



DEFERRED RETIREMENT OPTION PROGRAM | BASICS

The Deferred Retirement Option Program (DROP) allows participants to retire without terminating their employment for up to 5 years (8 years for teachers under certain circumstances) while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan, the Teachers' Retirement System (TRS), or the State and County Officers and Employees' Retirement System (SCOERS). (FRS renewed members and members of the various optional retirement programs available under the FRS are not eligible to participate in DROP.)

Participation in DROP does not change conditions of employment. When a participant's DROP period ends, they must terminate employment (special provisions apply to elected officers). At that time, they will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit (as calculated when they retired and entered DROP, plus any applicable cost-of-living increases).

Eligibility – Eligible FRS members may participate in DROP when they are vested and have reached their normal retirement date. A "normal retirement date" is the earliest date at which they become eligible for full, unreduced benefits based upon age and/or service.

Enrolled in the FRS prior to July 1, 2011

- Normal retirement is age 62 with at least 6 years of service or any age with 30 years of service.
- Special Risk Class members, normal retirement is age 55 with at least 6 years of Special Risk service, or any age with 25 years of Special Risk service, or age 52 with 25 years of Special Risk/Military service.

Enrolled in the FRS on or after July 1, 2011

- Normal retirement is age 65 with at least 8 years of service or any age with 33 years of service.
- Special Risk Class members, normal retirement is age 60 with at least 8 years of Special Risk service, or any age with 30 years of Special Risk service, or age 57 with 30 years of Special Risk/Military service.



"If you fail to plan, you are planning to fail." – Benjamin Franklin



Election – To participate in DROP the Division of Retirement must receive the election no later than the month the employee wishes to begin DROP. Election may be made up to 6 months before the date the employee plans to begin participation. Election must be made within a 12-month window that begins when the normal retirement date is reached unless employee is eligible to defer the election. Your maximum 60-month DROP participation period will be reduced for each month your application is delayed. If application is not received within the prescribed election window, eligibility to participate will be lost.

Deferred Election – DROP election may be deferred under the following circumstances:

Enrolled in the FRS prior to July 1, 2011

- Complete 30 years of service before age 57 and DROP election may be deferred to begin anytime between completing 30 or 33 years of service assuming age 57 is reached.
- Special Risk Class members, who complete 25 years of Special Risk service before age 52 may defer DROP to age 52.

Enrolled in the FRS on or after July 1, 2011

- Complete 33 years of service before age 57 and DROP election may be deferred to begin anytime between completing 30 or 33 years of service assuming age 57 is reached.
- Special Risk Class members, who complete 30 years of Special Risk service before age 52 may defer DROP to age 52.

FRS Elected Officers' Class (EOC)

- An elected officer participating in the FRS Elected Officers' Class (EOC) may defer DROP until their next succeeding term of office after first reaching their normal retirement date and may participate for the lesser of 5 years or the length of the term.

Multiple Employment Classes

- Employees in the FRS Special Risk Class with other employment covered by a different FRS membership class or plan, may elect to participate in DROP when reaching the normal retirement date for either class.

Instructional Personnel

- "Instructional Personnel" in grades K-12 as defined in s. 1012.01(2), F.S., may choose to participate in DROP at any time after reaching their normal retirement date and will still be entitled to elect to participate for a full 60 months (96 months under certain circumstances).

Optional Service Credit – When determining the normal retirement date for purposes of establishing DROP eligibility or participation period, employees may choose to include or exclude any purchased optional service credit (for example, any credit purchased for a leave of absence). Regardless of the choice, any optional service credit will be included in the benefit calculation.

Participation Limit – Employees may participate in DROP for a maximum of 60 months (96 months for teachers under certain circumstances). If employees initially elect to participate in DROP for fewer than the maximum 60 months, they may extend DROP participation up to the maximum 60 months, but only with employer approval. (Employer approval is not required to end DROP participation earlier than originally planned.)

Failure to Terminate - Failure to terminate employment at the end of the DROP period, both the participant's retirement and their DROP participation will be voided, and their employer (or employers if they are dually employed) must pay any additional contributions that may be required to establish FRS service credit for the time they were in DROP.

Elected Officer Limits - An elected officer participating in the FRS Elected Officers' Class (EOC) may continue to serve in office when DROP participation ends without voiding their DROP or retirement if they continue in that term of office or in successive terms of office. Under this provision, participants would not accrue additional retirement benefits after their 60-month DROP participation period ends, but their account would continue to earn interest until termination.

