

TO: ALL COUNTY PERSONNEL

**FROM: VERDENIA C. BAKER
COUNTY ADMINISTRATOR**

PREPARED BY: HUMAN RESOURCES DEPARTMENT

SUBJECT: DEFERRED RETIREMENT OPTION PROGRAM (DROP)

PPM #: CW-P-065

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ISSUE DATE
June 14, 2019

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EFFECTIVE DATE
June 14, 2019
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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.

UPDATES:

Future updates to this PPM will be the responsibility of the Director of the Human Resources Department.

AUTHORITY:

- Florida Statute 121.091, as may be amended
- Florida Statute 121.021, as may be amended

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 DROP, earning interest, while simultaneously continuing to work for an FRS employer. When DROP period ends, the participant must terminate employment. At that time, the participant will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases if applicable. 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:

- Initially enrolled before 07/01/2011
 - Regular Class – either age 62 and vested, or 30 years of service
 - Special Risk Class – either age 55 and vested, or 25 years of service
- Initially enrolled on or after 07/01/2011
 - Regular Class – either age 65 and vested, or 33 years of service
 - Special Risk Class – either age 60 and vested, or 30 years of service

The employee may elect to participate in DROP for a maximum of 60 months following the date on which you reach your normal retirement date. **The employee has 12 months immediately following the date on which the member first reaches their normal retirement date to enroll in DROP. An employee 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 DROP may elect the option to receive a payment of accrued vacation leave to increase their AFC (Average Final Compensation).

- A. Employees must indicate in writing to the Retirement Coordinator, 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 cap of 560.16 hours that can be paid overall. (For IAFF employees, the cap on vacation payout will be listed in their collective bargaining agreement). 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 cap of 560.16. For example, if a regular class member was paid for 300 hours at the beginning of DROP, the employee could be paid for an additional 260.16 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 FRS 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). Forms should be completed with the Retirement Coordinator at Palm Beach County Human Resources. Forms FRS-11o (Option Selection) and SA-1 (Spousal Acknowledgement) should also be submitted with the DP-ELE and DP-11 forms.
- B. Employee must complete the DROP participant Vacation Payment Election form. This form will be completed with the assistance of the Retirement Coordinator, when completing the DROP paperwork.
- C. The Retirement Coordinator shall complete a Personnel Action form with the actual entry date in DROP to notify Clerk Payroll of the 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 member's average final compensation (AFC).



VERDENIA C. BAKER
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Supersession History:

1. PPM# CW-P-065, effective 07/01/1998
2. PPM# CW-P-065, effective 03/20/2002
3. PPM# CW-P-065, effective 06/14/2010
4. PPM# CW-P-065, effective 05/22/2015