

DROP EXIT

DROP =

Deferred
Retirement
Option
Program



SCHOOLS

INTRODUCTION

The Fairfax County Retirement System was established to help provide you with financial security at retirement.

This booklet summarizes your Retirement System (“System”) benefits. You can find more detailed information about the System in the County Code (Chapter 3, Article 2). All System benefits are subject to the provisions of the Code of Virginia and the Fairfax County Code, as well as applicable rules, regulations and resolutions of the Board of Trustees of the Retirement System. Those statutes, ordinances, rules, regulations and resolutions are controlling in the event of any conflict with this booklet. The System’s plan year ends June 30. Records are maintained on a fiscal year basis.

Fairfax County Retirement Systems
12015 Lee Jackson Memorial Highway Suite 350
Fairfax, VA 22033
703-279-8200

1-800-333-1633
fax 703-653-9543

www.fairfaxcounty.gov/retirement/

**This DROP EXIT handbook is for members of the
Fairfax County Retirement System.**

If you should need a sign language interpreter or any type of special accommodation, auxiliary aid, or translation assistance, please call the Retirement Systems office at 703-279-8200 or the Virginia Relay Service at 1-800-828-1120 (TDD) or 1-800-828-1140 (voice).

I'm Almost Ready to Exit DROP ... What Do I Do? Is Counseling Available?

If you are within 3-6 months of your mandatory DROP Exit date, a DROP Exit packet will be mailed to your home address. If you plan to retire prior to your mandatory exit date, call the Retirement Systems office at (703) 279-8200 to request one.

After receiving the DROP Exit packet, contact your Retirement Counselor with any specific questions. Members may wish to visit the Retirement Systems office to drop off forms and ask questions. Retirement Counselors are available Monday - Friday between 11 :00 am - 2:00 pm for walk-in hours.

When Can I Exit DROP? What Will I Receive?

After three years, you must Exit DROP and retire. You may decide to retire before mandatory exit without penalty. Your monthly retirement benefit was calculated at DROP Entry. Please review your DROP Entry worksheet or view your Web Member Services account for more detailed information.

What Happens to Sick Leave When I Exit DROP?

At DROP Entry, sick leave is converted into service and used towards your retirement calculation. Any sick leave accrued during your DROP period, must be used during DROP. All remaining sick leave at Exit, will be lost.

Pre-Social Security Benefit (Pre-SSB):

If you exit DROP BEFORE you are eligible for unreduced Social Security benefits, you will receive an additional temporary benefit. You will receive this Pre-SSB until the first month after you are entitled to receive an unreduced Social Security benefit. This benefit is the same for all plans and is $1.0\% \times \text{FAS (up to the Social Security Breakpoint)} \times \text{Benefit Service}$. The total is then increased by 3%.

Note: ERS Plan A & B DROP participants receive the Pre-SSB while in DROP. ERS Plans C & D DROP participants do not receive the Pre-SSB while in DROP.

The time that you become eligible for unreduced Social Security benefits, your Pre-SSB will automatically cease. Even if you choose to receive early Social Security benefits, at or after age 62, your Pre-SSB will not cease until you reach the age for full Social Security benefits.

Social Security Eligibility

Year of Birth	Year You Will Turn 62	Your Age for Full Benefits
1937 or earlier	1999 or earlier	65 years
1938	2000	65 years, 2 months
1939	2001	65 years, 4 months
1940	2002	65 years, 6 months
1941	2003	65 years, 8 months
1942	2004	65 years, 10 months
1943 - 1954	2005 - 2016	66 years

1955	2017	66 years, 2 months
1956	2018	66 years, 4 months
1957	2019	66 years, 6 months
1958	2020	66 years, 8 months
1959	2021	66 years, 10 months
1960 or later	2022 or later	67 years

Retirement Timing Decisions

After three years, you must Exit DROP and retire. There are several things you may want to consider before deciding when during the course of the year you wish your retirement to become effective.

Leave Implications: You may wish to retire before any excess annual leave is converted to sick leave or, you may choose to wait until after any excess annual leave is converted to sick leave, since some or all of your sick leave will count towards retirement service credit for retirement or DROP entry.

Please note: Any sick leave earned during DROP is use or lose; your retirement benefit will not be re-calculated at the end of the DROP.

Tax Implications: You may wish to choose a retirement date that allows your annual leave/compensatory time payoff to be paid after January 1 so that it will not be included as part of your taxable salary for your last year of employment.

Other Questions

Deductions/Taxes: You will also have to make decisions about any deductions or tax withholding you may wish to have taken from your retirement check.

