

DROP Entry Checklist

**** PLEASE BE SURE TO CAREFULLY COMPLETE ALL REQUIRED FIELDS AND PROVIDE ALL ADDITIONAL DOCUMENTATION. FAILURE TO DO SO WILL CAUSE A DELAY IN PROCESSING YOUR BENEFIT ****

- Complete all paperwork and required documents and return to the Retirement Systems office SIXTY (60) DAYS prior to your DROP Entry date, including:
 1. **Application to Enter DROP (Deferred Retirement Option Program) Form:** It is important to complete all sections. Processing may be delayed if any item is missing or unclear.
 2. **Proof of Birth:** You must provide proof of your date of birth: copy of a birth certificate, copy of a passport, copy of citizenship, or copy of Real ID.
 - **If you are married, please include:**
 - Your spouse's proof of birth (a copy of their birth certificate, passport, or Real ID)
 - A copy of your marriage certificate
 - **If you have children 18 or under OR 23 or under who are in school, please include:**
 - Your children's proof of birth (a copy of their birth certificate, passport, or Real ID)
 3. Agency head/supervisor must sign the DROP application

- Return completed forms to your Retirement Analyst via:
 - E-mail: Larry.Little@fairfaxcounty.gov
 - Fax: 703-653-9543
 - Walk-Ins: Monday thru Friday from 11am – 2pm
 - Mail

DROP Application Schedule

The original application must be received by Retirement Systems AT LEAST 60 DAYS PRIOR to DROP enrollment date.

Note: School employees please refer to the school DROP schedule.

DROP entry date:	Application must be received by:
7/27/2024 *	5/28/2024
8/10/2024	6/11/2024
8/24/2024	6/25/2024
9/7/2024	7/9/2024
9/21/2024	7/23/2024
10/5/2024	8/6/2024
10/19/2024	8/20/2024
11/2/2024	9/3/2024
11/16/2024	9/17/2024
11/30/2024	10/1/2024
12/14/2024	10/15/2024
12/28/2024	10/29/2024
1/11/2025	11/12/2024
1/25/2025	11/26/2024
2/8/2025	12/10/2024
2/22/2025	12/24/2024
3/8/2025	1/7/2025
3/22/2025	1/21/2025
4/5/2025	2/4/2025
4/19/2025	2/18/2025
5/3/2025	3/4/2025
5/17/2025	3/18/2025
5/31/2025	4/1/2025
6/14/2025	4/15/2025
6/28/2025	4/29/2025
7/12/2025	5/13/2025

***For consideration of Fiscal Year 2025 pay increases, DROP entry needs to be on or after July 27, 2024**

Application to Enter DROP (Deferred Retirement Option Program)

Original application must be received by the Retirement Systems office AT LEAST 60 days prior to DROP enrollment date.

Last Name:		First Name:	
<i>*Birth certificate or proof of birth is required</i>		Social Security #:	
Date of Birth:		City:	State: Zip:
Address:		Work Phone #:	
Personal Phone #:		Date of DROP enrollment: <i>(MUST be a pay period begin date.)</i>	
Email Address:		Has employment been continuous? <input type="checkbox"/> YES <input type="checkbox"/> NO If no, indicate break(s) in service:	
Date of Employment:		Spouse Name:	
Spouse Name:		Spouse SSN:	Spouse DOB:
Dependent Name(s):		SSN:	DOB:
Automatic Benefit to Surviving Spouse and Children - An automatic death benefit will be paid to your eligible surviving spouse and children in the event of your death after DROP.			
Primary Beneficiary Name: ** <i>(if no spouse or dependents)</i>		SSN:	DOB:
<p>I have been informed of the Joint & Last Survivor Options available to me and have elected to take: <i>(You must provide a copy of your marriage license and copies of birth certificates for both yourself and your spouse)</i></p> <p> <input type="checkbox"/> No Option <input type="checkbox"/> 66²/₃% Option Number of Hours of Sick Leave Held Back: _____ <input type="checkbox"/> 25% Option <input type="checkbox"/> 75% Option <i>(40 hours maximum)</i> <input type="checkbox"/> 50% Option <input type="checkbox"/> 100% Option </p>			
<p>Request to enter DROP: Under the provisions of the Fairfax County Police Officer Retirement System Ordinance, I hereby elect the DROP option. I understand that I am entering DROP for THREE years and that my employment will TERMINATE at the end of the DROP period. I understand that if I become disabled I may be required to exit the DROP program.</p>			
Employee Signature: _____		Date: _____	
<p>Supervisor acknowledgement MUST be received PRIOR to submission to the Retirement Systems. (Please keep a copy of this for your records.)</p>			
Supervisor Signature: _____		Date: _____	
<p><i>**In the event of death during DROP, if the member has chosen a Joint & Last Survivor (J&LS) option, the spouse will receive the DROP balance and the J&LS annuity. If no J&LS option is elected, the beneficiary will receive the DROP account balance.</i></p>			
Retirement Systems Authorization: _____		Date Entered into DROP: _____	

