KP&F DROP

DEFERRED RETIREMENT OPTION PROGRAM

2026 KPERS EMPLOYER CONFERENCE

Presenter:

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KPERS

WHAT IS DROP?

- Instead of retiring, this option allows eligible members to **keep working** while their monthly retirement benefit accumulates in a DROP account.
- Members can elect a DROP period of **3**, **4**, or **5** years.
- During their DROP period, their monthly benefit is deposited into their DROP account, and they **continue earning** compensation from the employer and contributing to the KP&F plan.
- When the DROP duration ends, the member **must apply** to receive the lump-sum payment of their DROP account and the monthly benefit will begin.
- Member's may earn 0% or 3% interest on their DROP account based on system earnings.

WHO CAN FILE FOR DROP BENEFITS?

Any KP&F members who are eligible for full retirement

WHAT IS FULL RETIREMENT?

Tier I	age 55 w/ 20 years or any age w/ 32 years
Tier I transfer	age 50 w/25 years
Tier II	age 50 w/ 25 years or age 55 w/ 20 years or age 60 w/15 years
Tier II transfer	age 50 w/25 years or age 55 w/20 or age 60 w/15 years

WHY WOULD SOMONE CHOOSE DROP?

- Their salary is **decreasing** due to less overtime, fewer hours, less work, demotions, etc.
- They are at the **maximum benefits** with 36 years of service allowing them 90%.
- The DROP accumulation **replaces** the PLSO option, therefore leaving them with the higher monthly benefit and a lump-sum payout of their DROP account at retirement.

ARE THERE OTHER BENEFITS?

- **Optional Life Insurance** – if member has this, nothing changes and they keep paying for that through payroll deduction.
- **Accelerated Death Benefit** – member still has an option to take this as they are still an active member.
- **Death Benefits** – member is treated like an active member, so contributions and interest, and possibly part of their DROP account, would be returned in the event of death. Separate beneficiaries can be named for DROP vs contributions and interest.
- **Disability Benefits** – also same as an active member.

WHAT FORMS ARE NEEDED?

- Must complete an **Application for DROP Retirement Benefits (KP&F-15DROP)** – they choose their retirement option and submit required personal documents.
- **Designation of Beneficiary (KP&F-7/99DROP)** – members have the option to designate a different beneficiary for their DROP benefits. If they do not complete this form, we assume they want the same beneficiary for everything that is payable.

HOW DOES THE PROCESS WORK?

- Members choose their **DROP date** which is always the first day of any given month
- Once a member has chosen their DROP date, KPERS determines the **last day** on payroll that will be used in calculating the DROP benefit. We will use the last day of the last full payroll period prior to the DROP date. This will avoid splitting payrolls.
- Members and employers continue to contribute to KPERS while a member is contributing to DROP . There is **no break** in contributions. *(cont.)*

HOW DOES THE PROCESS WORK?

- Salary is then annualized and we use the **highest 12** out of last 20 quarters.
- Payouts – if a membership date is prior to **July 1, 1993**, the member can include payouts; however, the member may not receive payouts until they end employment. At that point, the employer will report the payouts and process an adjustment.
- We will recalculate the **final average salary**. Any increase in benefits will be retroactive to the original DROP date.

WHAT HAPPENS IF MEMBER QUITS?

- Member **forfeits** any accrued interest if they did not complete 36 months in DROP.
- DROP accrual stops.
- Member must apply to have DROP accrual account paid and to have the monthly "retirement" benefit begin.
- If payouts apply, benefits are recalculated the same as if the member completed the DROP duration.



QUESTIONS?