Deductions for FCPS/County group term life and dental and health insurance premiums, as well as contributions you request, such as deposits to your credit union may be taken from your retirement benefits. In addition, federal and Virginia state income tax will be withheld at your request. If you are liable for another state's taxes, you will have to file estimated tax forms with that state.

**Premiums for Health, Dental, and Life Insurance will be automatically deducted from your monthly pension payment as long as your retirement payment is sufficient to cover your premiums. If your retirement payment is not large enough to cover your premiums, we will coordinate with the FCPS Benefits Office and you will be billed separately for the premiums.*

Can Your Benefits Be Assigned, Attached or Garnished? No, except to the extent permitted by Virginia law for spousal and/or child support or for Internal Revenue Service (IRS) tax levy or Chapter 13 bankruptcy court orders.

Will You Receive Cost-of-Living Adjustments (COLAs) as a Retiree? Yes. Retirees and DROP participants receive COLAs based on the lower of 4% or the Consumer Price Index increase for the Washington, D.C. area each year on July 1. COLAs are pro-rated in your first year of retirement and DROP participation.

Will Your Retirement Benefit Be Taxed? Retirement benefits are generally taxable. Contributions you made prior to January 1, 1985, however, have already been taxed and are not taxable again. According to IRS regulations, a small portion of these already-taxed contributions will be included in each of your retirement payments. At the end of each year, you will be sent a IRS Form 1099-R showing the taxable and previously taxed benefits paid to you that year along with the amount of any taxes you have had withheld.

What Information Will I Need to EXIT DROP?

- A completed DROP EXIT Notification form
- Authorized Payroll Deduction Form
- Completed Direct Deposit Authorization Agreement Form.

*In the absence of completed forms, taxes will be withheld at the married with three exemptions rate for federal taxes (one exemption for Virginia state taxes)

Your First Retirement Payment

Retirement benefits are paid once a month on the last business day of the month. Since your first payment will include all retirement benefits earned from your date of retirement, it is often larger than subsequent payments. First payment will be paid on the last business day of the month following your DROP exit date. Monthly benefit payment information can be found in Web Member Services (WMS) on the Retirement Systems website by clicking on Benefit Payroll History. Your current month's payment displays upon entry to that link.

If you plan to move after you retire, remember to notify your payroll clerk to provide your new address to them so your W-2 Form will not be delayed. Also remember to turn in your School System ID Card and any keys or other School System property in your possession.

Direct Deposit

All benefit payments are made via Direct Deposit. You may have your funds deposited in nearly any bank, savings and loan or credit union. To sign up for Direct Deposit, complete the Retirement Systems Direct Deposit Authorization Agreement. To change banks or account numbers, visit our website under "Forms A-Z" and download a blank Direct Deposit form. Once completed, please mail or fax the form to the Retirement Systems office.

Online Access to Your Retirement Account

It is important for you to keep abreast of changes in the laws and provisions that could affect your retirement and other benefits. All information affecting your benefits can be found on the Retirement Systems website at <http://www.fairfaxcounty.gov/retirement>. Notice the "Announcements" field on each page for any current notifications.

By creating an account within Web Member Services, retirees can view their benefit payroll

history, tax withholding, deductions and more. Retiree information in WMS is updated in the middle and at the end each month. In addition, WMS provides a link to fairfaxNET so retirees can access Fairfax County news articles as well as Benefits and Open Enrollment information. Information in fairfaxNET is CURRENT.

To visit Web Member Services, go to <http://www.fairfaxcounty.gov/retirement> and click on Retirement Account Log In in the left navigation bar. Establish an account by choosing a Username and Password. Log in and proceed. You will see a link to fairfaxNET at the bottom of the left navigation bar.

Beneficiary and Address Changes

When you retire, if you have not elected a Joint and Last Survivor Option for your current spouse (as legally recognized in the state of Virginia) you will be asked to name a beneficiary to receive the balance of your contributions should you die before they are exhausted. If your beneficiary or address changes, you should notify the Retirement Systems by calling 703-279-8200 or 1-800-333-1633, TTY 711, and request the appropriate form.

Please note: Any future changes to your address should be recorded directly with the Retirement Systems office and the Office of Benefits Services.

Other Considerations

Credit Union

All FCPS retirees may continue as members, or join as new members, of the Fairfax County Employees Credit Union or Apple Credit Union. Deductions to the Apple Credit Union may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into either Credit Union account. If you have a loan with the Credit Union and are making payments from your paycheck, you must contact the Credit Union and let them know to begin taking the payments from your retirement check instead. For more information contact the Fairfax County Employees Credit Union at 4201 Members Way, Fairfax VA 22030 or call 703-218-9900 or the Apple Credit Union at P.O. Box 1200, Fairfax VA 22030 or call 703-323-0246.

