

## GENERAL EMPLOYEE PENSION DROP WORKSHOP

**December 11, 2020**

**2:00 P.M.**

**City Commission Chambers**

**City Hall**

**1300 White Street Key West,**

**FL 33040**



## DROP – What is it?

### **What is it?**

D.R.O.P. = Deferred Retirement Option Program (DROP).

### **How does DROP Work?**

In Longevity Retirement you separate from the City and immediately start receiving your monthly pension benefit. When you enroll in DROP, you continue your employment and receive your biweekly paycheck. Your monthly pension benefit amount will be calculated and locked in. (You no longer pay the employee portion (6%) into the pension plan). This monthly benefit amount is set aside for you in the Retirement Fund and will accumulate until you separate from the City.

### **How does this affect my other employee benefits?**

All employee benefits remain the same; **except** you will no longer be eligible to apply for a disability retirement and your heirs will not be eligible for the pension death benefit. You are only eligible to continue working for a maximum of five years under the DROP program, and then you **MUST** separate from the City.

### **At what age may I enroll in DROP?**

There are 2 options to enroll in the DROP:

20 years of service regardless of age

10 years of service and 60 years of age.

### **Will my DROP funds be invested?**

Yes.

## **Will I receive a DROP statement listing my balance?**

Quarterly, a DROP statement listing your accumulated monthly benefit will be emailed to you or sent to your home address.

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

Contact [pmclauchlin@cityofkeywest-fl.gov](mailto:pmclauchlin@cityofkeywest-fl.gov) (or call 305-797-2624) to make an appointment to complete the required documentation.

## **What documents are required when enrolling in DROP?**

- a) Proof of Age (Birth Certificate or Passport)
- b) Social Security Card
- c) Driver's License
  - 1. If Married, copies of:
    - a. Marriage Certificate or License
    - b. Spouse's Birth Certificate or Passport
    - c. Spouse's Social Security Card
    - d. Spouse's Driver's License
  - 2. If Spouse is Deceased, Copy of Spouse's Death Certificate
  - 3. If Divorced, copy of Divorce Decree

## **I have been in DROP and have decided to separate from the City; how will my DROP accumulated balance be distributed?**

Approximately thirty (30) days before your separation from the City, you would need to meet with pension administrator to complete appropriate forms.

During this meeting you will complete the *Election of Distribution of DROP Funds Form* which informs us of your method of distribution of your DROP funds. You have three options for the distribution of your DROP accumulated balance: 1) Direct Rollover of ALL funds to a tax deferred instrument, 2) Direct Deposit of ALL funds to your checking or savings account or 3) Combination of 1 and 2 above. Once the form is completed the distribution of your DROP accumulated balance will occur at the end of the quarter after you separate from the City.

## **When would I get my first monthly pension benefit if I separate in February?**

Your first pension benefit would be directly deposited into your bank account at the 1<sup>st</sup> of March.

## **Forms to be completed when you separate from the City include:**

- a. Election of Distribution of your DROP funds
- b. Federal Income Tax withholding (W-4P)
- c. Health insurance (whether accepting or declining)
- d. Life insurance (whether accepting or declining)
- e. Direct Deposit
- f. Beneficiary

Please sign up with Patti McLauchlin  
305-797-2624 or [pmclauchlin@cityofkeywest-fl.gov](mailto:pmclauchlin@cityofkeywest-fl.gov)