

## 2020 Kansas Statutes

**74-4986o. Same; accrual calculation; recalculation of final average salary for accumulated sick and annual leave compensation at retirement; lump sum credit.** (a) For each DROP member, the board shall calculate a monthly DROP accrual. The system shall determine the DROP member's retirement benefit under K.S.A. 74-4958 or 74-4958a, and amendments thereto. In determining the retirement benefit, the system shall use the member's total service credit and final average salary as of the last day of the employer's payroll period immediately prior to the effective date of the member's election to participate in the DROP. Before entering the DROP, a member may elect to have such member's retirement benefit determined under one of the options provided in K.S.A. 74-4964 or 74-4964a, and amendments thereto, in lieu of having it determined in the form stated in K.S.A. 74-4958 or 74-4958a, and amendments thereto, except such member may not elect the lump sum payment option. During the DROP period, an amount equal to the monthly DROP accrual shall be credited to the member's DROP account. The calculation of the monthly DROP accrual will be calculated using the member's age and, if the member elected a joint and survivor option, the age of the beneficiary as of the calendar year which contains the beginning of the DROP period. The monthly DROP accrual shall comply with the requirements of section 401(a)(9) of the federal internal revenue code and treasury regulation § 1.401(a)9-6, Q&A-2(c).

(b) A member shall not receive a monthly retirement benefit, as calculated pursuant to K.S.A. 74-4958 or 74-4958a, and amendments thereto, until termination of such member's DROP participation and commencement of retirement. A DROP member shall not have any claim to any funds in such member's DROP account until such member retires at the termination of such member's DROP participation. Upon terminating DROP participation, a member is entitled to such member's retirement benefit, including any postretirement benefit adjustment for which the member is eligible and any change in the retirement benefit resulting from the recalculation of the member's final average salary as provided in subsection (c).

(c) A member may have such member's final average salary recalculated at the time of retirement to include any payments of the member's accumulated sick and annual leave compensation made at retirement. If the member's recalculated final average salary is higher than the final average salary used in calculating the member's monthly DROP accrual, the retirement benefit shall be based on the recalculated final average salary.

(d) An amount equal to the difference between the member's monthly DROP accrual and the monthly retirement benefit calculated under subsection (c), if any, times the number of months the member participated in the DROP, shall be credited as a lump sum to the member's DROP account at termination of participation and commencement of retirement. No interest shall be credited to such lump sum credit.

(e) If a member who selected a joint and survivor retirement benefit option dies during the DROP period, the joint survivor benefit shall be calculated as provided in subsection (c) and any lump sum credit that would have been payable to the member under subsection (d) shall be applied prior to distribution of the DROP account to the member's beneficiary as provided in K.S.A. 74-4986p(b), and amendments thereto.

**History:** L. 2015, ch. 77, § 8; L. 2016, ch. 76, § 8; July 1.