

Deferred Retirement Option Program

Joint Committee on Pensions, Investments and Benefits

Alan D. Conroy, Executive Director

Phone: 785-296-6880

aconroy@kspers.gov

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Deferred Retirement Option Program

DROP Overview

DROP Eligibility

DROP Example

Entering DROP

Leaving DROP

DROP Today

DROP Trends



DROP Overview

Allows Kansas Police & Fire members to accumulate retirement benefits while actively employed.

- Intended to be cost-neutral to the System

Created by 2015 Legislature

- Initially Kansas Highway Patrol only
- Kansas Bureau of Investigation added in 2019
- All KP&F members in 2023

Duration of 3, 4 or 5 years

- If initially less than 5 years, may extend

Sunsets January 1, 2031



DROP Eligibility

Eligible at *normal* retirement age

Normal retirement for KP&F Tier II members:

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

Employer approves participation and term (3, 4 or 5 years)



DROP Example

Age 50 with 25 years of service

Final Average Salary = \$100,000

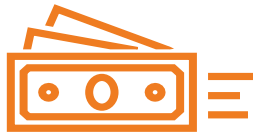
Annual Retirement Benefit = \$62,500

Career Year 23 Salary = \$ 90,000

Career Year 24 Salary = \$100,000

Career Year 25 Salary = \$110,000

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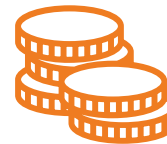
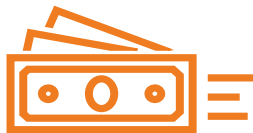
\$62,500
Notional DROP Account

\$1,875
Notional Interest

\$110,000
Salary Amount

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\$312,500
Notional DROP Account

\$15,283
Notional Interest ^(a)

\$550,000
Salary Amount

NOTE: For illustration purposes, assumes DROP (1) began January 1, and (2) 3% interest credited for 3 of 5 years only. Assumes salary remains static at \$110,000 annually.



Entering DROP

Retirement benefits calculated at DROP date

- Survivor payment options available
- Partial lump-sum options not available

Monthly accruals in notional DROP account

- Annual interest of 3% added when System's actual rate of return is 7% or higher

Continue to work and receive salary and benefits

- DROP participation does not guarantee continued employment
- Do not earn service credit

KP&F contributions continue

- Members = 7.15%
- Local employers = 24.67% for calendar year 2025
- State agencies = 24.67% for fiscal year 2026



Leaving DROP

Benefits re-calculated if eligible to include leave payouts in final average salary

- Membership dates before July 1, 1993

Notional accounts distributed when leaving employment

- Paid directly to member
- Roll over to another qualified plan

Begin receiving monthly retirement payments

Special situations

- No interest payable if leaving before completion of 3 years
- If employment continues beyond DROP, no additional interest credited, DROP account not distributed, and retirement benefits do not start



DROP Today (as of September 30, 2025)

280

DROP Members



DROP Duration

3 Years	21%
4 Years	5%
5 Years	74%



\$1.4 million

Monthly Deferrals to
DROP Accounts

\$1,700 to \$11,600

Range of Monthly Deferrals



34

Employers

71

DROP accounts
paid out

\$12 million

distributed

\$7,000 to \$460,000

Range of distributions

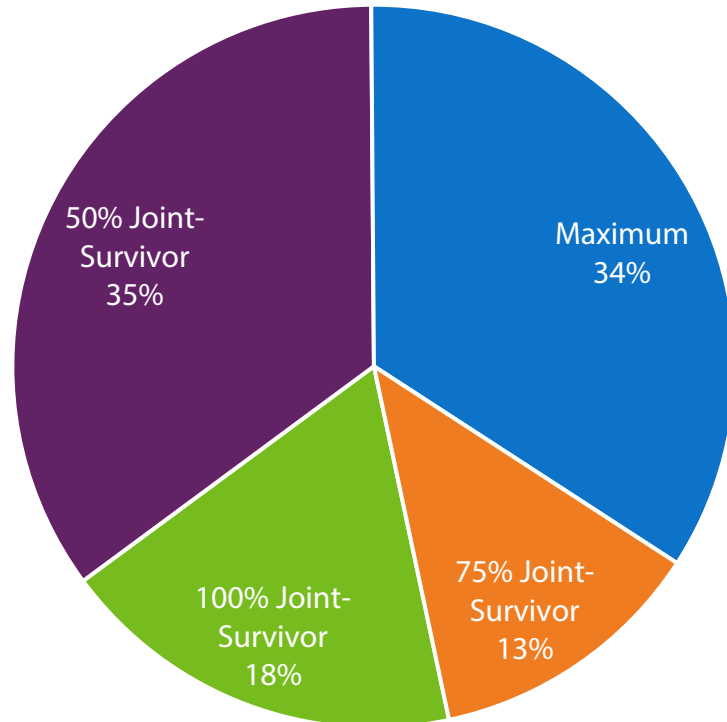


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KPERS

DROP Retirement Options

Active DROP Accounts by Retirement Option



Retirement option selection when entering DROP is irrevocable.

