

**TOWN OF DAVIE POLICE PENSION PLAN**

*C/O Precision Pension Administration, Inc.*

*13790 NW 4th Street, Suite 105*

*Sunrise, Florida 33325*

*Phone: 954.636.7170*

*Toll Free Fax: 866.769.0678*

AS PART OF OUR ONGOING EFFORT TO SECURELY HANDLE INFORMATION TRANSFERS, PLEASE REFRAIN FROM SENDING THIS DOCUMENT BACK VIA UNSECURED EMAIL.

OTHER ALTERNATIVES EXIST TO INCLUDE US MAIL, FAX (NUMBER CITED ABOVE), OR MAKE AN APPOINTMENT TO DROP OFF AT THE OFFICE.

LASTLY, ALSO, PLEASE USE LAST FOUR OF SOCIAL SECURITY NUMBER ONLY.

THANK YOU

# TOWN OF DAVIE POLICE PENSION PLAN

C/O Precision Pension Administration, Inc.

13790 NW 4 Street, Suite 105

Sunrise, Florida 33325

Phone: 954.636.7170

Toll Free Fax: 866.769.0678

## **DROP APPLICATION PACKET** **INSTRUCTION FORM**

The attached forms must be filled out completely. If any of the forms are received incomplete or not all the forms are submitted, then the application for DROP participation will be rejected. We suggest to all our members to seek professional assistance from a certified financial planner, tax accountant and/or lawyer with knowledge in this field before making this decision.

**1) DROP Application:**

The last page must have the applicant's signature and it must be notarized before being returned.

**2) DROP Account Investment Selection (SDD):**

A one-time irrevocable selection. This must be completed PRIOR to entering the DROP and submitted with the package.

**3) Affidavit of Marital Status:**

This form advises the Board whether you have been divorced prior and have any related marital court orders against you. This needs to be completed, signed, and notarized before being returned.

**4) Affidavit of No QDRO's:**

This form advises the Board whether any qualifying domestic relations orders are in effect distributing any interest in this account to any former spouse(s). This needs to be completed, signed, and notarized before being returned.

**5) Age Discrimination in Employment Notice:**

This form advises that you have been made aware of DROP program availability and was provided at least seven (7) days following the submittal of the application in which to revoke the application.

**6) Special Tax Notice**

This form explains tax implications. You will need to sign and return the last page.

**7) Frequently Asked Questions:**

This document highlights the more frequently asked questions by members who are entering the DROP. You will need to initial the bottom of each page of this document. You will also need to sign and date the last page.

**8) Beneficiary Designation Form:**

This is the election form to declare your beneficiary. Please fill out completely and have the form notarized before being returned.

**9) Administrative Rules Governing DROP Distribution Options:**

Please read the rules as attached in this packet. You will need to initial the bottom of each page and return.

**10) Administrative Rules Governing Timing of Account Distributions:**

Please read the rules as attached in this packet. You will need to initial the bottom of each page and return.

**11) Letter to Chief of Police:**

You will need to provide a copy of your letter advising the Chief of Police that you will be entering the DROP on a specific date. This permits the Town to plan for staffing going forward.

**12) A clear copy of your driver's license:**

This is for identification purposes for the Plan.

**PROCEDURE:**

The Plan Administrator will review all the documents upon receipt and will notify the applicant if the application is accepted. **All original forms must be submitted.** The Town of Davie will be submitting to the Plan the applicant's hire notice, to verify the applicant is eligible for the DROP entry date that was chosen.

The Board of Trustees will review the application for acceptance at the first Town of Davie Police Pension Plan meeting after the submission of the application. The Plan Administrator will notify the applicant of the Board's acceptance or denial of the DROP application. We will assist you in this endeavor and if you have any questions, please do not hesitate to contact the pension office.

