

The background of the slide is a light gray gradient. It is decorated with numerous realistic water droplets of various sizes. Some droplets are large and prominent, while others are small and subtle. They are scattered across the slide, with a higher concentration in the top-left and bottom-right corners. Each droplet has a highlight and a shadow, giving it a three-dimensional appearance.

# DROP

DEFERRED RETIREMENT OPTION PROGRAM

# WHAT IS DROP?

- INSTEAD OF RETIRING, THIS NEW 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?

- TROOPERS, EXAMINERS AND OFFICERS OF THE KANSAS HIGHWAY PATROL 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 SOMEONE CHOOSE DROP?

- THEIR SALARY IS DECREASING DUE TO LESS OVERTIME, FEWER HOURS, LESS WORK, DEMOTIONS AND SO FORTH.
- 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 GROUP 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 AND WOULD HAVE A RETURN OF THE CONTRIBUTIONS AND INTEREST IN THE EVENT OF DEATH AND POSSIBLY PART OF THEIR DROP ACCOUNT. 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 – THEY CHOOSE THEIR RETIREMENT OPTION AND SUBMIT REQUIRED PERSONAL DOCUMENTS.
- DESIGNATION OF BENEFICIARY– 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.
- ALL ESTIMATES WILL BE WORKED BY TERESA RYAN AND LISA NGOLE. A K15E MAY BE REQUIRED (THEY CAN JUST WRITE DROP AT THE TOP AND MOST OF THESE WILL COME DIRECTLY FROM HIGHWAY PATROL DIRECTLY TO LISA OR ME ANYHOW).

# 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.
- 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 IS NOT QUITTING EMPLOYMENT AND WILL NOT RECEIVE PAYOUTS UNTIL THE END OF THE DROP PERIOD. AT THAT POINT, THE EMPLOYER WILL REPORT THE PAYOUTS AND WE WILL RECALCULATE THE FINAL AVERAGE SALARY. ANY INCREASE IN BENEFITS WILL BE RETROACTIVE TO THE ORIGINAL DROP DATE.



# WHAT HAPPENS IF A MEMBER QUILTS?

- MEMBER FORFEITS ANY ACCRUED INTEREST.
- 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.