Nearly two-thirds of active DROP members select a survivor payment option:

- 18% leave 100% of their benefit amount to survivor
- 13% leave 75% of their benefit amount to survivor
- 35% leave 50% of their benefit amount to survivor

Remaining 34% of DROP members elect to receive the maximum monthly amount (no survivor benefits).

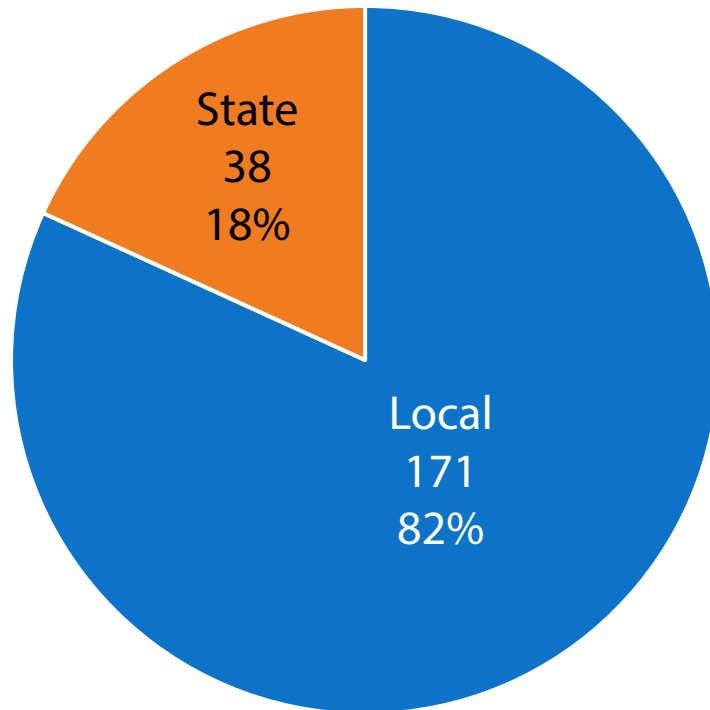
As of September 30, 2025



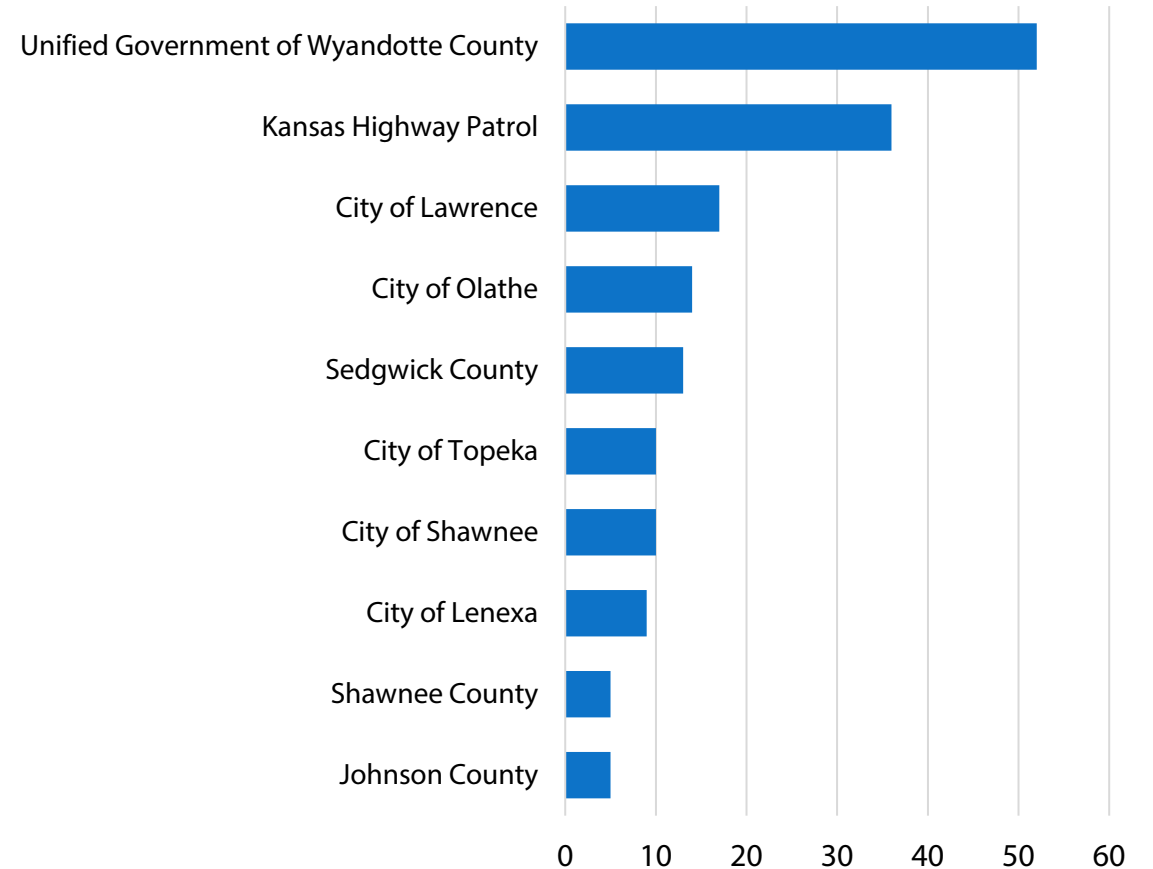
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DROP Members

