



KPF-15DROPDM Rev. 4/23

APPLICATION FOR KP&F DROP & MONTHLY RETIREMENT BENEFITS

For security reasons, do not submit application by email.

■ **Contact Us – toll free:** 1-888-275-5737 • **phone:** 785-296-6166 • **fax:** 785-296-6638
email: kpers@kpers.org • **web site:** kpers.org • **mail:** 611 S. Kansas Ave., Suite 100, Topeka, KS 66603

■ Part A – Member Information

- 1. Social Security Number: _____
- 2. Name (First, MI, Last): _____
- 3. Telephone Number: _____
- 4. Personal E-mail: _____
- 5. Mailing Address: _____
- City, State, Zip: _____

■ **Part B – DROP Termination** – Monthly benefit payments begin the later of the month following receipt of your completed application, or the month following your last day on payroll.

Important: Complete the IRS W-4P form (Withholding Certificate for Periodic Pension or Annuity Benefits) for federal tax withholding on your monthly benefit.

- 1. DROP Termination Reason: DROP commitment completed Early termination Disability
- 2. Retirement Date: _____
- 3. Last Day on Payroll: _____

■ **Part C – Payment Information for DROP Accrual Account** – Read the included “Important Tax Information” booklet before completing this part of the form.

“I have elected the DROP option and choose to have the DROP Accrual Account paid as follows:”

Taxable Amount – Please choose **one** payment option for the taxable amount of your DROP accrual payment.

Important: Lump-sum payments are taxable income under federal law unless directly rolled over into an eligible retirement plan. If you do not roll over your lump sum, KPERS is required to withhold 20% for federal taxes. You may owe additional federal taxes and possibly a 10% federal penalty if you are under age 59 ½. If you want to withhold more, enter the rate on line 2 of the IRS W-4R form (Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions). You cannot withhold less than 20%. You don’t need to complete the W-4R form if you don’t want more than 20% withheld. If you are rolling over to more than two rollover plans, you may duplicate this page.

- 1. Pay the entire taxable DROP accrual account to me. *Advance to Nontaxable Amounts section.*
- 2. Pay the entire taxable DROP accrual account to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #4.*
- 3. Pay part of the taxable DROP accrual account to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to me. Enter the dollar amount to be paid to a rollover plan: \$ _____. The minimum rollover is \$500. *Advance to #4.*
- 4. If you marked #2 or #3, please list the name, address, account number and plan type of each rollover plan. Indicate percentage amounts to be paid to each plan. Total percentage amounts must be in whole numbers and equal 100 percent. Verify with your financial institution or rollover plan exactly how your payment check should be made payable.

a. Rollover #1

Check payable to: _____
 Mailing Address: _____
 City, State, Zip: _____
 Account Number: _____
 Select Plan Type: Traditional IRA Roth IRA

Check mailed to: _____
 Mailing Address: _____
 City, State, Zip: _____
 Percentage to Be Rolled Over: _____ %
 Qualified defined contribution plan

b. Rollover #2

Check payable to: _____
 Mailing Address: _____
 City, State, Zip: _____
 Account Number: _____
 Select Plan Type: Traditional IRA Roth IRA

Check mailed to: _____
 Mailing Address: _____
 City, State, Zip: _____
 Percentage to Be Rolled Over: _____ %
 Qualified defined contribution plan

Member Name (Please Print): _____ Social Security Number: _____

Nontaxable Amount: Please choose one payment option for any **nontaxable** amount of your DROP accrual payment.

5. Pay the entire nontaxable DROP accrual account to me. *Advance to Part D.*
6. Pay the entire nontaxable DROP accrual account to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #7.*
7. If you marked #6, please list the name, address, account number and plan type of the rollover plan. Verify with your financial institution or rollover plan exactly how your payment check should be made payable.

a. *Rollover Plan*

Check payable to: _____ Check mailed to: _____

Mailing Address: _____ Mailing Address: _____

City, State, Zip: _____ City, State, Zip: _____

Account Number: _____ Percentage to Be Rolled Over: _____ %

Select Plan Type: Traditional IRA Roth IRA Qualified defined contribution plan

■ **Part D – Direct Deposit Information for Monthly Retirement Benefits** – Verify the **nine-digit** routing number for electronic transfers with your financial institution.

1. Financial Institution: _____
2. Location (City, State): _____
3. Telephone Number: _____
4. Type of Account (mark one): Checking Savings
5. Routing Number for Electronic Transfers: _____
6. Bank Account Number: _____

■ **Part E – Member Certification** – This section must be completed.

1. I understand monthly benefits will begin at the end of the month following receipt of this completed application."
2. I certify that I have received information about continuing life insurance. Yes No
3. By signing below, I understand Kansas law requires a 30-day waiting period for KP&F members who return to work for any KPERS-affiliated employer. This waiting period begins the day after my DROP retirement date.
4. I understand Kansas law requires me to verify that I have no prearrangement to return to work for any KPERS employer. By signing below, I certify I have not made and will not make any prearrangement before DROP retirement or during my waiting period to return to work for my employer or another Retirement System employer.

Member Signature: _____ Month/Day/Year: ____/____/____

Notary Public: State of _____ County of _____

Signed or attested before me on (date) _____ by (name of member) _____

Notary Public Signature: _____ My appointment expires (month/day/year) ____/____/____.