Fitness Center

The Employee Fitness and Wellness Center (EFWC) is operated by the Fairfax County Park Authority and is open to all Employees & Retirees of Fairfax County Government and FCPS. Members of the EFWC may designate one person, over 18 years of age, who lives in the same household as them to join the EFWC under their account. Hours and rates are the same as for active employees. For information on rates, classes and schedule, please call 703-324-5590.

Prohibition Regarding Future Employment Activities

Any employee who retires from FCERS may not be reemployed by the school system until that employee has severed employment for up to one year. During that period, the school system shall not reemploy the retiree in any capacity (regular or hourly) nor shall it retain the employee as an independent contractor or consultant. For more information and comprehensive rules for the reemployment of retirees, contact the FCPS Department of Human Resources and refer to Regulation 4774.4.

Social Security and Medicare

Social Security: Most retirees born before 1938 are eligible to receive unreduced Social Security retirement benefits at age 65 (increasing to age 67 for those born in 1960 or after – see table on pages 2 & 3). Reduced benefits are available as early as age 62). You may be eligible to receive those benefits based on your own earnings or on the earnings of your current or former spouse. In addition, Social Security provides benefits for those who are disabled and for surviving spouses and children. Surviving spouses (including divorced spouses) may be eligible to receive survivor benefits as early as age 60 or earlier if they are disabled or caring for eligible children. Social Security also provides Supplemental Security Income (SSI) benefits for those with low incomes and limited assets who are blind, disabled or over age 65.

For more information or to apply for Social Security benefits call 1-800-772-1213 or visit <http://www.socialsecurity.gov>. When applying for Social Security retirement benefits its best to apply about 3 months before the month you want to begin receiving benefits.

Medicare: For additional information, you may want to contact Medicare for the publication entitled Medicare and You available from Medicare Publications, 1-800-MEDICARE (1-800-633-4227) or visit the Medicare website to review that publication and other resources they have available. You can access Medicare information online by visiting their website at <http://www.medicare.gov>.

Medicare should not be confused with Medicaid. Medicaid is the health plan for low-income individuals with limited assets and is usually operated by State welfare or human service agencies. Some individuals may qualify for both plans and may not have to pay any out-of-pocket expenses for their medical care. If you think you may qualify, call the Social Security Administration at 1-800-772-1213.

Laws governing Medicare, Medicaid, and health insurance are subject to change. Pay attention to all mail from Fairfax County and FCPS and watch the websites listed above, and other media for information.

Services for Older Adults and Volunteer Opportunities

Fairfax County has a reputation of being one of the best places in the country to find any type of service for the elderly. These include senior centers throughout the County where classes and activities are held; many publications geared to the needs of the elderly; home based care programs providing meals, regular visits and other care for the homebound; help with housing, medical forms, and other needs; as well as many opportunities for volunteering and recreation tailored to seniors.

The Fairfax Area Agency on Aging, publishes The Golden Gazette, a FREE monthly publication covering news to use for older adults in the Fairfax area. Each month, The Golden Gazette features senior center highlights, a community calendar, a gardening column and articles on important and timely health, legal, financial and consumer issues. The Golden Gazette is available in print, large print and electronic format. Visit <https://www.fairfaxcounty.gov/older-adults/goldengazette> for information on how to subscribe.

The volunteer programs operated by the Area Agency on Aging (AAA) encompass many

distinct aspects of service to the older population in the Fairfax area. Many of these programs involve volunteers over the age of 18 in direct service with clients 60 years old and over. A wish list of volunteer opportunities working with older adults is available by calling the Volunteer Solutions Intake number at 703-324-5406, TTY 711.

Most communities are served by their own Area Agencies on Aging or other government agency providing similar services. Consult your phone directory for more information.

The Fairfax County Department of Family Services has a Division that provides services to older adults and adults with disabilities. Information can be found at <https://www.fairfaxcounty.gov/familyservices/older-adults>. Family Services also offers a wide array of volunteer opportunities that provide you with the opportunity to make a difference in your community. You can find additional information at <https://www.fairfaxcounty.gov/dfs/About/VolOps.htm>.

Fairfax County Retired Employees Association (FCREA)

Any retired Fairfax County employee or surviving spouse is eligible for membership in the Fairfax County Retired Employees Association. The FCREA is not affiliated with Fairfax County Government, FCPS, or the Retirement Systems.

In addition to being a voice on issues of interest and importance to County retirees, the group tries to schedule a variety of recreational activities throughout the year.

Annual Membership is \$5.00 to join and a renewal fee of \$5.00 each July 1, or Lifetime Membership for \$50.00. For more information or to join the Association, call 301-937-7070. FCREA publishes a bimonthly newsletter for its membership called Hot Flashes.