Current DROP Members



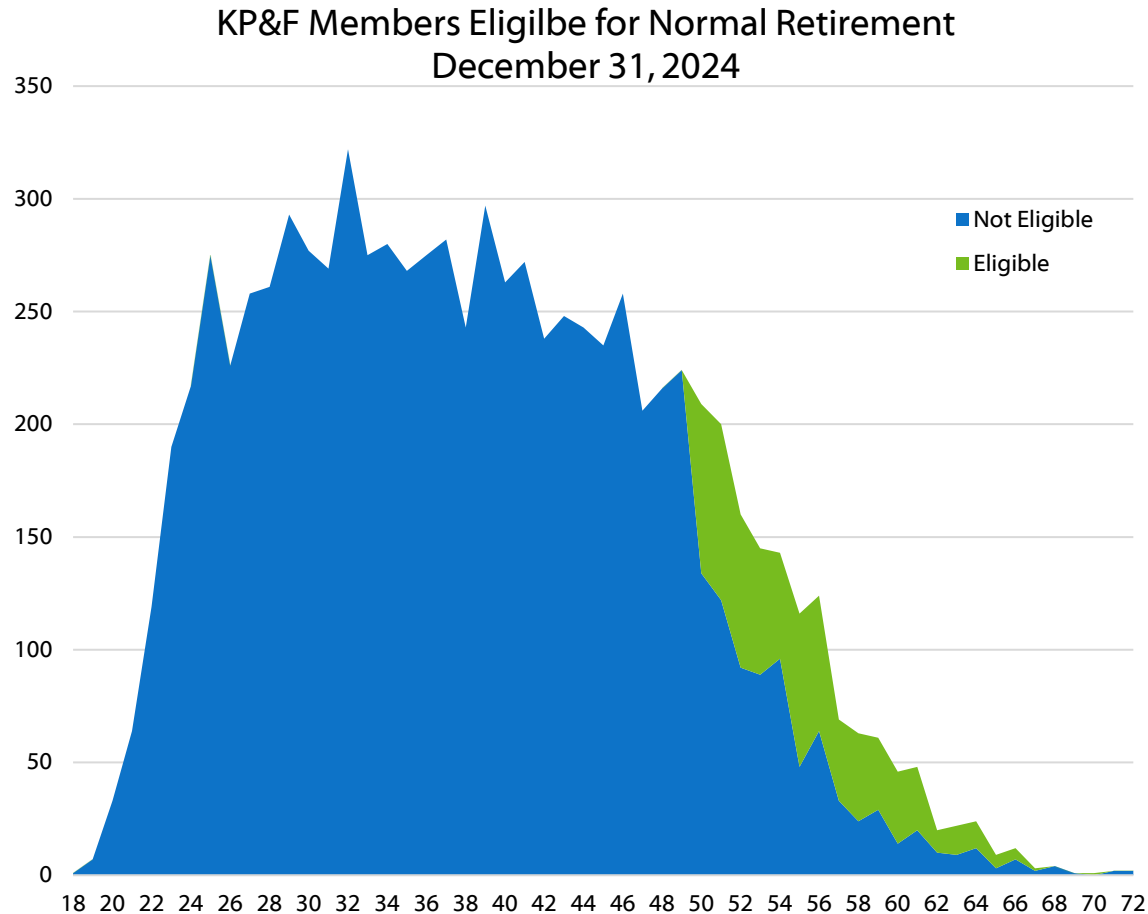
DROP Members by Employer



DROP Members as of 9/30/2024



New DROP Members



In the last valuation, about 700 active members were eligible to retire with unreduced benefits (8% of the total active population).

