

DEFERRED RETIREMENT OPTION PLAN (DROP)

DROP (Deferred Retirement Option Plan)

While in DROP, members continue to work and earn city salary and benefits. Contributions are still mandatory.

Retirement payments members would have received if they left active service are instead credited to a balance in your name.

The accumulated balance will be annuitized when the member leaves active service.

- Added to monthly pension benefit
- Based on the rules adopted by the Board

Additional information regarding DROP annuitization is available later in the presentation.

DROP (con't)

Generally effective when Members have reached their 90% date

- Age and service multipliers reach a maximum amount
- Date is available on your benefit estimate

Results in “setting your benefit”

- Benefit calculation variables are locked in
- Forfeit eligibility for Supplemental Plan even if promoted above a civil service rank

If you haven't reached your 90% date or believe you will have a higher average computation pay in the future (promotion, etc.), you may not want to join DROP.

- Individual analysis recommended. Call a counselor to discuss your options.

DROP (con't)

Irrevocable decision

Effective the first of the month upon Board approval.

DROP balance is annuitized upon leaving active service.

- Balances accrued prior to 9/1/2017 are annuitized with interest.
- Balances accrued after 8/31/2017 are annuitized without interest.

A key difference between a DROP balance and your lifetime pension benefit is the ability to designate any person(s) as your named beneficiary to your DROP account.

- If married, some limitations apply.

DROP: Required Documents

Completed application

Member documents

- Member's form of ID (birth certificate, driver's license, passport, etc.)
- Social Security card
- If applicable: divorce decree, marriage license, spouse's form of ID, spouse's SS, children's birth certificate / adoption paperwork, children's SS card, disability disclosure

**Deferred Retirement
Option Plan (DROP)**
Member Election Form



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Member's Name: _____

Member's last 4 digits of SS# _____

- ☐ Police Department
☐ Fire Department

By signing this election form, I acknowledge the following:

- I have read and understand Section 6.14 of Vernon's Revised Civil Statutes Article 6243a-1 (the "Plan") of the Dallas Police and Fire Pension System ("System"), which provides for the Deferred Retirement Option Plan ("DROP").
- I have read the policy and procedure for DROP participation (the "DROP Policy"), as adopted by the Board of Trustees of the System ("Board").
- I have had the opportunity to meet with the System's administrative staff and ask them questions regarding the operation of DROP and its effect on my benefits under the Plan.
- I have had the opportunity to seek advice from professional financial planners and tax advisors and understand that the administrative staff of the System, although providing some general information, cannot and has not rendered legal or tax advice to me on the effect entering DROP at different times in my career with the Police Department or Fire Department will have on the total amount of benefits I may receive, or the effect DROP will or may have on the taxation of any benefit I or my survivors may receive under the Plan.
- In electing to participate in DROP, I have relied upon information provided by the System's administrative staff. However, my decision to elect to participate in DROP is solely my own and is based only on my understanding of the program as provided in the Plan and in the DROP Policy. Neither the Board, the System's Executive Director, nor the System's administrative staff is responsible for my decision to enter or not to enter DROP.
- I understand the terms of DROP are governed by the Plan and the DROP Policy and that these terms may be amended in the future.
- I understand that I will pay Member contributions at the rates provided in the Plan until I leave Active Service.

Initial Here: _____

See Appendix D

- I understand that I may elect a 100% joint and survivor annuity option any time on or after the effective date of my DROP participation and that a one-year waiting period with respect to my spouse's eligibility for this option applies if the election is made subsequent to the effective date of my participation in DROP.
- I understand that my retirement pension as calculated under the terms of the Plan will be determined as of the effective date of my participation in DROP. And I understand that, as a consequence of my election to participate in DROP, the following will apply as of and after the effective date of my DROP participation:
 - My DROP balance will not bear interest;
 - Upon my retirement, my DROP balance will be annuitized without interest over my actuarially determined life expectancy based upon the then existing terms of the Plan and DROP Policy;
 - I will not get any otherwise applicable additional improvements in my retirement pension, including, but not limited to, improvements attributable to advances in age, rank, increase in pay or years of service with my Department; for example, if I have not already earned the 78 points needed to qualify for the special survivor benefit, I will never be able to earn them after I enter DROP;
 - If I elect to enter DROP before attaining age 58, I understand that:
 - (i) This election is irrevocable;
 - (ii) I will not be afforded the opportunity to revoke or "undo" this election in the future, and
 - (iii) As a result of (i) and (ii) the benefit that I would otherwise receive by retiring at age 58 is being reduced and that I will not have an opportunity to change my monthly benefit in the future;
 - If I am promoted to a rank higher than the highest Civil Service Rank for the City of Dallas after the effective date of my participation in DROP, I will not be entitled to participate in the Supplemental Pension Plan;
 - I will not be entitled to repay any contributions that I have withdrawn from the System;
 - I will not be entitled to purchase credit for Pension Service lost as the result of an assignment of my retirement pension to an "alternate payee" pursuant to a "qualified domestic relations order";
 - I will not be entitled to purchase credit for Pension Service for periods that I was on leave of absence, except for military leave I may possibly still be entitled to purchase pursuant to the Uniformed Services Employment and Reemployment Rights Act;

