



# Drop 101

## Be informed about your retirement investment options

The Deferred Retirement Option Plan or DROP is an elective retirement plan provided by the Florida Retirement System (FRS). If you're eligible for retirement but wish to continue working, DROP is another option for you to save money for the day you decide to put the lesson plans away and truly retire.

## Who is eligible?

All FRS pension plan vested members who have reached normal retirement age or date.

- If you were initially enrolled in the FRS **before** July 1, 2011, your normal retirement date is either when you are vested and reach age 62, or after completing 30 years of service.
- If you were initially enrolled in the FRS on or **after** July 1, 2011, your normal retirement date is either when you are vested and reach age 65, or after completing 33 years of service.

## The ABCs of DROP

- A** You must elect DROP participation within 12 months from your first eligible date or maximum deferral date; you lose one month of participation for each month you delay. You may participate for a maximum of 60 months.<sup>1</sup>
- B** When you enter DROP, you are considered to be retired and you stop earning retirement service credit. While participating in DROP, your monthly retirement benefits accumulate in the FRS Trust Fund, earning tax-deferred interest while you continue to work.
- C** Monthly DROP contributions are a percentage of the DROP benefit.

### Drop Formula

Years of Service

Multiplied by % Value (depends on FRS Class<sup>2</sup>)

Multiplied by Average Final Compensation

(average of your highest 5 if enrolled **before** July 1, 2011; 8 fiscal years of pay if enrolled **on or after** July 1, 2011)

### Example

30 years of service for a Regular Class employee with an average final compensation of \$46,583

$30 \times 1.6\% \times \$46,583 = \$22,359.84$  (annually) or \$1,863.32 (monthly)

- D** Monthly benefits are paid to you in the amount as calculated upon entry into DROP, plus any applicable cost-of-living adjustments for intervening years.

<sup>1</sup> Select FRS participants can choose to defer participation in DROP. K-12 Instructional Personnel employed with a district school board, Florida School for the Deaf and Blind, or a development research School are eligible to extend DROP participation for up to an additional 36 months. Visit MYFRS.com for complete details.

<sup>2</sup> Other FRS classes: Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class or Senior Management Service Class, the State and County Officers, and Employees' Retirement System, or the Teachers' Retirement System. Visit MyFRS.com for complete details.

## Your DROP Worksheet

The example below is an illustration of an estimated DROP account after five years (60 months) of participation. To estimate for yourself, fill in the next column.

YEARS OF SERVICE	30 Years	1. _____
PERCENTAGE VALUE	1.6% Assuming a Regular Class Employee	2. _____
AVERAGE FINAL COMPENSATION	\$46,583	3. _____
AMOUNT OF TIME IN DROP	5 Years	4. _____
ESTIMATED TOTAL DROP ACCOUNT	\$111,799.20	5. _____

### 3 Ways to Receive Your DROP Funds

Choose how you want your account distributed within 60 days after your DROP participation ends. If you do not choose a distribution method within that 60-day period, FRS issues a lump-sum payment (taxes will apply).

1. A lump-sum payment (taxes **will** apply)
2. A direct rollover to an eligible retirement plan (taxes **may** apply)
3. A combined partial lump-sum payment and direct rollover (taxes **will** apply to a partial lump sum)

### Your DROP Account Assets

Investing your DROP assets may help you maximize your account value.

Choose from  
market-based mutual  
fund investments  
from a variety of  
asset classes.

OR

Protect your  
retirement savings  
from market pitfalls  
with guarantees.

OR

Create a series of  
income payments  
that are guaranteed  
for life (through  
annuitization.)

Whether you are still looking to grow your retirement savings, protect it with guarantees, or simply count on it for regular income, Security Benefit can help you with strategies to help you travel down the path *To and Through Retirement®*.

# Your path *To and Through Retirement*<sup>®</sup> begins here.

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Talk to your financial professional to learn more  
or contact us at 800.888.2461.

Neither Security Benefit Corporation nor its affiliates are fiduciaries. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

Annuities are issued by Security Benefit Life Insurance Company.

## **Investing in securities involves risk and there is no guarantee of investment results.**

Eligibility for DROP participation is based on age and years of service. Consult your financial advisor to determine your individual eligibility. Services and Securities are offered through **Security Distributors, (SD)**, a subsidiary of Security Benefit Corporation (Security Benefit). Guarantees refer to purchasing an annuity contract. Guarantees are based on the claims-paying ability of the issuing insurance company.



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41-09000-09 2019/06/01