

TO: ALL COUNTY PERSONNEL

**FROM: ROBERT WEISMAN
COUNTY ADMINISTRATOR**

PREPARED BY: EMPLOYEE RELATIONS & PERSONNEL DEPT.

SUBJECT: DEFERRED RETIREMENT OPTION PROGRAM (DROP)

PPM #: CW-P-065

ISSUE DATE
March 20, 2002

EFFECTIVE DATE
March 20, 2002

PURPOSE:

To establish a policy on the treatment of vacation and sick leave for employees enrolling in DROP and to establish a limit on the number of vacation hours.

AUTHORITY:

Florida Statute 121.091

DEFINITION:

Deferred Retirement Option Program (DROP) is an alternative method for payout of retirement benefits for a specified and limited period. Under this program, eligible Florida Retirement System (FRS) members may retire and have their FRS retirement benefits placed in the DROP, earning interest, while simultaneously continuing to work for the same employer. When the DROP period ends, the participant must terminate employment. At that time, the participant will receive payment of the accumulated DROP benefits, and direct receipt, there after, of the FRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases). For more specific information on DROP, employees should refer to their FRS booklets or contact the County's Retirement Coordinator.

ELIGIBILITY:

A vested FRS member who has reached normal retirement date [either age 62 and vested, or 30 years of service (age 55 and vested, or 25 years of service for Special Risk employees)]. **Employees have**

12 months immediately following the date on which the member first reaches normal

retirement date. You may elect to participate in DROP for a maximum of 60 months following the date on which you reach your normal retirement date. **A member who fails to make an election within the 12 month limitation forfeits all rights to participate in DROP.**

POLICY:

Employees who elect to participate in the DROP may elect the option to receive a payment of accrued vacation leave to increase their AFC (Average Final Compensation).

- A. Employee must indicate in writing to Payroll, when they apply to participate in DROP, whether or not they want to be paid for their accrued annual leave. Employees may elect to be paid for all or a part of their annual leave by completing the Vacation Payment Election form. Five hundred (500) is the maximum hours that can be used for computing an employee's Average Final Compensation for DROP and a total of 560 hours that can be paid overall. (For IAFF employees, the cap on vacation payout will be the same as the vacation carry-over amounts listed in their collective bargaining agreement, plus 1 year's accrual). Employees may elect to be paid for all or a part of their annual leave by completing a Vacation Payout Election form. Employees electing a lump sum payment of their vacation leave at the beginning of the DROP period will be eligible to receive a second lump-sum payment upon termination from DROP if the employee has earned additional vacation leave which combined with the original payment does not exceed the maximum payment of 560 hours. For example, if an employee was paid for 300 hours at the beginning of DROP, the employee could be paid for an additional 260 hours of accrued vacation leave at termination in DROP. DROP Participants who elect not to be paid for their vacation time when they enroll in DROP will be paid for their vacation leave at termination of DROP.
- B. Sick Leave: DROP participants will be paid for their accrued sick leave according to County policy when they terminate from the program.
- C. Compensatory time: Non-exempt DROP participants will be paid for any accrued compensatory time at the time they terminate from DROP. Exempt employees must use their compensatory time before they terminate from DROP or lose it.
- D. DROP participants will not be eligible for disability benefits.
- E. Seniority date, sick and vacation accruals and health and life insurance benefits will not be affected by participation in DROP.

PROCEDURES:

To enroll in DROP:

- A. Employee and employer must complete and submit Form DP-ELE, Notice of Election to Participate in the Deferred Retirement Option Program (DROP) and Resignation of Employment, and Form DP-11, Florida Retirement System application for Service Retirement and the Deferred Retirement Option Program (DROP). Both forms should be sent to the Retirement Coordinator in the Payroll Section of the Clerk of the Court.
- B. Employee must complete the DROP participant Vacation Payment Election form.
- C. Department should complete a Personnel Action form well in advance of their actual entry date in DROP to notify Payroll of participant's intention to enroll in DROP, change FRS Plan Code and indicate number of vacation hours to be paid, if any, for inclusion in the calculation of the members average final compensation (AFC).

ROBERT WEISMAN
COUNTY ADMINISTRATOR

Supersession History:

- 1. CW-P-065, issued 7/1/98