(SEAL)

INSTRUCTIONS FOR DROP BENEFITS APPLICATION

■ Part A – Member Information

1-2. Enter your name and Social Security number. This number *must* agree with the number your employer has on file.

3-5. Enter the indicated personal information. Enter the mailing address to which the Retirement System should direct all communications on your behalf.

■ **Part B – DROP Termination** – Monthly benefit payments begin the later of the month following receipt of your completed application, or the month following your last day on payroll.

Important: Complete the included IRS W-4P form (Withholding Certificate for Periodic Pension or Annuity Payments) for federal tax withholding on your monthly benefit. If you don't submit a W-4P withholding form to KPERS, federal law requires that we automatically withhold taxes from your monthly benefit as if you were single with no adjustments.

1. Mark this box to choose the DROP termination reason.
2. Enter the date you've selected to retire. You can retire on the first day of any month following your last day on payroll.
3. Enter your last day on payroll.

■ Part C – Payment Information for DROP Accrual Account

Important: Your contributions can be paid directly to you or rolled over to an eligible retirement plan. Read the "Important Tax Information" booklet *before* completing Part C.

Lump-sum payments are taxable income under federal law unless directly rolled over into an eligible retirement plan. If you do not roll over your lump sum, KPERS is required to withhold 20% for federal taxes. You may owe additional federal taxes and possibly a 10% federal penalty if you are under age 59 ½. If you want to withhold more, enter the rate on line 2 of the IRS W-4R form (Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions). You cannot withhold less than 20%. You don't need to complete the W-4R form if you don't want more than 20% withheld.

Taxable amounts that are rolled over to a qualified defined contribution plan or traditional IRA will not be taxed until taken out of the plan.

You may be eligible to establish a Roth IRA to receive a direct rollover. You are responsible for determining if you meet the Internal Revenue Service's income limits and filing status requirements for establishing a Roth IRA. Please seek professional tax advice if you are considering this option. A rollover to a Roth IRA is **taxable** and will be subject to federal income tax. KPERS does not withhold federal income tax for a rollover to a Roth IRA. We will send you a 1099-R tax form the following January for your federal income tax return.

Taxable Amount

1. Mark this box to have the entire taxable amount paid directly to you. KPERS will withhold 20% for federal taxes unless you indicate a higher rate on the W-4R form. Advance to Nontaxable Amounts.
2. Mark this box to have the entire taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #4.
3. Mark this box to have **part** of the taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to you. Enter the rollover amount in the space provided. The minimum rollover is \$500. KPERS will withhold 20% for federal taxes from the portion paid to you unless you indicate a higher rate on the W-4R form. Advance to #4.
4. If you marked #2 or #3, indicate the name, mailing address, account number and plan type of each rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or rollover plan exactly how your rollover check should be made payable. Indicate the percentage of payment to be placed within each plan. The total percentage amounts must be in whole numbers and equal 100 percent.

Nontaxable Amount

Note: You may not have a nontaxable amount. Part of your DROP payment will be considered **nontaxable** if you made any contributions on an after-tax basis.

You made contributions on an after-tax basis if you:

- Were a member before July 1984.
- Purchased service with a lump-sum payment other than a rollover or trustee-to-trustee transfer.

Federal law allows you to “recover” these amounts gradually without paying income tax on them again. A portion will be included in your DROP payment and the rest will be paid to you gradually in your regular monthly benefit payments according to IRS regulations.

5. Mark this box to have the entire nontaxable amount paid to you. Advance to Part D.
6. Mark this box to have the entire nontaxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #7.
7. If you marked #6, indicate the name, address, account number and plan type of the rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or plan exactly how your rollover check should be made payable.

■ Part D – Direct Deposit for Monthly Retirement Benefits

Important: Verify the nine-digit routing number for electronic transfers with your financial institution.

Please verify the financial information with your financial institution before completing Part E. Be sure that the routing number reflects the number for electronic transfers. This nine-digit number may be different from the routing number for the branch bank at which the account is held. You should be able to find the correct routing number on your checks.

If you are depositing into a savings account, contact your financial institution for the correct routing number. You may choose only one account at one financial institution for your direct deposit. KPERS cannot deposit to a prepaid debit card.

Your monthly benefit payments will be directly deposited in your account on the last working day of each month. In the event of your death, payments dated after the last day of the month in which your death occurs must be returned to the Retirement System. The Retirement System will then determine survivor benefits, if any, and begin payments.

■ Part E – Member Certification

Important – Kansas law requires a 30-day waiting period before you can return to work for any KPERS-affiliated employer. This waiting period begins the day after your retirement date, which is always the first day of the month.

The Internal Revenue Service requires a true “separation from employment” when you retire. For that reason, you also can’t have an agreement before retirement or during your waiting period to return to work for any KPERS-affiliated employer. As a qualified plan under IRS rules, prearrangements to return to work could jeopardize KPERS’ eligible plan status.

Kansas law requires you to verify that you have no prearrangements to return to work for any KPERS-affiliated employer. If you are found to have a prearrangement or have violated the waiting period, your retirement benefit will be suspended. You will be required to repay to the Retirement System any monthly retirement benefits received after you returned to employment.

1. Read and understand each statement, then sign and date the form. Your signature must be notarized.