Initial Here: _____

See Appendix D

- I will not be entitled to purchase credit for Pension Service under any other nondiscriminatory policy that has or may be adopted by the Board from time to time;
- I understand that my monthly benefit payments will cease to be credited into my DROP balance after 10-years of participation in DROP, that I have no rights to such payments and still be required to make contributions until I leave active service;
- I understand that my first month of retirement pension benefits will be pro-rated based on my actual days of retirement in the first month if I have exceeded 10-years of participation in DROP; and
- I also will be ineligible to receive a disability pension under the terms of the Plan.
- If I change or add a Spouse before I leave Active Service, that Spouse, if still my Spouse at the time of my death, will be the one eligible for survivor benefits.

Initial Here: _____

See Appendix D

• **Effect of Election to Participate**

I understand that my election to participate in DROP is irrevocable, and that subject to the rules of DROP participation set forth in the Plan, I will be eligible to receive the following retirement pension upon my leaving employment as a Police Officer or Firefighter with the City of Dallas, Texas:

(Select one)

____ Retirement pension under Section 6.02(b) of the Plan.

____ Retirement pension under Section 6.02(c) of the Plan.
(Actuarially Reduced)

____ Retirement pension under Section 6.02 (c-2) of the Plan.
(90%)

____ Retirement pension under Section 6.02(d) of the Plan.
(20 & out)

I understand that my DROP benefits will be calculated based upon the above-elected retirement pension.

I further understand that my election to participate in DROP will continue if, after I terminate my employment, I am once again employed by the City of Dallas as a Police Officer or Firefighter.

Effective Date of Participation

I understand that my participation in DROP is effective on the first day of the month after approved by the Board of Trustees.

Initial Here: _____

See Appendix D

General Benefit Information

Department: _____ Rank: _____

Date of Birth: _____ Telephone: _____

Street address: _____

City: _____ State: _____ ZIP code: _____

Original Service Date: _____

Intended DROP Effective Date: _____

Name of Spouse: _____ Date of marriage: _____

Date of Spouse's birth: _____

Spouse's Social Security number: _____

Children under the age of nineteen (19) or Disabled children:

Name	Social Security No.	Date of birth

I ACKNOWLEDGE THAT I HAVE NOT BEEN ADVISED WHETHER TO ENTER OR NOT ENTER DROP BY THE BOARD, ANY TRUSTEE, THE EXECUTIVE DIRECTOR, THE SYSTEM'S ADMINISTRATIVE STAFF OR ANY ONE ACTING ON BEHALF OF THE FOREGOING, AND THAT I AM NOT RELYING ON ANY OF THE FOREGOING PERSONS WITH RESPECT TO MY DECISION HEREUNDER. I AGREE THAT BY SIGNING THIS FORM I HEREBY RELEASE AND HOLD THE DALLAS POLICE AND FIRE PENSION SYSTEM AND ANYONE ACTING ON THEIR BEHALF HARMLESS FOR THE CONSEQUENCES OF MY DECISION.

Member's signature: _____

Date: _____

Initial Here: _____

See Appendix D

**Beneficiary Designee
Selection Form**
For Benefit Recipients and Active DROP



Name: _____

Last 4 digits of SS#: _____

Address: _____

Phone Number: _____ Email Address: _____

Are you currently married? ☐ Yes ☐ No – Single, Widowed or Divorced

If yes, Spouse's Name: _____ Date of Marriage: _____

Spousal consent is required to name someone other than your spouse as a primary beneficiary of a final payment. If you married after January 14, 2016, spousal consent is also required for DROP (not applicable for inherited accounts). In the event of a divorce, the spouse will no longer be a beneficiary unless a new form is submitted.

If I am unmarried and do not have a living designate a beneficiary, my beneficiary will be determined according to state laws, which I understand may be a more costly process for my heirs.

I wish to designate the following person(s) as my beneficiaries to the following:

- ☐ DROP
☐ Final Payment
☐ DROP & Final Payment

Special Note: This form, if accepted, replaces all prior beneficiary designations assigned to the benefit checked above on file with DPFP.

Primary Beneficiary (or designee) *You may use a second page if more lines are needed

Name	Social Security #	Street, City, State, Zip, Phone #s	Relationship & Date of Birth	% of Benefit

*If all primary beneficiaries (designees) are deceased, or otherwise deemed ineligible, any benefits payable will be divided among my surviving contingent beneficiaries based on the designated percentage(s).

Contingent Beneficiary (or designee) *You may use a second page if more lines are needed

Name	Social Security #	Street, City, State, Zip, Phone #s	Relationship & Date of Birth	% of Benefit

Signature _____

Date _____

SWORN AND SUBSCRIBED before me on this the _____ day of _____, 20____.