DROP Benefits – DROP accounts earn interest compounded monthly at an effective annual rate 1.3%. The retirement benefits paid into DROP also increase by the 3% annual cost-of-living adjustment (COLA) each July 1 (adjustment only applicable for FRS service earned prior to July 1, 2011). For participants in DROP for less than a full year on July 1, the first COLA will be a prorated percentage.

Distributions – At employment termination, the proceeds of the DROP account will be distributed in one of three ways:

- By a lump-sum payment;
- By a direct rollover; or
- By a combined partial lump sum payment and rollover.

Death and Disability Benefits – For participants who die while in DROP, their designated beneficiary would be eligible to receive their accumulated DROP benefits. Depending on the benefit option selected, the beneficiary may also be eligible to receive a continuing monthly benefit. If the beneficiary does not qualify for a continuing benefit, and the benefits deposited in the DROP account add up to less than any employee contributions made (including amounts they may have paid to upgrade service or buy service credit), the beneficiary may receive a refund of the difference. However, because they retired when they entered DROP, they are not eligible for disability benefits.

Retirement and HIS Benefits, Reemployment Limitations, and Renewed Membership – At the conclusion of DROP, participants will be eligible to begin receiving the Health Insurance Subsidy and will be subject to the same reemployment limitations and renewed membership provisions that are applicable to other FRS retirees.

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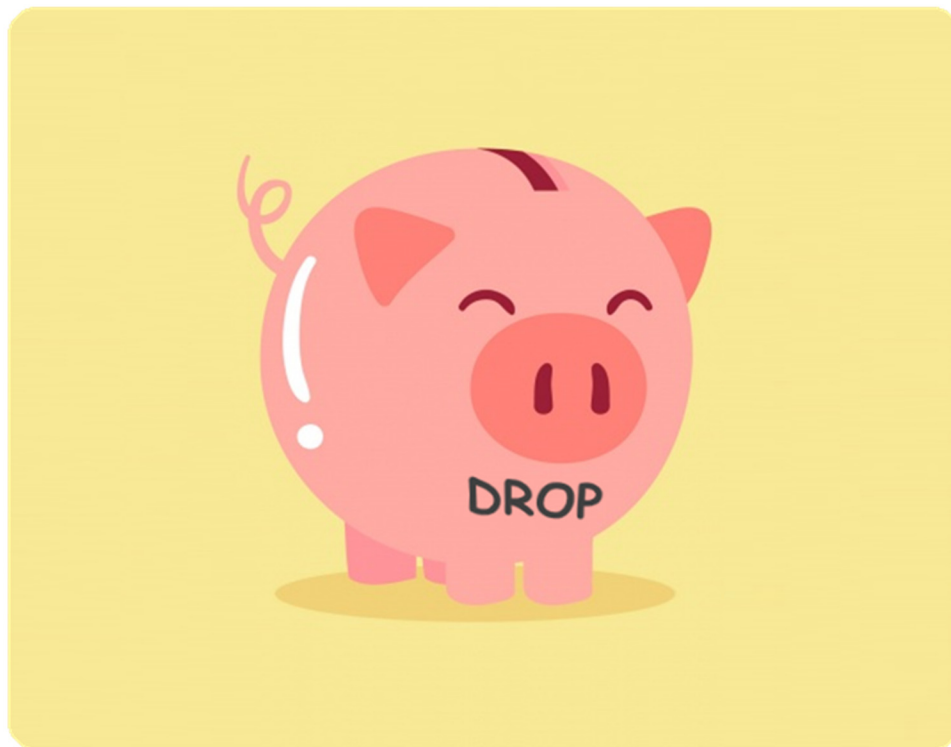
The DROPBASICS Retirement Planning Program was designed by career retirement plan service professionals to improve outcomes of participants in the Florida Deferred Retirement Option Program (DROP). The technology infrastructure provides a fully responsive experience, so users can access tools on any devices. Our intuitive user interface and core features enable users to easy access to information without the confusing and unnecessary bells and whistles of other websites.

The right advice can help individuals to better reach their financial goals. Our investment advisory partners can make quality investment advice accessible to all investors, regardless of account size.

Retirement planning can be confusing, which causes many individual investors to make poor decisions. This is exacerbated in the absence of good investment advice. The right advice may make the difference between a comfortable retirement and a struggle.

[Click to Get Help](#)

The Deferred Retirement Option Program provides a great opportunity for participants in the Florida Retirement System. However, the opportunity can be confusing. To learn more about how to make the most of the DROP benefit visit www.dropbasics.com and use the wizards to calculate your retirement needs.



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