Not all members retire when first eligible, but this is the group that can decide to enter the DROP.



New DROP Members

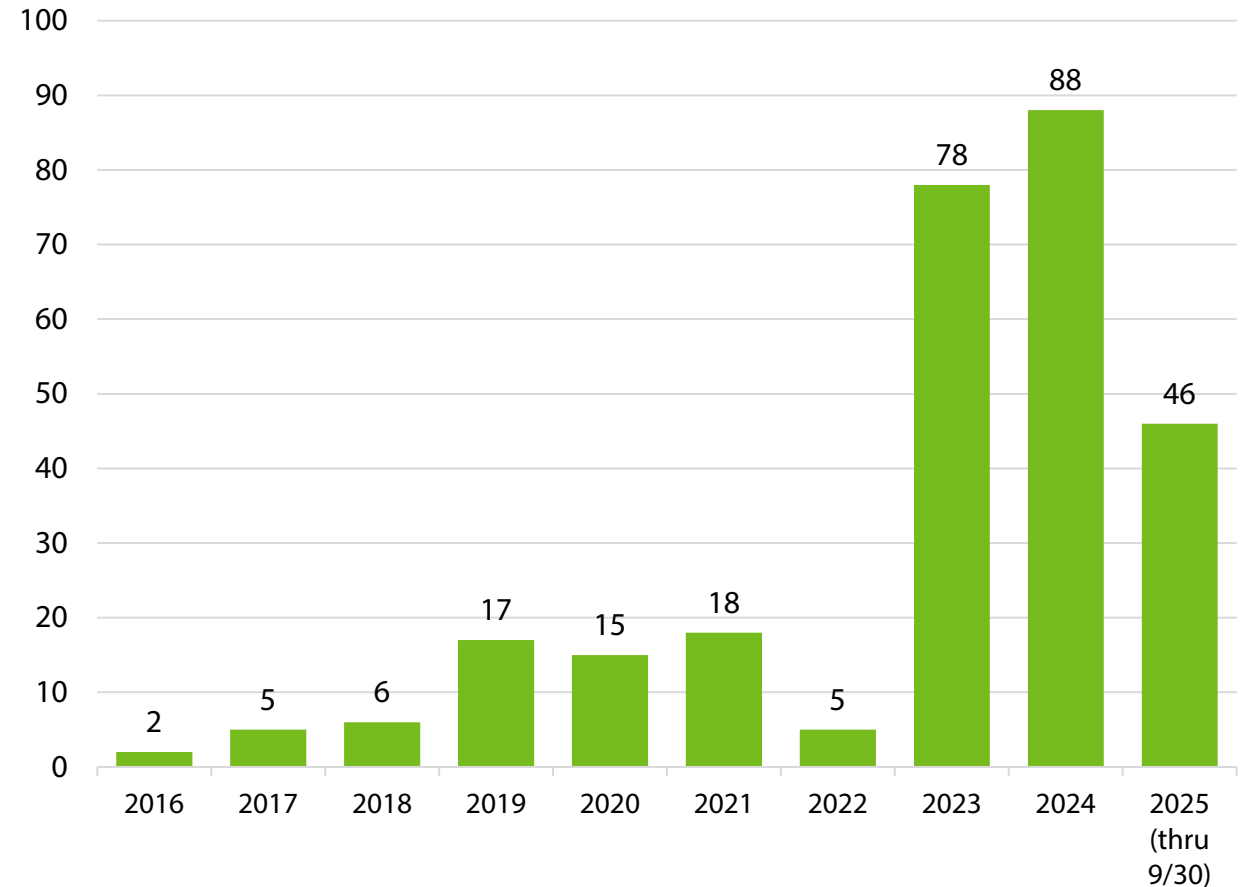
Participation doubled when all KP&F members became eligible in April 2023:

- 71 applications before expansion (all years)
- 75 applications in calendar year 2023 after expansion

88 DROP applications in CY 2024

43 DROP applications in CY 2025, as of September 30.

New DROP Members by Calendar Year



Key Takeaways

DROP allows KP&F members to continue to work and earn salary while building a lump-sum account for retirement.

The DROP can be a staffing tool for employers.

Retirement option selection at beginning of DROP is irrevocable.

Participation has increased significantly since DROP was extended to all eligible KP&F members and employers in April 2023.

