



Choosing the Right DROP Payout for You

Properly completing the DROP Payout Form (Form DP-PAYT) prior to retirement could be the most important thing you do with your DROP Benefit. An error could cost you tens of thousands of dollars. Your "inaction" in this case may result in the most taxable option available.

Understanding the Payout Form


When you are three months out from retiring you will receive a packet of documents from the State. Your answers on these forms will determine where your benefit will go at retirement and how it will be taxed.

You have three choices to make on page 1 of this form. The choice you make will either cost you a lot of money in taxes immediately or cost you nothing currently:

- A lump sum
- A direct rollover
- A partial lump sum

If you have questions, schedule a time to speak with an advisor. They can discuss the options one by one with you and help you determine which choice might be in your best interest and why.

[SCHEDULE A CALL](#)

DP-PAYT Rev. 10/12 DROP Term/Refund		Florida Retirement System Pension Plan Deferred Retirement Option Program (DROP) Selected Payout Method													
PO BOX 3090 Tallahassee, FL 32315-3090 Local Phone: 850-907-6500 Toll Free: 844-377-1888 FAX: 850-410-2010															
MEMBER NAME: _____	MEMBER SSN: _____														
PAYEE NAME: _____	PAYEE SSN: _____														
<p>This form serves as an affirmation of your selected payout method for your DROP accumulation as provided in § 121.091, Florida Statutes. The payout method may have serious tax implications. Before making your payout election, please read the enclosed Special Tax Notice. You may also want to consult a tax professional regarding tax implications.</p>															
DROP BALANCE PAYOUT METHOD															
<p>If you are subject to a Required Minimum Distribution (RMD), or made after-tax contributions, those amounts will be paid directly to you as a lump sum payment by default. Please contact our office if you would like to roll over after-tax contributions. Upon receiving this completed form, your payment will be processed in the calendar month following your termination date. Your DROP BENEFIT is based on your DROP termination date of: _____</p>															
<p>A lump sum election means the FRS will mail your DROP payment directly to you at the address on file, minus the required federal withholding taxes. The tax amount below is subtracted from the gross DROP balance to determine the net lump sum payment.</p>		<table border="1"> <tr><td>Gross DROP Balance:</td><td>\$</td><td>0.00</td></tr> <tr><td>RMD</td><td>\$</td><td>0.00</td></tr> <tr><td>After-Tax Contributions:</td><td>\$</td><td>0.00</td></tr> <tr><td>Net Lump Sum Payment:</td><td>\$</td><td>0.00</td></tr> </table>		Gross DROP Balance:	\$	0.00	RMD	\$	0.00	After-Tax Contributions:	\$	0.00	Net Lump Sum Payment:	\$	0.00
Gross DROP Balance:	\$	0.00													
RMD	\$	0.00													
After-Tax Contributions:	\$	0.00													
Net Lump Sum Payment:	\$	0.00													
<p>Tax Calculation: \$ 0.00 (20% non-RMD amount) \$ 0.00 (10% RMD amounts)</p>															
<p>A direct rollover election means the FRS will mail your gross DROP rollover amount directly to the custodian of your selected qualified plan. The receiving financial institution's representative must complete the rollover section below. If you choose to roll your DROP into a ROTH account, the taxation will default to 0% unless you make a federal tax withholding selection here: 10% _____ 20%</p>		<table border="1"> <tr><td>Default Gross Lump Sum</td><td></td></tr> <tr><td>Payment (RMD and After-tax contributions):</td><td>\$ 0.00</td></tr> <tr><td>Gross DROP Rollover:</td><td>\$ 0.00</td></tr> </table>		Default Gross Lump Sum		Payment (RMD and After-tax contributions):	\$ 0.00	Gross DROP Rollover:	\$ 0.00						
Default Gross Lump Sum															
Payment (RMD and After-tax contributions):	\$ 0.00														
Gross DROP Rollover:	\$ 0.00														
<p><input type="checkbox"/> Partial lump sum Add the additional lump sum amount I indicate to my default gross lump sum payment and then reduce the DROP rollover amount accordingly. I understand that the additional lump sum amount will be taxed.</p>		<table border="1"> <tr><td>Additional Lump Sum Amount</td><td>\$ _____</td></tr> </table>		Additional Lump Sum Amount	\$ _____										
Additional Lump Sum Amount	\$ _____														
<p>By signing this form, I attest to having read the Special Tax Notice and authorize the FRS to release my DROP payments accordingly.</p>															
<p>PAYEE'S SIGNATURE _____ (must be signed in the presence of a Notary)</p>															
<p>Notary: State of _____ County of _____ The above named person has sworn to and subscribed before me this _____ day of _____, 20____ and is personally known _____ or produced _____ as identification.</p>															
<p>_____ Signature of Notary Public</p>		<p>_____ Print or Stamp Notary Public's Commission Name and Number</p>													
<p>Rule 60S-11.004, F.A.C. Page 1 of 2</p>															

"Sometimes it's the smallest decisions that can change your life forever."

– Keri Russell

www.dropbasics.com



DropBasics.com

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 device. Our intuitive user interface and core features enable users to have 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.

Our team is available if you have questions:

[Click to Get Help](#)

Summary

Your retirement is just around the corner; some of the decisions you make in the next few months can have a big impact on your income in retirement. If you do not feel like you have the knowledge, experience or expertise to comfortably make these decisions, speak to an advisor. They can help you understand all your options to help maximize your retirement benefit.