

## DROP Exit Checklist

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

- ☐ Complete all Retirement System forms, including:
  1. **DROP Exit Notification Form:** Indicate how you want to receive payment of your DROP balance and when your last day worked/DROP exit date is. You have the following options for your DROP lump sum:
    - **Refund:** Lump sum distribution minus taxes will be direct deposited into the checking account used for your direct deposit (unless otherwise requested).
    - **Rollover:** If you have elected to rollover your entire balance will be directly rolled to pre-tax retirement fund (ex: Traditional IRA). A designated official of the receiving financial institution must complete the "Rollover Information" field on the back of the form.
    - **Refund/Rollover:** Your balance will be divided between refund and rollover based on percentage or dollar amount of your choice.
    - **100% Increase to Base Benefit:** Your entire lump sum is used towards an increase in your base benefit (no lump sum distribution).
    - **50% Increase to Base Benefit:** 50% of lump-sum is used to increase base benefit. The remaining 50% is a lump-sum benefit paid to you as you elect (refund, rollover, or a combination refund/rollover)
  2. **Tax Withholding Forms**
    - **W4P**
    - **VA4P** (if applicable)
  3. **Direct Deposit Form:** Please either attach a VOIDED check or have a bank representative complete the bottom portion of the form.
- ☐ Return completed forms to your Retirement Analyst via
  - E-mail: [Larry.Little@fairfaxcounty.gov](mailto:Larry.Little@fairfaxcounty.gov)
  - Fax: 703-653-9543
  - Mail (please do not send through courier)
  - Locked drop box
  - Walk-Ins: Monday – Friday from 11am – 2pm

## DROP Exit Notification

Last Name:		First Name:		Middle Initial:	
Address:		City:	State:	Zip:	
Social Security #:	Phone #:		Date of Birth: <div style="display: flex; justify-content: space-between; width: 100%;"> <span>Month</span> <span>Day</span> <span>Year</span> </div>		
Non-county email:	Department and position:				
Address your retirement pay advices/other information will mailed, <u>if different from above</u> :					
Last Day Worked/DROP Exit Date:					

This form **MUST** be completed when you terminate the Deferred Retirement Option Program (DROP). **This form must be received by the Retirement Systems NO LESS than 60 days prior to DROP exit date.** If you do **NOTHING with this form**, and do not choose elections for your DROP account disbursement, your DROP account balance will be disbursed to you **in a lump sum – minus mandatory withholdings of 24%** (20% federal and 4% state) and you may incur tax liabilities.

After you have returned a completed form and you have been paid for final hours worked, your disbursement will be processed no later than the last business day of the following month.

**Indicate below, how you want to receive payment of your DROP balance. SELECT ONLY ONE BOX**

A. ☐ **Lump Sum Refund**

B. ☐ **Rollover\*** \*Any post-tax portion of your account balance will be paid directly to you in the form of a check as that portion of your balance can **NOT** be rolled over since you have already paid taxes on those dollars.

C. ☐ \_\_\_\_\_\$ or % **Rolled Over and** \_\_\_\_\_\$ or % **Lump Sum Refund**

D. ☐ **Use 100% of your DROP balance to *increase* your retirement benefit**

E. ☐ **Use 50% of your DROP balance to *increase* your retirement benefit and 50% distribution in the following manner:**  
 \_\_\_\_\_\$ or % **Rolled Over and** \_\_\_\_\_\$ or % **Lump Sum Refund**

\*This information is provided based on Section 72(t) of the Internal Revenue Code. This information is provided only as general information and should not be considered as legal or tax advice. Please consult a tax professional before taking a distribution from your DROP Account.

~ Please complete the front and back of this form and retain a copy for your records ~

*Please return this original form to:*

**Refunds and Taxes**

You will receive your lump sum refund by direct deposit. You may also choose to have all or part of your refund rolled over via a check into an Individual Retirement Account (IRA) or to an employer's Plan that will accept the funds. This "direct rollover" or "eligible rollover distribution" is explained on the attached sheets.

The amount or percentage of any lump sum refund is subject to a mandatory 20% federal tax-withholding. In addition, it is subject to Virginia state tax withholding at the rate of 4% unless you indicate below that you are not subject to paying those taxes because: (1) you are not a resident of Virginia; (2) you incurred no income tax liability for last year and do not expect to incur a liability for this year; or (3) you expect your Virginia adjusted gross income to be less than \$5,000 if single; \$8,000 if married filing a joint return; or \$4,000 if married filing a separate return. If under the age of 50/55\*, you may also be subject to a penalty from the IRS.

