



Kansas Police & Firemen's Retirement System (KP&F)

A Recruitment and Retention Benefit for Officers

Prepared by the Bel Aire Police Department



Kansas Police & Firemen's Retirement System (KP&F) – Bel Aire Police Department

A Recruitment and Retention Tool for Officers

The Kansas Police & Firemen's Retirement System (KP&F) is part of the KPERS umbrella organization. It was designed specifically to meet the needs of Law Enforcement, Firefighters and EMT/Paramedics. Because of the nature of their work, KP&F members are often exposed to risks and dangers other employees are not. Some of these risks include physical injuries from the weight/strain of equipment they are required to carry and duty related injuries and disease exposure. Because of these types of risks and the physical requirements of their jobs, KP&F members frequently retire at a younger age, sometimes before Social Security and Medicare benefits begin.

KP&F currently includes 112 participating state and local government employers, such as the Kansas Highway Patrol (KHP), Kansas Bureau of Investigation (KBI), Salina Fire Department, and Sedgwick County Sheriff's Office. It covers about 7,500 total police and firefighting personnel, including emergency medical technicians. This includes about 500 KHP troopers, examiners, and officers. It also includes about 70 KBI agents.

Members under KP&F contribute 7.15% of their pay/salary to KP&F compared to 6% under KPERS. **The city's contribution would be 22.8% compared to 8.87% under KPERS.**

KP&F is a Defined Benefit Plan or Pension Plan meaning Members are guaranteed a monthly benefit for the rest of their life. This Benefit is calculated by the members Final Average Salary x 2.5% Multiplier x Years of Service.

A member automatically earns service credit for the years they work in a covered position. After a number of years of service, they are guaranteed a benefit. This is called "vesting." All current commissioned officers of the Bel Aire Police Department would qualify as Tier II Members under KP&F.

Under KP&F Tier II, Bel Aire Police Officers would be able to retire with full benefits at:

- Age 50 with 25 years of service
- Age 55 with 20 years of service
- Age 60 with 15 years of service

If a member participated in more than one Retirement System group, they may be able to combine years of service towards vesting. This would be the case with all officers who are

currently members under KPERS. In other words, time in KPERS would apply towards “years of service” for vesting in KP&F. Currently all commissioned police officers of the Bel Aire Police Department are covered under the Kansas Public Employees Retirement System (KPERS). Any newly hired officers, not previously participating in KPERS prior to January 1, 2015, will fall under Tier 3, a “cash balance plan”. The significant differences between the plans are how retirement age and benefit is determined as shown in the table below.

KPERS 1	KPERS 2	KPERS 3
Vesting		
5 years	5 years Exception – Inactive members	5 years
Retirement Age		
Full eligibility Age 65 with 1 year of service Age 62 with 10 years of service Any age when age + service = 85 Early eligibility, reduced Age 55 with 10 years of service KPERS 1 early reduction factors apply	Full eligibility Age 65 with 5 years of service Age 60 with 30 years of service Early eligibility, reduced Age 55 with 10 years of service KPERS 2 early reduction factors apply	Full eligibility Age 65 with 5 years of service Age 60 with 30 years of service Early eligibility, reduced Age 55 with 10 years
Retirement Benefit		
Guaranteed lifetime benefit with survivor options Benefit based on statutory benefit formula FAS x multiplier* x years of service Partial-lump sum option 10%, 20%, 30%, 40%, 50% No automatic cost-of-living increase \$4,000 retiree death benefit *statutory multiplier: 1.75% for service before January 1, 2014; 1.85% for service January 1, 2014, and after	Guaranteed lifetime benefit with survivor options Benefit based on statutory benefit formula FAS x multiplier* x years of service Partial-lump sum option 10%, 20%, 30% No automatic cost-of-living increase \$4,000 retiree death benefit *statutory multiplier: 1.85% for all service	Guaranteed lifetime benefit with survivor options Annuity benefit based on account balance at retirement Partial-lump sum option up to 30% with full retirement (not early) Can use part of account balance to fund a cost-of living increase \$4,000 retiree death benefit
Final Average Salary (FAS)		
Membership on or after July 1, 1993 – 3-year salary average without additional pay (highest annual quarters) 15% salary cap	5-year salary average without additional pay (highest annual quarters) 7.5% salary cap	n/a

Those officers covered under KPERS 1, assuming they started working under the KPERS system at age 21 would be eligible to retire with full benefits at approximately age 53 or 54. Those covered under KPERS 2 and 3 must work until at least age 60 and have 30 years of service in order to receive full benefits. Those officers who retire under KPERS 1 or 2 are guaranteed a retirement benefit for life based on a calculated average of their highest average salary over the time in KPERS. Whereas, members under KPERS 3 are only guaranteed an annuity benefit based on account balance at retirement. The latter can be significantly impacted by interest and market rates.

