



# General Employees Retirement Fund

Bob Buckhorn, Mayor

## DROP Frequently Asked Questions

### Types of Retirement:

- Longevity Retirement: Retirement at age 55 (A), or age 62 (B) with 6 or more years of service with the City of Tampa.
- Deferred Retirement: Retirement at an age younger than 55 (A), or 62 (B) with 6 or more years of service with the City of Tampa
- Early Retirement (B only): Retirement at age 55 with 5% reduction for every year before age 62, with 6 or more years of service with the City of Tampa
- Deferred Retirement Option Program (DROP) Benefits: DROP accumulations for a maximum of 7 years provided requirements for Longevity have been met.

### Going into DROP:

#### **At what age can I enter DROP?**

Division A participants may enter at age 55. Division B participants may enter at age 55 with a penalty (5% for every year that you are not 62 years), or at normal retirement age, 62 years.

#### **What is the difference between DROP and Longevity Retirement?**

In Longevity Retirement you separate from employment and we immediately start sending you a Pension check. Under DROP you continue with your employment and your Pension check is invested for you by the Retirement Fund, thus creating a DROP Accumulated Benefit. Your pensionable time is calculated and ends in both cases.

#### **When will I get my DROP statement showing my balance, including the investment return and administrative fee?**

Once per year in December.

#### **How do I sign up for DROP?**

Contact the GE Pension office at [Yvonne.Morales@TampaGov.net](mailto:Yvonne.Morales@TampaGov.net) (or call 274-7850) to make an appointment to fill out all of the necessary paperwork. All of the DROP forms have to be notarized. The GE Pension office staff will notarize your signature on the forms at no cost to you.

## **Coming out of DROP:**

### **When are DROP distributions made?**

DROP distributions are made at the end of each quarter following the quarter in which you retire. For example, if you retire on 2/1/12, your distribution will be made on 6/30/12.

### **When would I get my first regular pension check if I separate on February 15th?**

Your February monthly benefit would accrue to your DROP account. You would get your first longevity pension benefit direct deposited at the end of March. Each month's pension benefits are paid on the last business day of the month.

### **What happens to the February check, and the months to follow?**

The check of the month in which you leave the DROP will go to your DROP account. At the end of the quarter (March in this case) the Fund's net investment performance will be added to your contributions; you will receive 75 days of money market interest rate at the Fund's cash and cash equivalent rate.

## **GE Pension Office checklist and general information for DROP participants who are separating from service and entering Longevity Retirement:**

- For those DROP participants who are separating from service and entering longevity retirement, the following are the steps necessary for the GE pension office to process timely.

- 1) Select a date of separation. Coordinate this separation date with your specific department.
- 2) Initiate your Notice of Separation through your department's chain of command.
- 3) Contact the GE Pension Office at [Yvonne.Morales@TampaGov.net](mailto:Yvonne.Morales@TampaGov.net) (or 274-7850) to schedule your initial retirement appointment.
- 4) During your retirement appointment you will be completing the following forms:
  - a) Election of Distribution form
  - b) Federal Income Tax withholding form
  - c) Health insurance form (whether accepting or declining)
  - d) Life insurance form (whether accepting or declining)
  - e) Direct Deposit form (mandatory)

- It is important that you bring your checkbook with you to your retirement appointment so that you may provide a voided check to set up the direct deposit of your monthly longevity pension benefit.

- If you are enrolling in City sponsored life or health insurance; you will need to write a check (made payable to the City of Tampa) at the pension office for the first month's premium. The amount, if any, will be provided to you during your retirement appointment.

- For the month of separation, that month's pension benefit accrues to your DROP account, regardless of whether you separate on the first or last day of the month. For example, if your separation date is 2/15/12, the February monthly benefit will accrue to your DROP account.

- Monthly pension checks are issued on the last business day of the month. For example, on a separation date of 2/15/12, the February benefit accrues to your DROP account. The March pension benefit is issued on the last business day of the month, March 31, 2012.

- Longevity pension benefits are direct deposited into your account at midnight before the last business day of the month. For example, on a separation date of 2/15/12, the February benefit accrues to your DROP account, and your first longevity pension benefit for March would be direct deposited to your account at midnight March 30, 2012. In other words, *with direct deposit, you receive your benefit more rapidly than you would by having your check mailed to you.*

- **Direct deposit of pension benefits is mandatory.** However, depending upon the timing of your separation from service and the pension payroll processing schedule, the direct deposit may not have sufficient time to process through the City's payroll system for your first longevity benefit. In some cases, the first longevity benefit may be a check mailed to your home, with the direct deposit taking effect for your second monthly longevity benefit. Please bring your checkbook with you to your retirement appointment so that we may use a voided check to set up your direct deposit. If you are sending your check to a savings account, please make sure you provide us with the account and bank routing number.

- Pension benefits are paid on the last business day of the month for that month's benefits. For example, the March monthly longevity pension benefit is paid on March 31, 2012.

- Premiums for the City sponsored health and life insurance are paid in *advance*. For example, the March 2012 insurance premiums would regularly be withheld from the February 2012 pension check. However, for a DROP participant separating on 2/15/12, there would be no February 2012 pension check from which insurance premiums could be withheld since your February benefit accrues to your DROP account, where there can be no withholdings.

- Therefore, DROP participants entering longevity retirement who are electing City sponsored health or life insurance *must pay the premium by personal check in advance for the first month* of insurance coverage in longevity retirement.

- Please bring your checkbook with you to the retirement appointment to pay the premiums on City sponsored health or life insurance, if you are electing either insurance. Premiums for City sponsored life or health insurance, if any, would be withheld from your monthly longevity pension benefit thereafter.