I certify that I am **not** subject to Virginia tax withholding for one of the reasons listed above. \_\_\_\_\_  
Initial here

**PLEASE NOTE:** For a rollover by direct transfer of funds, the box below **MUST** be completed and signed by a designated official **AND you must sign below** in addition to signing in the other required signature spots. The box does not need to be completed if you are requesting a **refund** be paid to you.

★ **Signature** \_\_\_\_\_ **Date** \_\_\_\_\_  
(Your signature above authorizes a **REFUND**, or if the box below is completed, a **DIRECT TRANSFER**, of your **DROP** balance and interest according to the elections on the reverse.)

**ROLLOVER INFORMATION**

Please have an official of the financial institution or employer's plan, which will be receiving a direct rollover of a portion of your refund complete and sign the section below. Please note that only one such rollover will be permitted. All requested information must be supplied before any funds are transferred.

**I certify that the account below is eligible to receive the direct rollover of the taxable portion of this distribution.**

_____ Name of Financial Institution/Fund		_____ Financial Institution Phone Number	
_____ Address of Financial Institution		_____ City	_____ State
		_____ Zip	
_____ Rollover Account Number		_____ Date	
_____ Printed Name and Title of Official		_____ Signature of Official	

**Note:** Any taxable DROP exit lump sum payment (not a rollover) that you receive directly may be subject to a 10% IRS penalty when you file your taxes. For example: in 2016, if you are under age 55 (under age 50 for qualified public safety\* personnel), you may be subject to a 10% penalty.

\*The definition of a "qualified public safety employee" is an employee of a state or political subdivision of a state (e.g. a county) who provides police protection, firefighting services, or emergency medical services for any area of the jurisdiction.

**Withholding Certificate  
for Periodic Pension or Annuity Payments**

Give Form W-4P to the payer of your pension or annuity payments.

**2023****Step 1:  
Enter  
Personal  
Information**

(a) First name and middle initial	Last name	(b) Social security number
Address		
City or town, state, and ZIP code		
(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying surviving spouse <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

**Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5.** See pages 2 and 3 for more information on each step and how to elect to have no federal income tax withheld (if permitted).

**Step 2:  
Income  
From a Job  
and/or  
Multiple  
Pensions/  
Annuities  
(Including a  
Spouse's  
Job/  
Pension/  
Annuity)**

Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity. **See page 2 for examples on how to complete Step 2.**

Do **only one** of the following.

(a) Reserved for future use.

(b) Complete the items below.

(i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter "0-" . . . \$

(ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter "0-" . . . \$

(iii) Add the amounts from items (i) and (ii) and enter the **total** here . . . \$

**TIP:** To be accurate, submit a new Form W-4P for all other pensions/annuities if you haven't updated your withholding since 2021 or this is a new pension/annuity that pays less than the other(s). Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019. If you have self-employment income, see page 2.

**Complete Steps 3–4(b)** on this form only if (b)(i) is blank **and** this pension/annuity pays the most annually. Otherwise, do not complete Steps 3–4(b) on this form.

<b>Step 3: Claim Dependent and Other Credits</b>	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 \$ Multiply the number of other dependents by \$500 . . . \$ Add other credits, such as foreign tax credit and education tax credits \$ Add the amounts for qualifying children, other dependents, and other credits and enter the total here . . .	<b>3</b>	\$
<b>Step 4 (optional): Other Adjustments</b>	<b>(a) Other income (not from jobs or pension/annuity payments).</b> If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, taxable social security, and dividends . . . <b>(b) Deductions.</b> If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . <b>(c) Extra withholding.</b> Enter any additional tax you want withheld from <b>each</b> payment . . .	<b>4(a)</b>	\$
		<b>4(b)</b>	\$
		<b>4(c)</b>	\$

**Step 5:  
Sign  
Here**

Your signature (This form is not valid unless you sign it.)

Date

## General Instructions

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4P, such as legislation enacted after it was published, go to [www.irs.gov/FormW4P](http://www.irs.gov/FormW4P).

