

V. GROUP HEALTH AND RELATED BENEFITS

B. RETIREMENT PLANS

The City of Lawrence is affiliated with the Kansas Public Employee Retirement System (KPERS), which administers a qualified, governmental, section 401(a) defined benefit pension plan for members employed by state and local governments. KPERS is an umbrella organization which also administers the Kansas Police and Fireman's Retirement System (KP&F). KPERS provides retirement, disability, life insurance, and survivor's benefits.

KPERS is also referred to as a "contributory" defined benefit plan, meaning that employees make contributions to the plan. Members' contributions are fixed by statute. Your contributions are excluded from gross income for federal income tax purposes. Employer contributions are not credited to individual members' accounts and remain with the Retirement System when a member terminates employment and withdraws member contributions. The employer's contribution rate may fluctuate, depending on the funding needs of the Retirement System. Interest is credited annually on June 30, based on the balance in your account on December 31 of the preceding year. Employee contributions, for those employees who became members before July 1, 1993, earn interest at the rate of 8 percent per year. For those employees who became members July 1, 1993, and after, interest is credited to their accounts at the rate of 4 percent per year.

1. KPERS

Membership is mandatory for all employees in covered positions. A covered position is one that is covered by Social Security, is not seasonal or temporary, and requires at least 1,000 hours of work per year. Employees become members on their date of hire. Elected officials may choose, under certain conditions, whether to participate in KPERS.

KPERS 1 (Membership date before July 1, 2009)

Members' contribute 6 percent of their gross federal compensation. You are a vested member when you have five or more years of credited service. Retirement eligibility is met at age 65 with 1 year of service, age 60 with 10 years of service or when your combined age and years of service equal 85.

KPERS Tier 2 (Membership date on or after July 1, 2009)

Members contribute 6 percent of their gross compensation. You are a vested member when you have five or more years of credited services. Retirement

eligibility is met at age 65 with 5 years of service or age 60 with 30 years of service.

KPERS 3 (Membership date on or after January, 1, 2015)

Members contribute 6 percent of their gross federal compensation. You are a vested member when you have 5 or more years of credited service. Retirement eligibility is met at age 65 with 5 years of service or age 60 with 30 years of service.

2. KP&F

Members include public law enforcement officers and firefighters as defined by the retirement system. Members are not covered by the Social Security System. Those hired after 1987 are covered by Medicare. Members contribute 7.15 percent of their gross federal compensation from their date of employment by the City.

Tier I members are vested at 20 years of service. Retirement eligibility is met at age 55 with 20 years of service or at any age with 32 years of service.

Tier II members are vested at 15 years of service. Retirement eligibility is met at age 50 with 25 years of service.

For more information on KPERS and KPF Retirement Plan visit www.kpers.org.

3. Deferred Compensation

Full-time regular and part-time regular employees and extra-board may elect to participate in the 457 Deferred Compensation Plan through payroll deduction for Retirement Savings. Contributions and income earned are not subject to federal and state tax until the funds are withdrawn. The City provides several investment options from which to choose. An employee may sign up at any time. The city does not contribute to the 457 Deferred Compensation Plan.