JOINT AND CONTINGENT SPOUSE AND HANDICAPPED CHILD OPTIONS

Retiring members of the **Police Officers Retirement System** (Normal and Early Service) may elect a Joint and Contingent Spouse and Handicapped Child Option, which entitles the surviving spouse or surviving handicapped child to receive all or a percentage (25%, 50%, 66²/₃%, 75% or 100%) of their base retirement benefit after their death. If the Joint and Contingent Option is elected, the retiree's benefit will be reduced. The amount of reduction depends on the difference in age between the retiree and his or her beneficiary (see chart below). A partial year is not considered a difference in age.

If the beneficiary should pre-decease the retiree, the retiree's benefit will be increased to what it would have been if no option had been elected.

A member who elects a Joint and Contingent Spouse and Handicapped Child Option at retirement is required to provide notice and proof of his or her spouse or handicapped child's death before the retirement system will increase the amount of his or her retirement allowance to what he or she would have received in the absence of his or her earlier election of a Joint and Contingent Spouse and Handicapped Child Option.

JOINT AND CONTINGENT OPTION REDUCTION FACTORS

Age of spouse:

Younger	100%	75%	66 ² / ₃ %	50%	25%	Older	100%	75%	66 ² / ₃ %	50%	25%
-12	84.80%	88.40%	89.20%	92.10%	96.00%	+1	90.00%	92.30%	93.10%	94.70%	97.30%
-11	85.20%	88.70%	89.50%	92.30%	96.10%	+2	90.40%	92.60%	93.40%	94.90%	97.40%
-10	85.60%	89.00%	89.80%	92.50%	96.20%	+3	90.80%	92.90%	93.70%	95.10%	97.50%
-9	86.00%	89.30%	90.10%	92.70%	96.30%	+4	91.20%	93.20%	94.00%	95.30%	97.60%
-8	86.40%	89.60%	90.40%	92.90%	96.40%	+5	91.60%	93.50%	94.30%	95.50%	97.70%
-7	86.80%	89.90%	90.70%	93.10%	96.50%	+6	92.00%	93.80%	94.60%	95.70%	97.80%
-6	87.20%	90.20%	91.00%	93.30%	96.60%	+7	92.40%	94.10%	94.90%	95.90%	97.90%
-5	87.60%	90.50%	91.30%	93.50%	96.70%	+8	92.80%	94.40%	95.20%	96.10%	98.00%
-4	88.00%	90.80%	91.60%	93.70%	96.80%	+9	93.20%	94.70%	95.50%	96.30%	98.10%
-3	88.40%	91.10%	91.90%	93.90%	96.90%	+10	93.60%	95.00%	95.80%	96.50%	98.20%
-2	88.80%	91.40%	92.20%	94.10%	97.00%	+11	94.00%	95.30%	96.10%	96.70%	98.30%
-1	89.20%	91.70%	92.50%	94.30%	97.10%	+12	94.40%	95.60%	96.40%	96.90%	98.40%
SAME AGE	89.60%	92.00%	92.80%	94.50%	97.20%						

*It is your obligation to notify the Retirement System's office in the event of your spouse's death.

OUTLINE of Deferred Retirement Option Program (DROP)

Eligibility:

All employees have an option to elect DROP beginning on date of eligibility for normal retirement. (Uniformed – 25 years of service or age 55 with 6 or more years of service; Police Officers – 25 years of service or age 55 with 5 or more years of service)

Length of DROP Period

- Three years maximum.
- Election to enter DROP is irrevocable.
- At end of DROP period, employment must terminate.

DROP Account Balance

- Account is credited with benefit based on compensation and service at time of entry into DROP.
- Amount credited increases based on retiree COLAs.
- Account balances are credited interest at annual rate of 5%.

Employment Status During DROP Period

- Employees are considered active employees for all other benefits/personnel policies.