**Purpose of form.** Complete Form W-4P to have payers withhold the correct amount of federal income tax from your periodic pension, annuity (including commercial annuities), profit-sharing and stock bonus plan, or IRA payments. Federal income tax withholding applies to the taxable part of these payments. Periodic payments are made in installments at regular intervals (for example, annually, quarterly, or monthly) over a period of more than 1 year. Don't use Form W-4P for a nonperiodic payment (note that distributions from an IRA that are payable on demand are treated as nonperiodic payments) or an eligible rollover distribution (including a lump-sum pension payment). Instead, use Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, for these payments/distributions. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

**Choosing not to have income tax withheld.** You can choose not to have federal income tax withheld from your payments by writing "No Withholding" on Form W-4P in the space below Step 4(c). Then, complete Steps 1a, 1b, and 5. Generally, if you are a U.S. citizen or a resident alien, you are not permitted to elect not to have federal income tax withheld on payments to be delivered outside the United States and its territories.

**Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. If your tax situation changes, or you chose not to have federal income tax withheld and you now want withholding, you should submit a new Form W-4P.

**Self-employment.** Generally, you will owe both income and self-employment taxes on any self-employment income you (or you and your spouse) receive. If you do not have a job and want to pay these taxes through withholding from your payments, you should enter the self-employment income in Step 4(a). Then compute your self-employment tax, divide that tax by the number of payments remaining in the year, and include that resulting amount per payment in Step 4(c). You can also add half of the annual amount of self-employment tax to Step 4(b) as a deduction. To calculate self-employment tax, you generally multiply the self-employment income by 14.13% (this rate is a quick way to figure your self-employment tax and equals the sum of the 12.4% social security tax and the 2.9% Medicare tax multiplied by 0.9235). See Pub. 505 for more information, especially if your self-employment income multiplied by 0.9235 is over \$160,200.

**Payments to nonresident aliens and foreign estates.** Do not use Form W-4P. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, write "No Withholding" in the space below Step 4(c). See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

## Specific Instructions

**Step 1(c).** Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

**Step 2.** Use this step if you have at least one of the following: income from a job, income from more than one pension/annuity, and/or a spouse (if married filing jointly) that receives income from a job/pension/annuity. The following examples will assist you in completing Step 2.

**Example 1.** Bob, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Bob also has a job that pays \$25,000 a year. Bob has no other pensions or annuities. Bob will enter \$25,000 in Step 2(b)(i) and in Step 2(b)(iii).

If Bob also has \$1,000 of interest income, which he entered on Form W-4, Step 4(a), then he will instead enter \$26,000 in Step 2(b)(i) and in Step 2(b)(iii). He will make no entries in Step 4(a) on this Form W-4P.

**Example 2.** Carol, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Carol does not have a job, but she also receives another pension for \$25,000 a year (which pays less annually than the \$50,000 pension). Carol will enter \$25,000 in Step 2(b)(ii) and in Step 2(b)(iii).

If Carol also has \$1,000 of interest income, then she will enter \$1,000 in Step 4(a) of this Form W-4P.

**Example 3.** Don, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Don does not have a job, but he receives another pension for \$75,000 a year (which pays more annually than the \$50,000 pension). Don will not enter any amounts in Step 2.

If Don also has \$1,000 of interest income, he won't enter that amount on this Form W-4P because he entered the \$1,000 on the Form W-4P for the higher paying \$75,000 pension.

**Example 4.** Ann, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Ann also has a job that pays \$25,000 a year and another pension that pays \$20,000 a year. Ann will enter \$25,000 in Step 2(b)(i), \$20,000 in Step 2(b)(ii), and \$45,000 in Step 2(b)(iii).

If Ann also has \$1,000 of interest income, which she entered on Form W-4, Step 4(a), she will instead enter \$26,000 in Step 2(b)(i), leave Step 2(b)(ii) unchanged, and enter \$46,000 in Step 2(b)(iii). She will make no entries in Step 4(a) of this Form W-4P.

If you are married filing jointly, the entries described above do not change if your spouse is the one who has the job or the other pension/annuity instead of you.



**Multiple sources of pensions/annuities or jobs.** If you (or if married filing jointly, you and/or your spouse) have a job(s), do NOT complete Steps 3 through 4(b) on Form W-4P. Instead, complete Steps 3 through 4(b) on the Form W-4 for the job. If you (or if married filing jointly, you and your spouse) do not have a job, complete Steps 3 through 4(b) on Form W-4P for **only** the pension/annuity that pays the most annually. Leave those steps blank for the other pensions/annuities.

