

DPFP Statement on Revised DROP Withdrawal Policy January 12, 2017

On 1/17, the Board adopted a revised Deferred Retirement Option Plan (DROP) policy to help provide retired members with equitable and impartial monthly access to some funds. The Board approval is conditioned upon a receipt from DPFP's actuary that the revised policy, together with approximately \$11 million in additional DROP distributions authorized today, does not accelerate the insolvency of DPFP based upon current assumptions.

Under the revised policy, retired members with DROP accounts can choose to receive minimum annual distributions of \$30,000 in 2017 and \$36,000 beginning in 2018. Retirees may also choose to be eligible to receive a pro-rata distribution in any month the Board determines that excess DROP funds are available beyond required reserves. The pro-rata distributions will be based on the amount each member has in DROP. The monthly distributions are expected to begin on March 31, 2017. Pension members facing certain unforeseen financial emergencies may apply for a special hardship distribution.

In addition to the revised policy, the Board approved monthly installment payments for January and February, as well as a \$6.6 million distribution to members with outstanding requests for DROP lump-sum withdrawals.

DROP payments are separate from regular monthly pension payments, which have always been paid to members by DPFP without interruption or delay.

The revised policy (which replaces previous DROP withdrawal options), the January and February installments and the \$6.6 million lump-sum distribution are all subject to a ruling from the Dallas County District Court in conjunction with the temporary restraining order in the Rawlings lawsuit. A hearing on that matter is scheduled for January 17. The revised policy will not be implemented until after the court's decision is received.

The DPFP Board and staff continue to work with city of Dallas officials on proposed legislation to provide a long-term solution to secure retirement funds for Dallas' first responders.