End of DROP Period

- Employee terminates employment/retires
- Monthly retirement payments commence in amount based on compensation and service at the time of entry into DROP increased by any retiree COLAs granted during DROP period.
- Several distribution options are available for DROP balance, including:
 - Direct lump sum payment
 - Rollover to IRA or other qualified plan
 - Increase in monthly benefit (actuarial equivalent)
 - Combinations of above

Disability/Death During DROP

- If not service-connected: Monthly retirement payments, if applicable, plus DROP balance
- If service-connected: Option of: Disability/death benefits and forfeiture of DROP, **OR**
~ Monthly retirement payments plus DROP balance

SUMMARY of Deferred Retirement Option Program (DROP)

Deferred Retirement Option Program (DROP)

Allows an employee to retire for purposes of the pension plan while continuing to work and receive salary for a period of up to 3 years. During the DROP period, the pension plan accumulates the monthly benefit into an account balance identified as payable to the member at the end of the DROP period. The account balance is credited with interest. At the end of the DROP period, the member must terminate employment with the County and begin to receive the retirement benefit deposited directly to a personal checking or savings account instead of having it credited to the DROP account balance. The retiree also receives the balance of the DROP account either in the form of a lump sum distribution or a rollover to another qualified plan (or IRA), or the retiree may elect to have the monthly retirement benefit increased by the actuarial equivalent of the lump sum and thereby receive a higher lifetime monthly benefit.

Eligibility

Overview

Members are eligible to enter DROP when they become eligible for full unreduced service retirement benefits.

Details

- All existing rules for retirement eligibility apply.

Uniformed System: Age 55 with 6 or more years of service; or 25 years of service

Police Officers System: Age 55 with 5 or more years of service; or 25 years of service

- Sick leave – unused accumulated sick leave applies for determining retirement eligibility following the same conversion rules as for normal retirement (172 hours equals one month of service). Employees will have the option of converting the entire* sick leave balance to retirement credit or all but 40 hours of the total balance in order to begin the DROP period with some sick leave balance. (*Maximum of 2,080 hours of sick leave will be converted for those who started employment on or after January 1, 2013.)
- Continued Eligibility – Members who continue to work and who do not elect to enter DROP when first eligible for normal retirement may elect to enter DROP on the first day of any month following their initial eligibility. They must provide notice of their decision at least 60 days prior to their entry into DROP.

DROP Period

Overview

The DROP period lasts a maximum of 3 years from the point of entry.

Details

- At the end of the DROP period, the member must terminate employment and retire.
- The DROP entry date must be the first day of the pay period coincident with or following the eligibility date.
- At the end of the DROP period, the member must terminate employment and retire.
- The election to enter DROP is irrevocable following the effective date. A member who has submitted an election to enter DROP may only rescind that election prior to the effective date of entry into DROP.
- An employee who does not choose to enter DROP as soon as he or she is eligible may still enter DROP at a future date at the beginning of a pay period as long as the employee submits his or her application to the Retirement Systems at least 60 days prior to their requested DROP effective date.
- The member is expected to work the full term of the DROP period. However, at any time during the DROP period, a member may resign or be terminated. Upon resignation or termination, monthly retirement benefits will begin to be paid and, since the DROP balance is fully vested at all times, the DROP balance will be payable with the same options that are available at the end of the DROP period.

DROP Account Balance

Overview

A participant's DROP balance will be credited monthly with the amount that the participant would have received had they not entered DROP and retired. Interest will be credited to the balance at an annual rate of 5%.

Details

- The initial monthly amount will be the retirement benefit calculated using service and final compensation as of the date of entry into DROP.
- Members entering DROP will be required to make irrevocable elections regarding joint & last survivor (spousal) benefits and such elections will be reflected in the calculation of the monthly amount credited to DROP.
- The initial monthly amount will be increased each July 1 based on the annual cost of living adjustment (COLA) provided for retirees.
- Any changes that would have occurred during the DROP period should the member have actually retired will result in adjustments to the monthly amount credited to DROP. For example, if the member attains an age at which the amount of any supplemental benefit increases or decreases, changes that would have occurred to the supplemental benefit will also be made to the amount credited to DROP.

- Interest will be credited to DROP account balances at the end of each month. The monthly rate of interest credited will be based on an annual compound rate of 5.0%. No pro rata interest will be credited for less than a full month.
- The assets supporting DROP account balances remain in the retirement system and represent amounts due to the member. No separate individual investment or bank accounts are established.

Contributions During DROP

Member contributions to the retirement system cease upon entry into DROP. Salaries of members in DROP are not included in the base for determination of employer contributions to the retirement system.

Retirement After DROP

Overview

When the three-year DROP period is over, **the member must terminate employment with the County** and retire. The member begins receiving a monthly retirement benefit and elects one of the options for distribution of the DROP account balance.