**Step 3.** This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. Including these credits will increase your payments and reduce the amount of any refund you may receive when you file your tax return.

## Specific Instructions *(continued)*

### Step 4 (optional).

**Step 4(a).** Enter in this step the total of your other estimated income for the year, if any. You shouldn't include amounts from any job(s) or pension/annuity payments. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your pension, see Form 1040-ES, Estimated Tax for Individuals.

**Step 4(b).** Enter in this step the amount from the Deductions Worksheet, line 6, if you expect to claim deductions other than the basic standard deduction on your 2023 tax return and want to reduce your withholding to account for these deductions.

This includes itemized deductions, the additional standard deduction for those 65 and over, and other deductions such as for student loan interest and IRAs.

**Step 4(c).** Enter in this step any additional tax you want withheld from **each payment**. Entering an amount here will reduce your payments and will either increase your refund or reduce any amount of tax that you owe.

**Note:** If you don't give Form W-4P to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer will withhold tax from your payments as if your filing status is single with no adjustments in Steps 2 through 4. For payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a new Form W-4P.

### Step 4(b)—Deductions Worksheet *(Keep for your records.)*



1	Enter an estimate of your 2023 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income . . . . .	1	\$			
2	Enter: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 3em; vertical-align: middle;">{</td> <td> <ul style="list-style-type: none"> <li>• \$27,700 if you're married filing jointly or a qualifying surviving spouse</li> <li>• \$20,800 if you're head of household</li> <li>• \$13,850 if you're single or married filing separately</li> </ul> </td> </tr> </table> . . . . .	{	<ul style="list-style-type: none"> <li>• \$27,700 if you're married filing jointly or a qualifying surviving spouse</li> <li>• \$20,800 if you're head of household</li> <li>• \$13,850 if you're single or married filing separately</li> </ul>	2	\$	
{	<ul style="list-style-type: none"> <li>• \$27,700 if you're married filing jointly or a qualifying surviving spouse</li> <li>• \$20,800 if you're head of household</li> <li>• \$13,850 if you're single or married filing separately</li> </ul>					
3	If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" . . . . .	3	\$			
4	If line 3 equals zero, and you (or your spouse) are 65 or older, enter: <ul style="list-style-type: none"> <li>• \$1,850 if you're single or head of household.</li> <li>• \$1,500 if you're married filing separately.</li> <li>• \$1,500 if you're a qualifying surviving spouse or you're married filing jointly and one of you is under age 65.</li> <li>• \$3,000 if you're married filing jointly and both of you are age 65 or older.</li> </ul> Otherwise, enter "-0-". See Pub. 505 for more information . . . . .	4	\$			
5	Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information . . . . .	5	\$			
6	<b>Add</b> lines 3 through 5. Enter the result here and in <b>Step 4(b)</b> on Form W-4P . . . . .	6	\$			

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from pension or annuity payments based on your filing status and adjustments; (b) request additional federal income tax withholding from your pension or annuity payments; (c) choose not to have federal income tax withheld, when permitted; or (d) change a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may

also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

**FORM VA-4P INSTRUCTIONS**  
**VIRGINIA DEPARTMENT OF TAXATION**  
**WITHHOLDING EXEMPTION CERTIFICATE FOR RECIPIENTS OF**  
**PENSION AND ANNUITY PAYMENTS**

Use this form to notify your pension administrator or other payer whether income tax is to be withheld, and on what basis.

**Am I required to file Form VA-4P?** Yes. You **MUST** file Form VA-4P with your pension or annuity payer before your payments begin. If you do not file Form VA-4P, your payer is required to withhold Virginia income tax from your payments as if you had claimed zero exemptions.

**Can I elect "no withholding"?** You may use this form to elect "no withholding"

if you have made a similar election for federal purposes, or if you meet any of the conditions listed in the instructions for Line 4 of Form VA-4P on the reverse side of this sheet.

**What if I have other income?** If you have income from other sources which is not subject to Virginia income tax withholding, you should consider making estimated tax payments on Form 760ES or requesting that an additional amount of tax be withheld from your pension or annuity payment. You can download Form 760ES or electronically

file your estimated payment on our website, **www.tax.virginia.gov**. You may also order Form 760ES by calling **(804) 367-8037** or contacting your local commissioner of the revenue.

**How do I complete Form VA-4P?** Be sure to read the instructions on the reverse side of this page carefully before completing Form VA-4P. If you need assistance, you may contact the Department of Taxation at **(804) 367-8037**.

