

# Police Pension Plan

## Deferred Retirement Option Program (DROP)

*For employees covered under the Fraternal Order of Police (F.O.P.)  
Lodge 89 Collective Bargaining Agreement*



# Agenda

- What is the DROP?
- Eligibility Process
- Participation Period
- Benefits of Participation
- Disability Benefits
- Exiting the DROP
- Payment Options
- Death Benefits
- Resources
- Ask the Expert



# What is the DROP?

The Deferred Retirement Option Program (DROP) is a voluntary program for eligible employees administered by the Benefits and Pensions Division. With DROP, you can “retire” and begin accumulating your retirement benefit in a DROP account.

Your DROP account is separate from your regular monthly Police Retirement Benefit.

# Eligibility Process



# Eligibility Requirements

- All participants must be covered under the F.O.P. collective bargaining agreement
- Twenty-two (22) years of actual service as defined by the Police Service Pension Plan
- All service purchase must be completed before entering the DROP Program
- Sick leave and Annual leave cannot be used to obtain the required years of service
- Thirty (30) days notice for entry
- The decision to enter is irrevocable

# Entry is Determined by Seniority

April 1, 2020 - June 1, 2020

**16 per month**

*No more than  
four (4) Lieutenants  
four (4) Sergeants*

July 1, 2020 - December 1, 2020

**8 per month**

*No more than  
two (2) Lieutenants  
two (2) Sergeants*

***Employees with the greatest seniority shall be selected.***

# DROP Considerations

- The DROP period is three (3) years from the participation enrollment date.
- Eligible employees must agree to participate in the DROP for the full 3-year term.
- Employees remain eligible to enter the DROP whether or not the employee previously decided not to enter the DROP during a prior annual period.

***Once an employee enters the DROP, the decision is irrevocable.***

# Participation Period





# What is the participation period?

- 30-day notice for entry and three years of DROP participation
- 30-day notice waived for April 1, 2020 enrollments
- The decision to participate in DROP is irrevocable
- When your DROP participation period ends, you must terminate employment

# What can I expect while participating in the DROP?

- You will not earn additional service credit
- Your retirement benefit is not recalculated when you exit the program
- Annual and sick leave may be used to purchase additional pension credit at the time of enrollment
- You will maintain eligibility to apply for a disability retirement
- You will have payment options when you exit the program

# Will I still receive wage increases?

As a member of the DROP, you maintain your eligibility to receive:

- Cost of living increases
- Merits
- Promotions
- Annual Leave
- Sick Leave

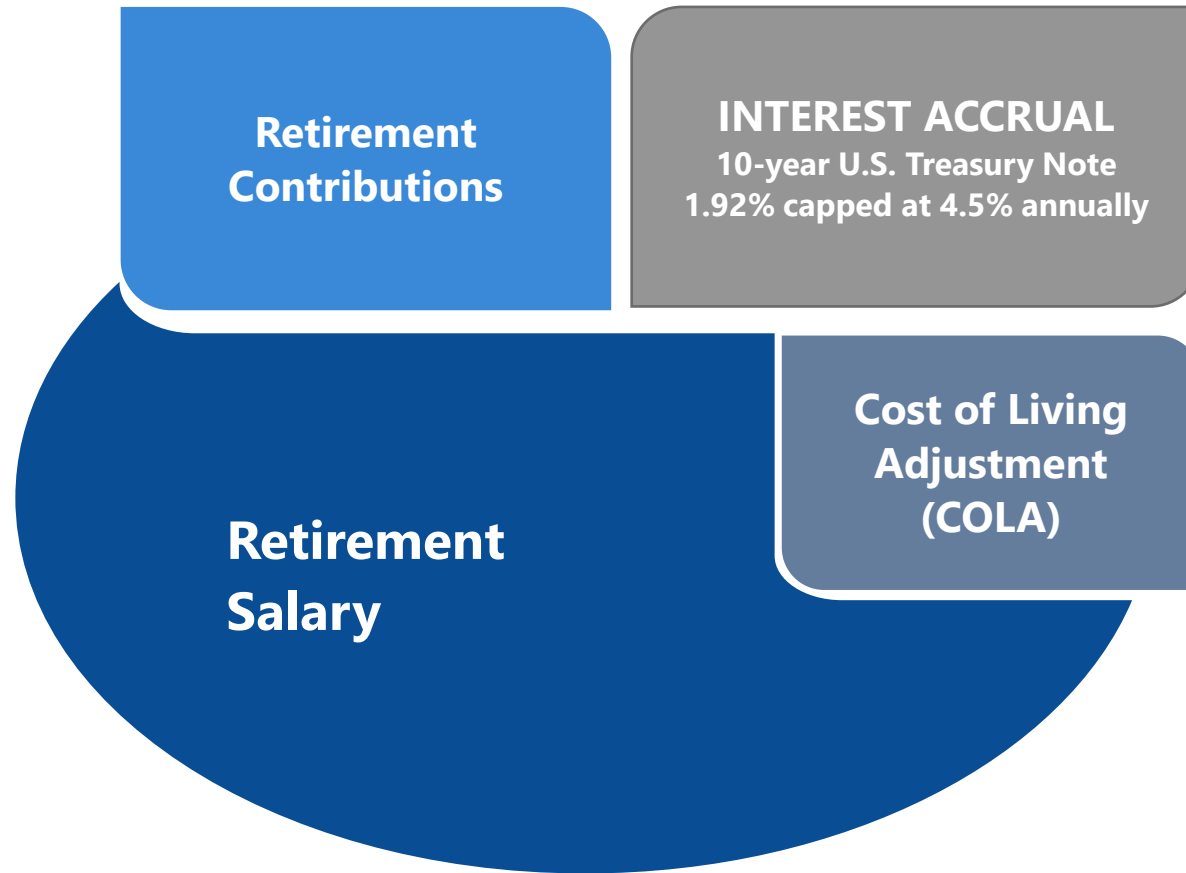
# How to sign up for the DROP

1. Complete and submit *the Interest of Participation* form
2. After you receive confirmation of eligibility, meet with a Pensions Analyst
3. Complete and submit the *DROP Enrollment* form and *Designation of Beneficiary* form
4. Continue to work for the County as a sworn Police Officer for a 3-year DROP term

# Benefits of Participating



# Your DROP Account



# DROP Account Statements



**Statements or  
Member Direct**



**Yearly  
Statements**

# Disability Provisions





# Can I apply for a Disability Retirement while enrolled in DROP?

- As a member of the DROP you maintain your eligibility to apply for a disability retirement
- Your disability retirement benefit will be calculated as of your date of entry into the DROP
- Upon exit, you will receive your monthly disability retirement allowance and the balance of your DROP account
- Your DROP exit date will be the first of the month following approval of a disability retirement

# Exiting DROP



# Can I exit the DROP before my participation period is over?

Members can exit the DROP only under the following conditions:

- Voluntary termination
- Involuntary termination
- Disability
- Death of the participating member

# How to exit the DROP

1. Meet with a Pensions Analyst
2. Discuss payout options
3. Complete and submit the *DROP Exit Application* form

- A letter will be sent to the DROP member confirming receipt of the form
- DROP account funds can be distributed in a lump sum or rolled over into a qualified retirement account (e.g., an eligible IRA or non-County 457 retirement plan)

# When will I receive my retirement payments?

- You will begin receiving your monthly retirement allowance the first of the month following your exit from the DROP.
- Your monthly payment must be distributed by direct deposit.
- You will have the opportunity to select your desired financial institution during your exit meeting.

# Death Benefits



# Active Death

## DROP Account

- Lump sum distribution to the designated beneficiary

## Distribution Options

- Rollover to qualified retirement plan (e.g., IRA)
- Direct deposit

## Spousal Benefit

- A surviving spouse receives a Contingent Annuitant benefit payable under the provisions of the Police Pension Plan

# Beneficiary Designation

- The beneficiary designation shall apply to all distributions pursuant to the DROP
- If a designated beneficiary predeceases a DROP participant who dies before designating a new beneficiary, all distributions pursuant to the DROP shall be made to the estate of the DROP participant
- Any Domestic Order will govern even if it conflicts with DROP Provisions



# Sunset Provision

The DROP will automatically expire five (5) years after initially becoming effective, unless extended pursuant to subsequent collective bargaining agreement. Beginning on the 5th year of the DROP, there will be a review of the DROP's effectiveness.

In the year of the sunset, enrollment will be limited to 8 per month for January 1, February 1, and March 1, 2025. No more than two (2) Lieutenants and two (2) and Sergeant per month.

# Resources



# Obtaining Additional Information

- Member Direct ([memberdirect.princegeorgescountymd.gov](http://memberdirect.princegeorgescountymd.gov))
  - DROP statements
  - Generate estimates prior to retirement
- Retirement seminars
- Retirement webinars

# In Summary

Eligibility Process

Participation Period

Benefits of Participating

Disability Provisions

Exiting DROP

Death Benefits

Resources

# Questions