Disability Benefits

KP&F isn't just for retirement. Active members are covered by occupational disability benefits that provide income protection if they cannot perform duties **related to their job due to an injury or illness**. They are not eligible for benefits if they are disabled while working for any employer other than the KP&F employer. In comparison under KPERS, if a police officer suffers an occupational related disability from illness or injury that prevents them from continuing their employment as a police officer, they may not be protected to the same levels as offered under KP&F if they are deemed employable for any other KPERS qualifying position.

Tier II Disability Benefits

Benefits are the same, whether a disability is service-connected or not. If the member is eligible for full retirement benefits based on their age and service, they cannot apply for disability benefits.

- **Monthly Benefit:** The member would receive an annual benefit of 50% of their final average salary, in on-going monthly payments. There is no children's benefit.
- **Waiting Period:** There is no waiting period to apply. The member can submit an application after the last day they are actively at work.
- **Service Credit:** The member will continue to earn service credit until they are no longer disabled, or until you meet the age and service requirements for full retirement benefits. If they have service in more than one of the retirement plans administered by the Retirement System, they can remain on disability until they are eligible for full retirement benefits from each plan.
- **Taxes:** Benefits are included in gross income for federal income tax purposes.

Working While Receiving Disability Benefits – Tier II

If an officer returned to work with any KP&F participating employer, their disability benefits would automatically stop. If they returned to work in a KPERS-covered position, they could not contribute to KPERS. This is because they would continue to receive KP&F service credit while receiving disability benefits. There is no earnings limit for non-public safety employment.

Death Benefits

KP&F death benefits cover regular Tier II members and Transfer members. Benefits are automatically paid to the member's spouse and/or children. Children are eligible up to age 18, or 23, if a full-time student. Benefits for minor children must be paid to a legally-appointed conservator. If they are unmarried and have no eligible children, their beneficiary receives a one-time lump-sum benefit.

If the Member Dies from a Cause Connected to Their Job While an Active Member

- **Monthly Benefit:** Their spouse receives an annual benefit, in on-going monthly payments, based on the higher of:
 - 50% of your final average salary, or
 - The benefit amount as if they had elected the 100% joint-survivor retirement option.
- **Children's Benefit:** In addition to the member's spouse's monthly benefit, each eligible child receives an annual benefit of 10% of the member's final average salary, in on-going monthly payments. Benefits for minor children must be paid to a legally-appointed conservator.
- **Maximum:** The total annual benefit cannot exceed 90% of the member's final average salary. If No Spouse/Child the member's beneficiary receives a lump-sum equal to 100% of their current annual salary, less any refundable contributions and interest. Taxes Benefits are not included in gross income for federal income tax purposes.

If the Member Dies from a Cause Not Connected to Their Job While an Active Member

- **Lump-Sum Benefit:** Their spouse receives a one-time payment of 100% of their final average salary.
- **Monthly Benefit:** Their spouse receives an annual benefit of their final average salary x 2.5% x years of service in on-going monthly payments for the rest of his or her life.
- **Children's Benefit:** If the member does not have a surviving spouse, the benefits will be paid in equal shares to eligible children. Benefits for minor children must be paid to a legally-appointed conservator.
- **Maximum:** The total annual benefit cannot exceed 50% of the member's final average salary.
- **If No Spouse/Child:** The beneficiary receives a lump-sum equal to 100% of the member's current annual salary, less any refundable contributions and interest.
- **Taxes:** Monthly benefits are included in gross income for federal income tax purposes.

If the Member Dies as a Disability Recipient:

Lump-Sum Benefit: The member's spouse receives a one-time payment of 50% of the member's final average salary.