**PERSONAL EXEMPTION WORKSHEET**

1. Enter "1" for yourself.....
2. If you are married and your spouse is not claimed on his or her own certificate, enter "1".....
3. Enter the number of dependents you will claim on your income tax return (do not include your spouse).....
4. Subtotal of Personal Exemptions – add Lines 1-3 .....
5. Exemptions for age
  - a) If you will be 65 or older on January 1, enter "1".....
  - b) If you claimed an exemption on Line 2 above and your spouse will be 65 or older on January 1, enter "1".....
6. Exemptions for blindness
  - a) If you are legally blind enter "1".....
  - b) If you claimed an exemption on Line 2 above and your spouse is legally blind, enter "1".....
7. Subtotal of Age and Blindness Exemptions – add Lines 5 & 6 .....
8. **Total exemptions (add Lines 4 and 7)** .....

----- **CUT HERE AND SEND TO THE PAYER OF YOUR PENSION OR ANNUITY** -----

**Form VA-4P Virginia Withholding Exemption Certificate for**  
**Recipients of Pension and Annuity Payments**

Your Social Security Number	Name		
Street Address			
City	State	ZIP Code	

**Complete the applicable lines below:**

1. If subject to withholding, enter the number of exemptions claimed on:
  - (a) Subtotal of Personal Exemptions – Line 4 of the Personal Exemption Worksheet.....
  - (b) Subtotal of Age and Blindness Exemptions – Line 7 of the Personal Exemption Worksheet.....
  - (c) Total Exemptions – Line 8 of the Personal Exemption Worksheet.....
2. Enter the amount of additional withholding requested (see instructions).....
3. Enter the amount of voluntary withholding requested (see instructions).....
4. I certify that I am not subject to Virginia withholding, either because I have elected "no withholding" for federal purposes, or I meet the conditions for exemption set forth in the instructions for Form VA-4P. .... **(Check here.)** ☐

Signature \_\_\_\_\_ Date \_\_\_\_\_



**FORM VA-4P**  
**LINE BY LINE INSTRUCTIONS**  
**PERSONAL EXEMPTION WORKSHEET**

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In order to compute the proper amount of Virginia income tax withheld, your payer must know the number of personal exemptions you are entitled to claim. The Personal Exemption Worksheet is designed to allow you to review all of the possible exemptions so that you can choose the appropriate number to report to your payer.

You may not claim more exemptions on Form VA-4P than you are entitled to claim on your income tax return, unless you have received written permission to do so from the Department of Taxation.

**Line 1.** You may claim an exemption for yourself.

**Line 2.** You may claim an exemption for your spouse if he or she is not already claimed on his or her own certificate.

**Line 3.** Enter the number of dependents you are allowed to claim on your income tax return.

**NOTE:** A spouse is not a dependent.

**Line 5.** If you will be age 65 or over by January 1, you may claim one exemption on Line 5(a). If you claim an exemption for your spouse on Line 2, and your spouse will also be age 65 or over by January 1, you may claim an additional exemption on Line 5(b).

**Line 6.** If you are legally blind, you may claim an exemption on Line 6(a). If you claimed an exemption for your spouse on Line 2, and your spouse is legally blind, you may claim an exemption on Line 6(b).

***Retain this worksheet for your records.***

**FORM VA-4P**

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Be sure to enter your name, address, and Social Security number in the spaces provided. Your payer must have this information to properly identify your withholding liability.

**Line 1.** If you are subject to withholding, enter the number of exemptions from:

- (a) Subtotal of Personal Exemptions – Line 4 of the Personal Exemption Worksheet
- (b) Subtotal of Exemptions for Age and Blindness – Line 7 of the Personal Exemption Worksheet
- (c) Total Exemptions – Line 8 of the Personal Exemption Worksheet

**Line 2.** If you wish to have an additional amount withheld from your payment, enter the amount on Line 2.

**Line 3.** If you elected “no withholding” for federal purposes, but wish to have Virginia income tax withheld, enter the amount you want withheld from each payment on Line 3.

