

# Deputy Sheriffs Pension Plan

## Deferred Retirement Options Program (DROP)

*For employees covered under the Fraternal Order of Police (F.O.P.)  
Lodge 112 Collective Bargaining Agreement*



# Agenda

DROP Overview

Eligibility Process

Participation Period

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Exiting DROP

Death Benefits

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# DROP Overview



# What is the DROP?

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

The DROP account is separate from your regular monthly Deputy Sheriff Retirement Benefit.

# Eligibility Process



# Eligibility Requirements

- All participants must be covered under the F.O.P. 112 collective bargaining agreement
- Twenty-two (22) years or twenty-five (25) years of actual service as defined by the Deputy Sheriffs Pension Plan or attain fifty-seven (57) years of age with 5 years of actual service
- 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 Determination

- Entry is determined by seniority
- No more than four (4) participants per month
- Maximum entry of 48 participants annually

***If more than four (4) express interest for a particular month, the employee 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



# Participation Period

- Thirty (30) day notice for entry and three years of DROP participation
- Thirty (30) day notice waived for June 1, 2022, July 1, 2022, August 1, 2022, and September 1, 2022 enrollments
- The decision to participate in DROP is irrevocable
- When the DROP participation period ends, participant must terminate employment (retire)

# Retirement Allowance

- A single life annuity is calculated at the time of entry into the DROP.
  - Service and salary earned up until the last day of the month prior to enrollment in the DROP is utilized.
  - No adjustment to average salary is made after DROP entry

# 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

# Wage Increases

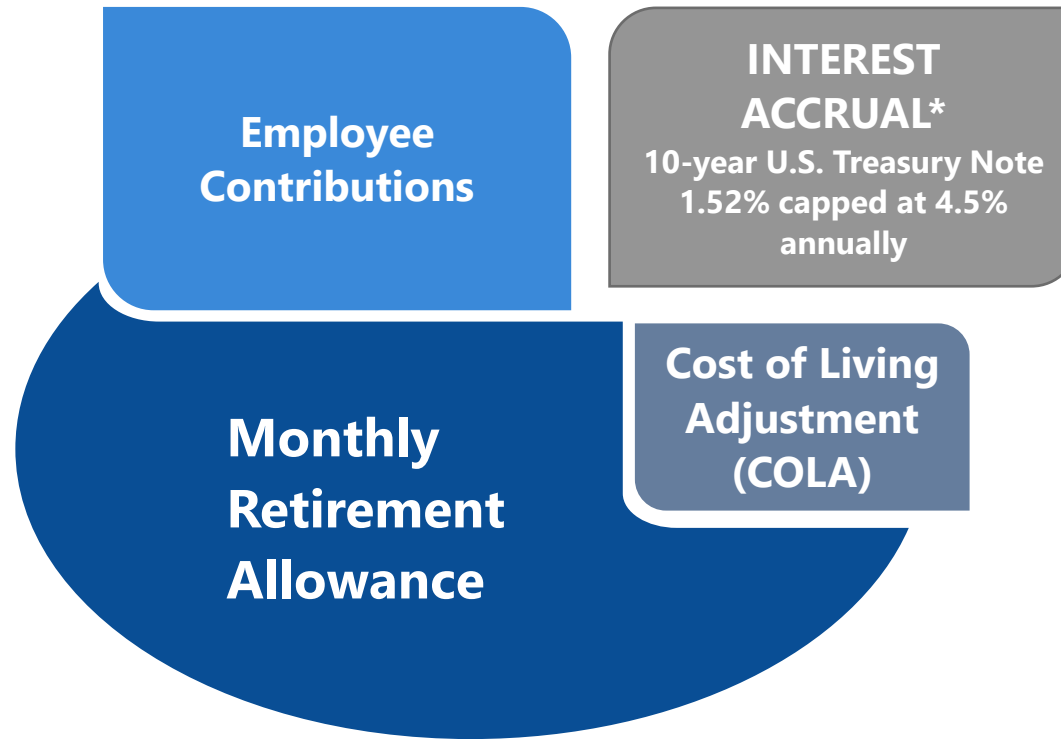
As a member of the DROP, you maintain your eligibility to receive:

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

# Signing Up for the DROP

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

# Your DROP Account



*\*Compounded monthly, rate changed annually. (Rate equal to that published by the U.S. Federal Reserve for Ten-Year U.S. Treasury Notes with a cap of 4.5 percent is to be credited to the DROP account balance.)*

# DROP Account Statements



**Statements or  
Member Direct**



**Yearly  
Statements**



# Disability Benefits



# Disability Retirement While Enrolled in the 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



# Exiting the DROP

Members can exit the DROP only under the following conditions:

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

# How to Exit the DROP

1. Meet with a Retirement 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)

# 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 Deputy Sheriffs 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.

Last enrollment will be May 1, 2027.

# Resources



# Resources

- Deferred Retirement Option Program (DROP) Webpage  
(<https://www.princegeorgescountymd.gov/3417/Deferred-Retirement-Option-Program-DROP>)
  - Interest of Participation Form
  - Enrollment Form
- MemberDirect  
([memberdirect.princegeorgescountymd.gov](http://memberdirect.princegeorgescountymd.gov))
  - DROP statements
  - Generate estimates prior to participation

# Questions?

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