- **Monthly Benefit:** Your spouse receives a lifetime annual benefit of 50% of the

- member's disability benefit in on-going monthly payments for the rest of his or her life.
- **Children's Benefit:** If the member does not have a surviving spouse, the benefits will be paid in equal shares to eligible children. Benefits for minor children must be paid to a legally-appointed conservator.
- **If No Spouse/Child:** The beneficiary receives a lump sum equal to the member's remaining contributions.
- **Taxes:** Monthly benefits are included in gross income for federal income tax purposes.

KP&F as a Recruiting & Retention Benefit

The City of Bel Aire has continued to take progressive steps to make Bel Aire among the best places to live and work in Kansas. The City's Administration and Council regularly conduct pay studies to ensure we remain competitive in being able to both recruit and retain a professional staff.

Law Enforcement has become an extremely competitive market. In order to recruit and retain officers, communities have had to re-evaluate pay to include certain incentives, retention bonuses, other employment benefits and retirement plans. This is no different for Bel Aire who competes not just with the two largest agencies in the state, but also other area agencies. Under the current KPERS Tier 3, an officer has to work until they are age 65 with five years of service or age 60 with 30 years of service in order to receive full retirement benefits. Because of the nature of their work, officers are often exposed to risks and dangers other KPERS employees are not. Officers are reasonably expected by the public to be in good or acceptable physical shape to do their job.

Several agencies in and near Sedgwick County, including some similar in size to Bel Aire, provide their officers retirement benefits under KP&F including; Goddard, Maize, Park City, Derby, Valley Center, Kechi, Andale, Andover, El Dorado, and Augusta. Other Kansas cities smaller or similar in population to Bel Aire include: Burden (Population 525), Erie (Population 1,085), Rossville (Population 1,263), Victoria (Population 1,220), Saint Francis (Population 1,294), Westwood (Population 1,654), Oswego (Population 1,698), Marion (Population 1,787), Moundridge (Population 1,864), WaKeeney (Population 1,988), Herington (Population 2,304), Girard (Population 2,702), Fairway (Population 3,996), Baldwin City (Population 4,691), Concordia (Population 4,956), Basehor (Population 6,194), Eudora (Population 6,384), Chapman (Population 1,377), Girard (Population 2,497), Lake Quivira (Population 1008), Linn Valley (Population 956), Louisburg (Population 4,994), Paola (Population 5,786), Roeland Park (Population 6,817), Scott City (Population 4,104), Spring Hill (Population 8,547).

Of fourteen organizations in Sedgwick County, six do not offer KP&F. Bel Aire is one of the six but has the largest population. The City of Wichita is not included as they have their own retirement system. Sedgwick County is also a KP&F organization.

Proposal:

The Bel Aire Police Department is seeking staff and council consideration to convert officers to KP&F under a Future Service Transition Option offered under KPERS. In simplistic terms, the city would essentially choose a date in the future to stop officer's contributions into KPERS and start contributions with KP&F. The officer's KPERS account would freeze and a KP&F account would be created. Funds invested in the KPERS account would be frozen, but still continue to accrue interest. Years of Service in KPERS would apply towards the officers vesting in KP&F. Officers would begin contributing 7.15% of their pay/salary to KP&F or 1.15% more than what they were contributing to KPERS. Then, when the officer is eligible to retire, they would receive two retirement benefit checks, one from KPERS and the other from KP&F.

How does this break down financially for the City of Bel Aire?

In 2020 the total annual gross salary for all commissioned Bel Aire Police Officers including overtime was \$540,615. Under KPERS, the city at 8.87% contributed \$47,953. Under KP&F, the city at 22.80% would have contributed \$123,260 or \$75,307 more annually. The department ran two officers short during the year.

In 2021 the total annual gross salary for all commissioned Bel Aire Police Officers including overtime was \$685,827. Under KPERS, the city at 8.87% contributed \$60,833. Under KP&F, the city at 22.80% would have contributed \$156,369 or \$95,536 more annually. The department ran two officers short for first few months of the year.

The 2022 budget total annual gross salary for all commissioned Bel Aire Police Officers including overtime is \$719,303. Under KPERS, the city contribution rate is 8.90% or \$64,018. Under KP&F, the city contribution rate would be 22.99% or \$165,368 a difference of \$101,350.

The 2023 budget total annual gross salary for all commissioned Bel Aire Police Officers including overtime is \$841,469. Under KPERS, the city contribution rate is 8.43% or \$70,936. Under KP&F, the city contribution rate would be 22.99% or \$193,454 a difference of \$122,518. (Estimated fully staffed with added officer)