**Line 4.** If you are not subject to Virginia withholding, check the box on Line 4. You are not subject to Virginia withholding if you meet any of the following conditions:

- (a) You elected “no withholding” for federal purposes; or
- (b) You are not a resident of Virginia; or
- (c) You incurred no income tax liability for last year and do not expect to incur a liability for this year; or
- (d) You expect your Virginia adjusted gross income to be less than the amount shown below for your filing status:

	Taxable Years 2005, 2006 and 2007	Taxable Years 2008 and 2009	Taxable Years 2010 and 2011	Taxable Years 2012 and Beyond
Single	\$7,000	\$11,250	\$11,650	\$11,950
Married	\$14,000	\$22,500	\$23,300	\$23,900
Married, filing a separate return	\$7,000	\$11,250	\$11,650	\$11,950

**Sign Form VA-4P, cut at the line indicated, and file the completed form with your payer.**



## Direct Deposit Authorization Agreement

**INSTRUCTIONS:** Before you submit this application, please have a representative of your banking institution **verify your account number and bank transit/ABA routing number** or attach a blank check marked "VOID". Completed forms should be mailed to the **Fairfax County Retirement Systems Office**, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033.

**A copy of your driver's license, passport, or photo ID is REQUIRED if requesting a change to your existing banking information.**

<b>Last Name:</b>	<b>First Name:</b>		<b>Middle Initial:</b>
<b>Address:</b>	<b>City:</b>	<b>State:</b>	<b>Zip:</b>
<b>Social Security #:</b> (last 4 digits)	<b>Phone #:</b>		
<b>Type of Account:</b> <input type="checkbox"/> Checking <input type="checkbox"/> Savings	<b>Email:</b>		

I authorize the County of Fairfax, Virginia to initiate credit entries to my account indicated above in the depository named below. This includes my authorization to correct entries made in error.

Since there is a slight possibility that my account will not be credited in a timely manner, I understand that I must check with my depository to verify that my account has in fact been credited before engaging in any financial transaction that is dependent on the existence of the credit entry.

This authority is to remain in effect until the County of Fairfax has received written notification from me of its termination in such time and in such manner as to afford the County of Fairfax a reasonable opportunity to act on it. I also understand that should my bank change any of its account or routing numbers I will have to submit a new form with the updated information to the Retirement Systems so the correct account will continue to be credited.

***Benefit payments will be sent electronically to the account and routing number provided on the Direct Deposit Authorization Form. Please ensure accurate information is provided to ensure timely receipt of funds.  
Deposits can only be made to Domestic U.S. Banks***

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### To Be Verified By Banking Institution – OR attach a blank check marked "VOID"

This form must be signed by a bank representative before it can be processed **OR ATTACH A CHECK MARKED "VOID"**.

Name of Depository/Bank: \_\_\_\_\_

Address: \_\_\_\_\_

BK/TRANSIT/ABA Routing Number: \_\_\_\_\_ Account # \_\_\_\_\_

**Financial Institution Certification:** I confirm the transit/routing number and account number for the individual named above. As representative of the above-named financial institution, I certify that the financial institution agrees to receive and deposit the payment identified above in accordance with 31 CFR Parts 240, 209, and 210.

Signature of Representative: \_\_\_\_\_ Date: \_\_\_\_\_ Phone: \_\_\_\_\_

# DROP EXIT

**DROP** = Deferred Retirement Option Program



## **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/](http://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).

### ***How to exit DROP? (it is easy as 1, 2, 3... )***

1. Complete a DROP Exit Notification form – select what you want to do with your DROP account
2. Complete the Authorized Payroll Deductions form – sets up the Federal and Virginia tax withholdings
3. Complete the Direct Deposit form – This is where the monthly retirement benefit will be sent

\*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)

## **What happens to my Drop account**

You must exit the Drop program three years after you enter and you must submit a Drop exit application packet. The packet will contain the DROP exit application, the direct deposit form, the tax deduction form, and one insurance form. **The insurance form and insurance questions should be directed to the Department of Human Resources.**

One of the most important decisions you have is how to receive your Drop account.

You have one of five options:

1. Take the money as a lump sum refund and pay the necessary taxes
2. Roll all the money into an IRA
3. Roll a portion of the money into an IRA and take the rest as a lump sum owning the taxes
4. 50 % of your Drop account is used to increase your monthly benefit for life and the remaining balance can be paid directly to you or can be forwarded to an IRA
5. 100% of your Drop account is used to increase your monthly benefit.

You would indicate the option you have selected on the Drop exit application form. If you elect to roll your Drop account to an IRA, you would have the third-party administrator provide information on the back side of the Drop exit application. If you elect the annuity increase a Retirement Counselor would be able to provide you with the estimated calculations.

