

KCPERS Policy

Policy #003 - Pension Estimates and Final Pension Calculations

Adopted: December 7, 2000

Amended: July 12, 2011, July 16, 2012, March 11, 2014, August 11, 2022

1. **Pension Estimates** - Members may contact the Retirement System office at any time during their membership and request an estimate of their pension benefits. Estimates can be run using a current date to reflect accrued pension benefits to date or can be run using any projected future date. Refer to instructions for utilizing the ALERT /For Retire program for procedures to run pension estimates. All pension estimates run should be stamped "Pension Estimate".

Note: Members should be cautioned that a pension estimate is not an indication of retirement eligibility.

Final Compensation

The methodology used in the pension calculation program allocates pay to working days by assuming a Monday thru Friday workweek and 8 hour workdays. This methodology produces a 'normal' pension calculation made up of base salary from 52.2 pay periods (365 days + 365 days) for Tier 1 members and 71.3 (365 days + 365 days + 365 days) for Tier 2 members retiring at the end of a work week. However, calculations fluctuate for a retirement effective mid-week. Even greater variances occur for members that are on a 10 hour schedule and have days off other than Saturday/Sunday. In order to be able to rely on automated pension calculations in most situations, members that have not reached their maximum allowable creditable service will be encouraged to retire at the end of a work week and optimally at the end of a pay period.

2. **Final Pension Calculations** - Members may retire on any date after their first eligibility date. A final pension calculation can only be run after payroll has been processed for the payroll period in which the member's last day of creditable service occurs.

LE members that reach their mandatory 32-year date for creditable service will receive a 'Final Compensation' calculation based on the appropriate number of pay periods for the members Tier.

Benefit Calculation Date

For members that have not reached their maximum allowable creditable service, the 'Benefit Calculation Date' will be the day immediately following the members' last day on payroll. For LE members that have reached their mandatory 32-year date for creditable service, the 'Benefit Calculation Date' will be the day immediately following the day they reach the maximum 32 years of creditable service.

Final Partial Lump Sum Option Payment (PLOP) Calculation Date

For LE members who elect to work beyond their mandatory 32-year date for creditable service, the 'Benefit Calculation Date' will be used to identify the age based factor that will be used to determine the actuarial reduction in the pension. All other age based factors for the 'Final PLOP Calculation Date' will be determined using the pension effective date.