Notary Public

Mail to 4100 Harry Hines Blvd. St. 100, Dallas, TX 75219 or call our office at 214-638-3863 for a secure link

See Appendix D



DALLAS
POLICE & FIRE
PENSION SYSTEM



Spousal Waiver for Beneficiary Designation Form

Member's Name: _____

Member's last 4 digits of SS# _____

As the Spouse of the Member listed above, I understand that I have not been named as the 100% Primary beneficiary on: (check all boxes that apply)

- ☐ DROP Beneficiary Designation Form, completed (date): _____
☐ Final Deceased Member's Benefit Form, completed (date): _____
☐ BOTH, completed (date) _____

In the event of my spouse's death, I consent to the specific designation of the beneficiary(s) and percentages named on the forms indicated above. In the absence of my consent, I would be entitled to receive any balance remaining in my Spouse's DROP account and any funds due to the estate upon his or her death (signature must be witnessed by a notary public). Any change to the specific designation set forth on any beneficiary forms will require my consent. If the designated beneficiary is a trust, I recognize the System will not obtain my waiver for any change to the terms of the trust.

Spouse's Signature: _____

Printed name: _____

Date: _____

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this the _____ day of, _____, 20_____.

Notary Public In And For

County

Return to:

Dallas Police & Fire Pension System
4100 Harry Hines Blvd. Suite 100
Dallas, Texas 75219

See Appendix D



MEMBER INFORMATION CONSENT

Under the current provisions of the State of Texas Public Information Act any information about our members held by the Dallas Police and Fire Pension System (the "Pension System") is confidential and not subject to disclosure by the Pension System. However, you do have the option to allow the Pension System to disclose your name and image in the newsletter as well as in any other communications the Pension System may send out to members or retirees; for example, in the past we have let our members know when a member retired and show pictures of members or retirees in the newsletters. Please initial one of the following two options to indicate whether or not you would like the Pension System to continue to be able to use your name or picture in the newsletter or other communications.

_____ I consent to the Pension System disclosing my name and image in communications with members or retirees, but I request that all other information about me contained in the records of the Pension System be protected from disclosure to the maximum extent allowed by law.

_____ I do not consent to the Pension System disclosing any information about me, including my name or image, and request that all information relating to me be protected from disclosure to the maximum extent allowed by law.

Signature:

Last 4 Social Security Number

Printed Name:

Date:

Used for identification and verification only. Will not be published.

See Appendix D

DROP AT RETIREMENT

DROP Annuity

DPFP calculates your DROP annuity based on your life expectancy and applicable interest rate when you leave active service.

Life expectancy table is determined by our actuary firm.

- Data from DPFP's experience study is reviewed with national public safety tables

Annuity is paid out monthly or annually (decision made at retirement).

DROP Annuity (con't)

Interest is paid on any DROP balance accrued as of 9/1/2017.

DROP interest is calculated based on the published U.S. Department of Commerce Daily Treasury Yield Curve Rates ("Treasury Rates") for durations between 5 and 30 years.

- If an annuitization falls between the years for which Treasury Rates are established, a straight-line interpolation is used to determine the interest rate.

Rates are updated at the start of each quarter.

<u> </u> x	Regular	Supplemental	
1.	Member Name		ESTIMATE
2.	Last 4 Digits SSN		xxxx
3.	Member Date of Birth		9/18/1969
4.	Benefit Commencement Date		9/18/2024
5.	DROP Account Balance as of September 1, 2017		\$0.00
6.	DROP Account Balance as of Benefit Commencement Date of September 18, 2024		\$100,000.00
7.	DROP Deferral Post-September 1, 2017		\$100,000.00
8.	Age as of Benefit Commencement Date of September 18, 2024		55.00
9.	Expected Remaining Lifetime as of Benefit Commencement Date of September 18, 2024 - Rounded Whole Years		31
10.	Expected Remaining Lifetime as of Benefit Commencement Date of September 18, 2024 - Months		372
11.	Interest Rate on September 1, 2017 DROP Balance		4.55%
12.	Date of First DROP Payment if Paid Annually		August 31, 2025
13.	DROP Benefit if Paid Annually over 31 Years		\$3,225.81
14.	Year of Last Payment (if annual payments)		2055
15.	Date of First DROP Payment if Paid Monthly		September 30, 2024
16.	DROP Benefit if Paid Monthly over 372 months		\$268.82
17.	Month of Last Payment (if monthly payments)		August 2055

ACKNOWLEDGEMENT OF RECEIPT BY MEMBER:

Signature

For annual payment of DROP Annuity only:

By signing below, you are requesting that your DROP Annuity be paid annually. If you do not sign below, you are electing that your DROP Annuity will be paid monthly. This election is FINAL and irrevocable.

Signature (for annual DROP Annuity only)

Calculated by: _____
Checked by: _____
Payroll: _____
Auditor: _____

8/29/2024 10:35 AM

See Appendix E