## **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. For instance, if your last day of employment is September 10th, you will receive your first retirement payment the last working day of October. The payment, however, will include your retirement annuity for October and a payment for September 11th to September 30th. Monthly benefit payment information can be found on the Retirement Systems website: [www.fairfaxcounty.gov/retirement](http://www.fairfaxcounty.gov/retirement). Click on Retirement Account, establish an account by choosing a Username and Password. Go to “Benefit Payroll History” to see your pay advice.

## **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.

## **Refunds and Taxes**

If you select a refund of the DROP account, you will receive your lump sum refund by direct deposit. You may also choose to have all or part of your refund rolled over via a check into an Individual Retirement Account (IRA) or to an employer’s Plan that will accept the funds. The amount or percentage of any lump sum refund is subject to a mandatory 20% federal tax-withholding

In addition, it is subject to Virginia state tax withholding at the rate of 4% unless:

(1) you are not a resident of Virginia; (2) you incurred no income tax liability for last year and do not expect to incur a liability for this year; or (3) you expect your Virginia adjusted gross income to be less than \$5,000 if single; \$8,000 if married filing a joint return; or \$4,000 if married filing a separate return. If under the age of 55, you may also be subject to a penalty from the IRS.

## **Changes**

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 [www.fairfaxcounty.gov/retirement](http://www.fairfaxcounty.gov/retirement). 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 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 [www.fairfaxcounty.gov/retirement](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.

## **Leave Payoff**

When you retire, you are paid for your accumulated annual and compensatory leave. Sick leave was not paid, but is used in the calculation of your retirement benefit when you entered DROP. Employees retiring from the county may elect to defer their annual leave and compensatory time payoff up to the annual limits into the deferred compensation plan. Please see the section on Deferred Compensation for more information.

There are several things to consider with regard to your leave payoff.

- Social Security Benefits – If you are eligible to receive Social Security benefits, your leave payoff could affect those benefits. This is because Social Security benefits are subject to an earnings cap and your leave payoff is considered earnings. We recommend that you contact the Department of Human Resources, Payroll Division regarding this matter.
- Federal and State Tax Withholding – Federal tax withholding is 25% on leave payoffs. State tax withholding is 5.75%.
- Social Security and Medicare Tax Withholding – If you receive your leave payoff before the end of the tax year in which you retire, and you have reached the maximum

earnings subject to Social Security earnings for that tax year, you may not have Social Security tax withheld from your leave payoff. Medicare tax will be withheld.

- Timing – Routinely, your leave payoff is processed in the next applicable payroll period after all remaining base/normal/regular pay has been processed.

For information and assistance with regards to leave payoff, call the Department of Human Resources, Payroll Division at 703-324-3412.

### **Miscellaneous Notes**

- If you plan to move when you retire, remember to notify your payroll clerk of your new address so your W-2 Form will not be delayed.
- All employees must complete appropriate agency paperwork before retiring. Ask your payroll clerk about this.

***What Happens If I Return to Work For Fairfax County After I Retire?*** If you are hired to a position under your former appointing authority covered by the retirement system you left, your benefits will cease and you must again become a contributing member of the System. In essence you must “unretire.” Then, when you re-apply for retirement, your new benefit will be the higher of either your previous benefit including applicable cost-of-living increases or a new benefit calculation which includes the creditable service and compensation received from the new position.

If you are hired by another county department which is not part of the hiring authority from where you retired, you keep your retirement benefit but do participate in the retirement system. In addition, your combined monthly salary and retirement benefits may not exceed 115% of the then current maximum monthly salary for a Deputy County Executive in the County's Compensation Plan. If you exceed that cap, your retirement benefit will be reduced.

***Can My 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 I 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.

***Are My Benefits 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.

### **Prohibition Regarding Future Employment Activities**

For one year after your employment with Fairfax County ends, you may not be involved in

certain activities in your subsequent employment. You may not assist anyone (other than another governmental agency) with respect to any matter you participated in while in County service, if your participation as a County employee involved a decision, approval, or recommendation with respect to the matter. For more information or a copy of the policy, contact the Department of Human Resources.

## **Additional Information**

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### **HR Benefits**

If you have a spouse who also retired from Fairfax County and had continuous health insurance coverage with the County, they may qualify for a health insurance subsidy after age 55. Please check with Dept. of Human Resources with questions.

