Retirement from (KPERS-15) must be submitted to the Division of Human Resources 60-90 days prior to the retirement date. Documents that need to be provided with the retirement application are the proof of birth to establish age, proof of any name change, and birth document and any name change document for the member's joint annuitant, if he or she has one. KPERS accepts photocopied documents of birth and name change as long as they are not altered. If a member is unable to locate the necessary documents, he or she should contact the KPERS office for alternatives. KPERS will accept faxed documents. Death certificates and court documents must be certified.

- L. KP&F retirement benefits are calculated using the following formula:

Final average salary x statutory multiplier 2.5 percent) x years of service (up to 36 years) = annual benefit at normal retirement age

Example: \$35,000 x 2.5% x 20 = \$17,500 annual benefit

Final Average Salary

If the member's membership date was *on or after July 1, 1993*, his or her final average salary is an average of the three highest of the last five years of service, **excluding** additional compensation, such as sick and annual leave.

If the member's membership date was before *July 1, 1993*, his or her final average salary is an average of the three highest of the last five years of service, **including** additional compensation, such as sick and annual leave.

- M. Employees must contact the Sedgwick County Division of Human Resources to complete KPERS forms. For information, employees may contact KPERS. KPERS Offices are open Monday through Friday, 8:00 a.m. – 5:00 p.m. and may be contacted by calling 1-785-296-6166, or by calling KPERS "InfoLine" a toll-free customer service call center from 8:00 am. – 4:00 p.m. at 1-888-275-5737. KPERS may also be contacted at the website: www.kpers.org, e-mail: kpers@kpers.org, mail: 611 S. Kansas Ave, Suite 100, Topeka, KS 66603.

N. Employees who meet eligibility requirements under Kansas Public Employees Retirement System (KPERS) or Kansas Police & Firemen's Retirement System (KP&F) and start receiving a monthly benefit the month following their separation date from Sedgwick County.