

HOW DO I APPLY FOR DROP?

You will need to complete forms **DP-ELE (Notice of Election to Participate in DROP)**, **FR-11o (Option Selection for FRS Members)** and **DP-11 (Application for Service Retirement and the DROP Program)**. You will also need your birth certificate and possibly the birth certificate of your joint annuitant as well as the social security numbers and birthdates of your beneficiaries. Completed applications must be submitted to the Compensation & HR Planning Department. Applications can be found on the Department website:
www.palmbeachschools.org/compensation/retirement

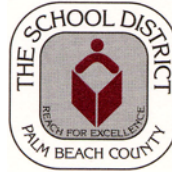
WHAT ABOUT MY SICK AND VACATION TIME?

You will continue to accrue sick time while you are in DROP. Each year between July and August, you will be paid out a percentage of your sick time. Depending on your bargaining unit, payment will either be made directly to you or to the BENCOR Special Pay Plan. (For further information, see our Breeze presentation on our website under BENCOR at
www.palmbeachschools.org/compensation/retirement

*BENCOR representatives are available to assist you at:
888-258-3422*

Annual leave will also continue to accrue while you are in DROP. You may choose to receive payment of 100% of your accumulated leave to a maximum of 480 hours either at the time you enter DROP, so that it will be included in your retirement benefit calculation, or opt to receive payment when your DROP ends. Depending on your bargaining unit, payment will either be made directly to you as a direct deposit minus taxes or to the BENCOR Special Pay Plan.

**Please be aware that due to IRS rules, there are maximum amounts each year that may be rolled into the BENCOR Special Pay Plan. The time of year you enter DROP may affect the amount which may be rolled into this account. In the event you are over the maximum allowable amount, the balance will be paid directly to you as a direct deposit minus taxes.*



Compensation & HR Planning

3300 Forest Hill Blvd., A-115
West Palm Beach, FL 33406

For General HR Information,
please contact our
HR Customer Contact Center:
434.8777 (PX 48777)
877.477.3722
AskHR@palmbeachschools.org

Check out our website at:
www.palmbeachschools.org/compensation/retirement
or the Florida Retirement website at:
www.myfrs.com

This information has been provided to you as a courtesy of the School District of Palm Beach County and is not intended to replace the information provided on the MyFRS website.

The School District of Palm Beach County prohibits discrimination against students, employees, and applicants on the basis of religion, race, ethnicity, national origin, color, sex, marital status, age, parental status and disability in any of its programs, services or activities.

Revised 1/30/12



Understanding DROP

For employees new to FRS
after July 1, 2011

Compensation & HR Planning
Division of Human Resources
School District of
Palm Beach County

WHAT IS DROP?

The Deferred Retirement Option Program (DROP) allows you to effectively retire under the Florida Retirement System (FRS) Pension Plan and begin accumulating your retirement benefits in a deferred account without terminating employment for up to 60 months. You will simultaneously earn a salary and a retirement income.

WHEN AM I ELIGIBLE TO ENTER DROP?

To participate in DROP, you must be vested in the Florida Retirement System Pension Plan and be eligible for normal retirement. Most employees of the PBC School District are Regular Class members and are eligible to retire when they are age 65 and are vested in the Plan (with 8 years of creditable FRS service) or have 33 years of creditable service before the age of 65. School police officers are eligible at age 60 or 30 years of service.

TEACHERS & PARAPROFESSIONALS MAY ENTER DROP **ANYTIME** AFTER THEY ARE 65 OR HAVE 33 YEARS OF SERVICE BEFORE AGE 65.

All other regular employees must enter DROP the month they turn 65 or complete 33 years of service, whichever comes first. For those employees who have 33 years of service before age 57, they may delay DROP entry until the month they turn 57.

DO I HAVE TO REMAIN IN DROP FOR FIVE YEARS?

No. All employees are initially enrolled for 60 months but may exit at any time by completing DROP termination paperwork with our office. The paperwork can be found on the District Retirement website. There are no penalties for early exit.

ONCE I ENTER DROP, DO I STILL CONTRIBUTE THE 3% TO FRS?

No. Once you enter DROP the 3% is no longer deducted.

DO I RECEIVE MY RETIREMENT BENEFITS WHILE I AM IN DROP?

No. Your monthly retirement benefits accumulate in the FRS Trust Fund, earning tax-deferred interest, while you continue to work without earning additional service credit for retirement. When your DROP participation ends, you must terminate all employment with all FRS employers. At that time, you will receive payment of your accumulated DROP account **and** begin receiving your monthly retirement benefit (pension check).

HOW IS MY RETIREMENT BENEFIT DETERMINED?

Your retirement benefit is based on a formula comprised of your age, length of FRS service and salary up to the time of your DROP entry. The amount of your benefit is also affected by the retirement income option you choose.

HOW MUCH INTEREST WILL MY DROP ACCOUNT EARN?

DROP accounts earn interest compounded monthly at an effective annual rate of 1.3%. No interest is earned on benefits on deposit for less than one month or after the month in which you terminate employment.

In addition, through June 30, 2011, the retirement benefits that accumulate in your account will be increased by a 3% cost of living adjustment each July 1st or by a prorated amount if you have been in DROP for less than 1 year when you receive your first cost of living adjustment.

BE SURE TO VISIT THE FOLLOWING WEBSITES:

www.palmbeachschools.org/compensation/retirement
www.MyFRS.com

COST OF LIVING ADJUSTMENT (COLA) REDUCED

There will be no Pension Plan COLA on FRS service earned on or after July 1, 2011. A reduced COLA will be calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011. The reduced COLA will be calculated by taking the total years of service earned prior to July 1, 2011 and dividing it by the total years of service at retirement, then multiplying it by 3%.

For example, a member who retires effective July 1, 2012 with 30 years of service (29 years earned before July 1, 2011) will receive a 2.9% COLA each July: $29 \div 30 = .9667 \times 3\% = 2.9\%$.

CAN I CHANGE MY OPTION SELECTION OR BUY ADDITIONAL SERVICE CREDIT WHILE IN DROP?

No. Once your participation in DROP begins, your retirement is final. You cannot add service credit, change retirement options, change your type of retirement or **rescind** your DROP application.

IF I AM IN DROP, DOES THAT MEAN MY SALARY IS FROZEN?

No. If raises are given to your bargaining group, you will receive the raise as well, but your retirement calculations will not change.

AM I GUARANTEED EMPLOYMENT IF I AM ENROLLED IN DROP?

No. Your employment status is not changed by your DROP participation.