

How DROP Works in Active Service and Retirement Q&A

1. What is a hardship distribution and who is eligible for it?

*Prior to September 1, 2021, only members who joined DROP prior to June 1, 2017, were eligible for a hardship distribution if they meet the qualifying criteria and provide the necessary documentation. Also, spouses who inherited a DROP annuity could request a hardship distribution to pay for the member's funeral expenses. Beginning September 1, 2021, all holders (members, beneficiaries, alternative payees) of a DROP annuity stream of payments resulting from a member joining DROP prior to June 1, 2017 may request a hardship distribution under the rules established by the Board. **If the member entered DROP after June 1, 2017, a Hardship distribution is not allowed for either the member or subsequent annuity holder.***

2. What happens to the rest of the DROP balance when the member dies before the annuity ends?

The same annuity payments will continue to be paid to your named beneficiaries. For Example: A member is scheduled to receive an annuity payment of \$2,000/month for 25 years. If the member passes away after 7 years of receiving the annuity, then the member's named beneficiary will receive \$2,000/month for the remaining 18 years.

3. What are the different multipliers and correlating years in relation to reaching your 90%?

When calculating the 90% benefit, the member is automatically granted 3% for all years of service prior to 9/1/2017 and 2.5% for all years of service post 9/1/2017. Knowing this helps us determine how many years after 9/1/2017 a member needs to work to reach the max 90%. For example, a member has 25 years of service prior to 9/1/2017. At 3% for each year, we know this member has already reached 75% (25 years x 3%) of the max 90% by 9/1/2017. Next, we determine how many years it will take to earn the additional 15% assuming the member gets 2.5% for each year of service post 9/1/2017 (15%/ 2.5% = 6 years). It will take the member 6 more years of post 9/1/2017 service to reach 90%.

4. If I hired on early, and I reach my 90% at 51, will I get penalized for retiring at that age?

No, there is no reduction to the 90% benefit no matter what age the member is when it is reached.

5. How are notices being sent out when a member reaches their 90%?

A notice is sent by email a couple of months prior to when a member reaches their 90% attainment date. If there is no email on file, then we will send your notice through mail. You may contact the Pension office to discuss your options with a Retirement Counselor.

- 6. Will there be another webinar that explains how the pension is doing, what we are currently invested in and the plan for the future?**

Plans are being finalized for meetings that will give members the opportunity to get updated information on the Pension. Members will have the opportunity to ask questions. More information will be provided as soon as the details are finalized.

- 7. Can we access our annual statement on the DPFP website?**

Yes, you can access your annual statement if you have set up your account through Web Member Services.

- 8. If I hit my 90% in December 2022, and plan to leave in January 2023, when should I contact a counselor?**

DPFP asks that you contact a Retirement Counselor 60 days prior to leaving active service. In this scenario, you would contact a counselor in November 2022.