

# State of Kansas Public Employees 457(b) Deferred Compensation Plan (KPERS 457) Features and Highlights



Read these highlights to learn more about your KPERS 457 Plan. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.

## About KPERS 457

KPERS 457 is a governmental 457(b) deferred compensation plan. It's a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing pretax dollars through a voluntary salary contribution. If allowed by your employer, the Roth option gives you the flexibility to designate all or part of your KPERS 457 elective deferrals as Roth after-tax contributions. All state employees have the Roth option available. Employees of local employers, check Roth availability where you work.

With the pretax option, contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are subject to ordinary income tax. On the other hand, all Roth contributions are made with after-tax dollars, which means you pay taxes now rather than when you take a qualified distribution. This can be beneficial if you end up being in a higher tax bracket in retirement.

## Eligibility requirements

All direct employees (not contractors) of any participating KPERS 457 employer are eligible to contribute to the 457 plan, including full-time, part-time and seasonal employees.

## Enrollment

All employees may enroll by using the online enrollment option on the website at **kpers457.org** or by phone at **1-800-232-0024**. Online or phone enrollments require a Group Number and Plan Enrollment Code, which are available from your employer.

## Contributions

You can designate or change your contribution amount or percentage online by logging in to your account at **kpers457.org** or by calling Customer Service toll free at **1-800-232-0024**.

## 2021 contribution limits

There is a combined maximum limit of 99% of your compensation or \$19,500, whichever is less, for all retirement contributions. (Minimum contribution per pay is \$12 or 1%.)

The special catch-up option allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit — \$39,000). The

amount that you may be able to contribute under the special catch-up option will depend on the amounts that you were eligible to contribute in previous years but did not.

Participants turning age 50 or older in 2021 may contribute an additional \$6,500.

Please note that you may not use the special catch-up option and the age 50+ catch-up option in the same year.

## Investment options

A wide array of core investment options is available through your plan. Each option is explained in further detail in your plan's fund sheets. You don't need an account to access this information. Investment option information is available at **kpers457.org** by clicking on the "Investing" menu and selecting "Investment information" or by calling Customer Service toll free at **1-800-232-0024**. The website and automated portion of Customer Service are available to you 24 hours a day, seven days a week.

In addition to the core investment options, a Self-Directed Brokerage Account (SDBA) is available. The SDBA allows you to select from numerous investment options for additional costs. The investment options available through the SDBA are limited to mutual funds only. In addition to any transaction fees charged by the SDBA provider, an annual SDB access charge of \$50 per year will apply if the total number of KPERS 457 participants using the SDBA reaches 50 or more. The SDBA is intended for knowledgeable investors who understand and accept the risks associated with the investments contained in the SDBA.

## Transfers and allocation changes<sup>1</sup>

Log in to your KPERS 457 account at **kpers457.org** or call Customer Service at **1-800-232-0024** to make changes 24 hours a day. You can move all or a portion of your existing balances to other investment options (subject to plan rules) and change how your payroll contributions are invested.

## Rollovers

Only plan administrator-approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan (both Roth and pretax) or a traditional individual retirement account (IRA) may be rolled over to the KPERS 457 Plan.

**Consider all your options and their features and fees before moving money between accounts.**

## Withdrawals

Qualifying distribution events:

- Retirement
- Severance of employment (as defined by Internal Revenue Code provisions)
- Reaching age 70½ (you may take an in-service withdrawal)
- Death (your beneficiary receives your benefits)
- Unforeseeable emergency (as defined by the Internal Revenue Code)
- Transfer to purchase service credit

Pretax distributions are subject to ordinary income tax, except in the case of an in-service transfer to purchase KPERS service credit. Qualified Roth distributions are not subject to ordinary income tax provided the distribution occurs after you have reached age 59½ (or been disabled or died) and at least five years have passed since your first Roth contribution.

Distributions you receive prior to age 59½ from 457(b) plans like KPERS 457 are not subject to the 10% early withdrawal federal tax penalty. Distributions you receive prior to age 59½ from money sources other than governmental 457(b) money sources, including those rolled into a 457(b) plan, may be subject to the 10% early withdrawal federal tax penalty.

## Plan costs

### Recordkeeping or administrative costs:

An annual charge of 0.158% is calculated and deducted monthly for the Empower Retirement administrative cost.

An annual charge of 0.048% is calculated and deducted monthly for the KPERS administrative cost.

### Investment option costs:

Each investment option has its own operating expenses. These costs are deducted by each investment option's management company before the daily price or performance is calculated. Costs pay for trading of securities within the investment options and other management expenses.

Funds may impose redemption costs and/or transfer restrictions if assets are held for less than the published holding period. Asset allocation funds are generally subject to a fund operating expense at the fund level as well as the prorated fund operating expenses of each underlying fund in which they invest. For more information, please refer to the fund prospectus and/or disclosure document. Funds are subject to the risks of the underlying funds.

There are transaction costs to participate in the SDBA option. Please see [kpers457.org](http://kpers457.org) for more information.

## Loans

If your employer offers loans, you can borrow the lesser of \$50,000 or 50% of your total vested account balance. The minimum loan amount is \$1,000, and you have up to five years to repay your loan — up to 20 years if the money is used to purchase your primary residence. A \$100 origination fee is deducted from the loan proceeds for each loan. You may have one outstanding loan at a time.

## Online Advice

If you would like help managing your account, KPERS 457 offers Online Advice, provided by Advised Assets Group, LLC, a registered investment adviser. This service is designed to help you choose specific investments based on your personal goals and financial situation. This service is available at no additional cost to you.

For more detailed information about Online Advice, visit the KPERS 457 website at [kpers457.org](http://kpers457.org) (click on the "Investing" menu and select "Investment assistance") or call Customer Service at **1-800-232-0024** to speak to an AAG investment adviser representative.

There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

## How can I get more information?

Visit the website at [kpers457.org](http://kpers457.org) or call Customer Service toll free at **1-800-232-0024** for more information. The website provides information regarding your plan as well as financial education information, financial calculators and other tools to help you manage your account. We also have an office in Topeka, and Local Retirement Plan Counselors throughout the state who schedule visits to employers. Call 1-785-414-3583 to contact the Topeka office or to be connected to your Local Retirement Plan Counselor.

<sup>1</sup> Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.

Investing involves risk, including possible loss of principal.

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