



## **DROP – What Is It?**

### **Division B Members**

#### **What is DROP?**

The Deferred Retirement Option Program (DROP) is one of five retirement options available to General Employees of the City of Tampa. DROP allows an eligible\* General Employee to defer receipt of retirement benefits while continuing employment with the City of Tampa. You may elect to participate in the program for up to seven (7) years and must terminate employment upon exiting the DROP. Upon your election to participate in the DROP, the amount of your continuous service and average monthly salary becomes frozen for purposes of determining your pension benefits. You are considered a retired member for all purposes related to the General Employees Retirement Fund and will not accrue additional retirement benefits, except for cost-of-living adjustments (COLA), if applicable. The monthly retirement benefits you would have received if you had stopped working are credited monthly to your DROP account. Upon separation from City employment, you will receive your DROP account balance and will begin receiving your monthly retirement benefit. *\*Age and vesting requirements apply to the DROP.*

#### **How Does This Affect My Other Employee Benefits?**

All other employee benefits remain the same. You remain eligible for promotions, pay increases and benefits, such as annual leave and sick leave. You are subject to all the same laws and regulations regarding employment that you were subject to prior to entering the DROP. Group health and dental insurance benefits continue during DROP at the same monthly premium as for any other active employee.

#### **When Am I Eligible to Participate in DROP?**

Division B participants may enroll as early as 55 provided they are vested; however, benefits will be reduced by 5% for each year they fall short of the normal retirement age of 62 as defined by the plan.

## Will My DROP Funds Be Invested?

Yes. Upon entering the DROP, you will be provided with two options for investing your accumulated DROP balance. Option #1 is the Annual Net Rate of Return for the pension trust fund, high risk. Option #2 is the low risk, variable rate Money Market Fund. After your initial election, you will be provided with an opportunity to update your election annually each year in August, to become effective October 1.

## Will I Receive a DROP Account Statement?

An annual DROP statement listing your accumulated benefits will be mailed to your home address in December of each year. The annual statement will reflect any investment gains/losses and the administrative fee as of September 30<sup>th</sup>. You may view quarterly statements via your *MemberDirect* account on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>. If you have not yet enrolled in *MemberDirect*, contact the GE Retirement Fund office for instructions on how to enroll.

## How Do I Sign Up for DROP?

Contact the General Employees Retirement Fund office at [gepension@tampagov.net](mailto:gepension@tampagov.net) or call (813) 274-7850 to make an appointment to complete your DROP application paperwork. You will need to bring the following documents with you to your appointment:

- Proof of Age (Birth Certificate or Passport)
- Social Security Card
- Driver's License
- If Married, copies of:
  - Marriage Certificate or License
  - Spouse's Birth Certificate or Passport
  - Spouse's Social Security Card
  - Spouse's Driver's License
- Spouse's Death Certificate, if applicable
- If Divorced, copy of Divorce Decree

## How Soon Must I Submit My Application to Enter DROP?

The DROP Entry dates are always the first Sunday of a pay period. Your application must be received by the General Employees Retirement Fund two (2) weeks prior to your effective DROP entry date.

## What If I Enter DROP and Then Change My Mind?

Once your DROP application paperwork is signed, you have seven (7) days to revoke your application.

## **How Long Can I Participate in DROP?**

You may participate in DROP for a maximum of seven (7) years. If you decide to leave City of Tampa employment on schedule or at an earlier date, you must give 30 days' written notice to your department. You will also need to enter your notice of voluntary separation in Oracle.

## **What Deductions Are Withheld from My Monthly Pension Benefits?**

Your benefit is not subject to deductions during your tenure in DROP. However, when you exit DROP, standard deductions such as federal income taxes are withheld. Also, IRS tax levies and court ordered alimony or child support payments will be deducted, if applicable. You will be given the option to have monthly premiums for health and life insurance withheld if you are eligible for coverage and elect to continue coverage.

## **How Does the Health, Dental and Vision Insurance Plans Work Upon Exiting DROP?**

When you exit DROP, you may continue coverage with the City at the retiree rate, if eligible.

## **Will I Still Have Life Insurance Coverage Upon Exiting DROP?**

If you are an ATU employee, you are eligible to elect \$4,000 in life insurance coverage for a monthly premium of \$2.00. If you are a professional employee (supervisory level or above) you are eligible to elect \$3,000 in life insurance coverage for a monthly premium of \$1.50.

## **What Happens if My Participation in the DROP is interrupted by Military Service or a Leave of Absence?**

Your DROP retirement allowance will continue to be deposited into your account while you are in the military or on a leave of absence for the balance of the elected term unless you terminate employment with the City of Tampa.

## **What Happens to My DROP Account if I Become Disabled?**

If you become disabled while in the DROP, you will exit DROP and receive your monthly retirement benefit along with your DROP account balance. You are not eligible to apply for disability retirement benefits since you are already receiving your retirement benefit.

## What Happens to My Account Balance If I should Die During the DROP Period?

- Your designated beneficiary or beneficiaries will receive your DROP account balance; if you are married, your spouse will receive a monthly continuance/survivor benefit equal to 50% of your accrued monthly pension.

## How and When Will I Receive My Account Balance When I Exit DROP?

Your DROP account balance will be distributed no later than the last day of the next quarter following your DROP Exit date. For example, if you exit the DROP on February 15<sup>th</sup>, your DROP account balance will be distributed on or before June 30<sup>th</sup>. A check will be mailed to the financial institution of your choice.

You have three (3) options for receiving your DROP account balance:

1. You may receive your DROP account balance by rolling over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover.
2. You may also elect to receive your DROP funds in a lump sum, less 20% federal withholding taxes.
3. You may elect a combination of the above; i.e. receive a lump sum and roll over the balance to a qualified plan.

No funds will be disbursed until your Election Form for Distribution of Accumulated DROP Benefits, along with written confirmation of account from your receiving financial institution, is received by the General Employees Retirement Fund. If this information is not provided, the State-mandated, default election will be made for you.

You may wish to seek the services of a financial planner or tax advisor before electing your DROP account distribution option.

## How Do I Exit DROP?

You must give thirty (30) days' notice to your department of your intention to exit DROP and you must enter your notice of voluntary resignation in Oracle. The General Employees Retirement Fund office will receive a copy of your notice and reach out to you to schedule an appointment to complete your DROP exit paperwork.

The month in which you exit DROP, a deposit will be made to your DROP account.

You will receive your first retirement benefit payment on the last business day of the month following your DROP exit date.

**Forms You Will Complete When Exiting DROP:**

- Election Form for Distribution of Accumulated DROP Benefits
  - *If you are planning to receive it as a lump sum distribution, bring a voided check or bank letter with banking information. If you are rolling it over to another qualified plan, we will need paperwork from the plan account accepting distribution of the funds.*
- Retirement Application
- W-4P Withholding Certificate for Pension or Annuity Payment (tax withholding form)
- Direct Deposit Authorization Form
  - *You will need to bring a voided check or bank letter with you to your appointment for deposit of your monthly pension benefit.*
- Designation of Beneficiary Form
- Pension Benefit Enrollment/Cancellation Form
- Forms for any Eligible Benefits you wish to have deducted from your monthly pension benefit.

*As much as possible, this document is written in nontechnical terms, avoiding the formal language of the retirement laws and rules. If questions of interpretations result from this document, The Retirement Plan for City of Tampa General Employees' Retirement Fund – Special Act of the Florida Legislature – Chapter 23559, Special Act of 1945 must remain the final authority.*