For information and assistance with regards to leave payoff, health insurance, dental insurance, life insurance, call the Department of Human Resources, Payroll Division at 703-324-4917.

### **Deferment of Leave Payoff into Deferred Compensation Plan**

Employees terminating or retiring from the county may elect to defer their annual leave and compensatory time payoff, up to the annual limits, into the deferred compensation plan. To do so, the employee must submit an enrollment form or a change form to the Department of Human Resources (DHR) in the month prior to the month that the leave payoff will be processed.

DHR generally processes annual and compensatory leave payoff in the pay period immediately following the pay period of your final paycheck.

Employees who do not submit a new form for their leave payoff will have the amount on record in FOCUS taken from their leave payoff. If you have questions about deferring your leave payoff amount to the plan, contact the Deferred Compensation Help Desk at 703-324-4995, TTY 703-222-7314.

### **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). 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 benefits call Social Security at 1-800-772-1213. For retirement benefits, its best to call up to three months before the month you plan to begin receiving benefits.



During the first calendar year in which you collect Social Security benefits you will be paid for each month in which your earnings do not exceed a limit based on your age. After the first year, if your annual earnings exceed certain limits, your benefits will be reduced. Therefore, if you retire late in one calendar year and you receive payment for your annual leave and compensatory time in the next calendar year, your benefits could be affected since your leave pay off may cause you to exceed your annual earnings cap. In that case you may request a letter from the Department of Human Resources, Payroll Division at 703-324-3339 that informs the Social Security Administration that the leave was earned in a prior year (see section on Leave Payoff).

**Medicare:** If you receive Social Security benefits, you will automatically be enrolled in Medicare when you become eligible. If you are not receiving Social Security benefits, you must contact the Social Security Administration at 1-800-772-1213 up to three months before the month in which you turn age 65 to sign up for Medicare. If you do not sign up for Medicare Part B when first eligible you may be assessed a penalty for each year that you are not enrolled. However, **if you are over age 65 when you retire**, you can avoid the penalty by requesting a form from Social Security Administration to be filled out by the Department of Human Resources, Benefits Division which informs Medicare that you were enrolled in an “employer’s” health plan until the date of your retirement.

The County’s health insurance plans are not Medigap plans but still pay many of your out-of-pocket and prescription drug expenses. Generally, you will still be required to pay the same deductibles and co-payments for your medical care that you paid before you had Medicare but in most cases, your monthly premium costs are reduced significantly. Also, if you are covered by a County health insurance plan you may not be eligible to be covered by a Medigap plan.

**Rules, premiums and information regarding Medicare and Social Security change yearly so please make sure to review current information directly from Medicare and Social Security.** For additional information call 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 Social Security and Medicare information by visiting their websites at [www.saa.gov](http://www.saa.gov) and [www.medicare.gov](http://www.medicare.gov) respectively.

*Note:* 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.

## **LiveWell**

The LiveWell Workforce Wellness Program focuses on improving employees’ and retirees’ health and well-being, while serving to curb rising healthcare costs. The LiveWell Program encourages retirees to stay active, educate themselves on various health topics, and take charge of their own health. Some of the ways LiveWell supports these goals is by providing:

- Reduced membership fees at Fairfax County RECenters
- Weight Watchers membership discounts and on-site meetings
- Free on-site Flu vaccination clinics
- Annual Employee Health and Fitness Day
- Administers MotivateMe Wellness Incentive Rewards program for participants in any of the County health plans.

For more information on LiveWell and a full list of upcoming LiveWell sponsored events, visit the LiveWell home page on FairfaxNet.

## **Fitness Center**

Retirees are eligible to use the exercise equipment in the Fitness Center in the Government Center. Hours and cost are the same as for active employees. In addition, there are aerobics and other exercise classes offered at the Fitness Center for minimal fees. For more information, stop by the Fitness Center.

## **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 24-page monthly newspaper 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 [www.fairfaxcounty.gov/dfs/olderadultservices/goldengazette.htm](http://www.fairfaxcounty.gov/dfs/olderadultservices/goldengazette.htm) 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 [www.fairfaxcounty.gov/dfs/olderadultservices/](http://www.fairfaxcounty.gov/dfs/olderadultservices/). 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 [www.fairfaxcounty.gov/dfs/About/VolOps.htm](http://www.fairfaxcounty.gov/dfs/About/VolOps.htm).