Details

- The member may elect from one of four options for distribution of the DROP account balance:
 1. Distribution of the DROP balance or any portion of the DROP balance directly to member. (Under current tax law, this option will be taxed as ordinary income when received and may also be subject to a 10% tax penalty if paid before age 50.
 2. Rollover all or any portion of the account balance to a qualified plan or IRA.
 3. Conversion of 100% of the DROP balance to an additional monthly benefit. The additional benefit amount will be based on actuarial conversion factors designed to provide a benefit that (on average) will have the same actuarial value as the DROP account balance.
 4. Conversion of 50% of the DROP balance to an additional monthly benefit and distribution of the other 50% either as a direct lump sum or as a rollover or a combination of a direct lump sum and rollover.
- The member begins receiving a monthly annuity based on the retirement benefit accrued at the point of entry into DROP.
 - Generally, the initial monthly benefit received will be equal to the last monthly amount credited to the DROP account.

- The monthly benefit will be based on:
 - Years of retirement eligible service earned up to the point of entry into DROP.
 - Conversion of any unused sick leave balance at the time of DROP entry.
 - Average final compensation at the point of DROP entry.
 - The joint and last survivor (spousal option) benefit elected at the point of entry into DROP.
 - Any changes for the Pre-Social Security Benefit, if eligible, that occurred during DROP.
 - Adjustments for retiree COLAs granted during the DROP period.
 - Any unused sick leave accumulated during the DROP period will not be converted to retirement service and will be forfeited.

Disability During DROP Period

Non-Service-Connected Disability

Overview

Benefits and payments are the same as if the member resigns or is terminated prior to the end of the DROP period.

Details

- If a member becomes disabled during the DROP period other than as a result of a service-connected disability, the monthly benefit which would otherwise be payable to the DROP account will be paid to the retiree.
- The irrevocable election made at time of entry into DROP regarding the joint & survivor (spousal) option continues to apply.
- The retiree will also receive the balance of the DROP account in one of the optional forms provided.

Service-Connected Disability

Overview

A member will have the option of receiving benefits as though DROP was never selected or as if he/she had resigned or was terminated during the DROP period.

Details

- Option 1 – This option determines benefits as though DROP participation had not occurred. The member elects to forfeit the accumulated DROP balance and receive service-connected disability benefits based on the provisions of the applicable retirement system. In the Police System, benefits are initially established at $66\frac{2}{3}\%$ of the member's salary at the time of injury. In the Uniformed System, the benefit is initially established at 40% of salary at time of retirement or, if the member qualifies for severe service-connected disability, at 90% of salary.

- Option 2 – The member elects to leave the DROP plan prior to the end of the DROP period. The DROP balance is distributed based on the member's election of the distribution options available and begins to receive a retirement benefit. The benefit is based on the retirement benefit accrued up to the point of entry into DROP and the decision on the joint & last survivor (spousal) option made when the member entered DROP.

Death During DROP Period

Non-Service-Connected Death

If a member dies during the DROP period, then the joint & survivor (spousal) election made by the member at the point of entry into DROP determines whether and in what amount monthly benefits will be payable to the spouse. That is, if the member elected a form of payment that included a spousal benefit (such as a 50% joint and survivor option), then the monthly benefit payments to the surviving spouse will commence based on the terms of the form of payment elected. If the member did not elect a joint and last survivor option, then monthly benefits will not be payable. The automatic surviving spouse and children benefit in the Police Officers Retirement System will be payable.

The designated beneficiary will be eligible to receive the balance in the DROP account at the time of death.

Service-Connected Death

If a member dies in the line of duty during the DROP period, the beneficiary may select one of two options:

- Option 1 – The beneficiary elects to receive benefits as though DROP participation had not occurred. The DROP account balance is forfeited and a monthly survivor benefit commences based on the member's service and compensation through the date of death.
- Option 2 – The beneficiary elects benefits the same as in the case of non-service-connected death of the member. That is, receipt of the DROP balance and any Joint & Last Survivor option the member elected at the time DROP was entered.

In both cases, the automatic surviving spouse and children benefit provided in the Police Officers System is payable.

Other Human Resources Considerations

DROP participants are active employees for all other purposes, including but not limited to:

- a. Promotions
- b. Pay increases
- c. Health and life insurance benefits
- d. Annual leave accruals
- e. Sick leave accruals (unused sick leave to be translated into additional retirement benefits must be used at the entry point into DROP. **Additional sick leave accrued during DROP cannot be added to retirement benefit service later but may be used** prior to retirement)
- f. Benefit improvements effective during DROP period
- g. Contributions to the 457 plan