# **DAVIE POLICE PENSION PLAN**



## **DROP APPLICATION PACKAGE**

Rev: 10-2022



# Davie Police Pension Plan

## Index

	Pages
Application for Deferred Retirement Option Program (DROP) .....	1
Election to Participate in DROP and Information Checklist for the Review of DROP Program Information .....	2
Affidavit Regarding Marital Status .....	7
Age Discrimination in Employment Act Notice .....	8



**DAVIE POLICE PENSION PLAN  
APPLICATION FOR DEFERRED RETIREMENT  
OPTION PROGRAM (DROP)**

Name: \_\_\_\_\_ SS#: \_\_\_\_\_  
Home Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_  
Birth Date: \_\_\_\_\_ Employment Date: \_\_\_\_\_ DROP Entry Date \_\_\_\_\_  
DROP Termination and Retirement Date: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_ SS#: \_\_\_\_\_ Birth Date: \_\_\_\_\_

I elect to participate in the DROP in accordance with the provisions of Article 4 of the Davie Police Pension Plan and to retire from employment on the date I terminate my participation in the DROP. I understand that the earliest date my participation in the DROP can begin is the first day of the month after attainment of 20 years of credited service, regardless of age, or at/or after age fifty-five (55) with ten or more years of service. I also understand that my DROP participation cannot exceed a maximum of seventy-two (72) months, although I may elect to participate in DROP for less than seventy-two (72) months. Participation in the DROP does not guarantee my employment for the DROP period. I understand that when my participation in the DROP begins, my DROP benefit will be based upon the years of service and compensation levels as of the date of DROP participation. Such DROP benefits shall accrue under my name with any applicable earnings for the duration of my DROP participation. I understand that my DROP account balance will be credited or debited, as appropriate, with investment earnings or losses at a rate equal to the Pension Fund's actual investment return, net of investment expenses. **ALTERNATIVELY, I MAY SELF-DIRECT MY DROP ACCOUNT, AT MY OWN RISK, UTILIZING THE SELF-DIRECTED INVESTMENT PROGRAM ADMINISTERED BY VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY.** To compensate the Pension Plan for the expense of operating and administering the DROP, my DROP account will be charged an administrative fee of \$10.00 per month. Upon termination of my employment and DROP participation, I must elect one of the optional methods of payment within ninety (90) days of termination. If I do not make an election of one of the optional methods of payment within the ninety (90) day period, the Pension Plan will pay directly to me the accrued DROP benefits in a lump sum, less applicable taxes and/or penalties. I understand that I cannot add additional service or purchase additional service after my DROP participation has begun. **I ALSO UNDERSTAND THAT MY ELECTION TO PARTICIPATE IN THE DROP IS IRREVOCABLE** and termination from employment with the Town of Davie and DROP participation must occur on or prior to the specified DROP termination date. I also understand that this application represents a binding agreement to participate in DROP and to terminate employment once fully executed upon the approval of the Board of Pension Trustees. However, until such time as this application is approved by the Board of Pension Trustees, I may cancel the effectiveness of this application upon delivery of a written request for such cancellation. In addition to the foregoing representations and acknowledgments, I hereby acknowledge that I have read and understand each of the statements and all of the materials contained in the following documents and agree to the provisions contained herein:

1. Booklet on Frequently Asked Questions on the DROP.
2. DROP provisions contained in Article 4 of the Town of Davie City Ordinance on the Police Pension.
3. Summary Plan Description for the Davie Police Pension Plan.
4. Election to Participate in DROP and information checklist for review of DROP Program information.

Initial Here: \_\_\_\_\_



**DAVIE POLICE PENSION PLAN**  
**Election to Participate in DROP and Information Checklist**  
**for the Review of DROP Program Information**

NAME: \_\_\_\_\_ SS#: \_\_\_\_\_

If you are a Member of the Davie Police Pension Plan and have the service necessary to be eligible for time service retirement, you may elect to participate in DROP.

If you elect to participate in DROP, you must terminate your employment with the Town of Davie Police Department and retire from service no later than the end of the DROP participation period you designate. There is a cap on your participation in DROP. You may not participate in DROP for a period longer than seventy-two (72) months. Your election to participate in DROP and your agreement to terminate employment and retire are IRREVOCABLE.

Your election to participate in DROP and your agreement to retire and terminate from employment are irrevocable regardless of what may happen between now and your retirement date. For example, if you elect to participate in DROP and your family circumstances change such that you would rather continue working as a police officer, you still must retire and terminate employment at the end of the period of time you designated for your participation in DROP.

You should consider an election to participate in DROP very carefully. This election to participate and information checklist is designed to help you think carefully about your decision to participate in DROP. A written election to participate in the DROP is a requirement of DROP participation. This document asks you specific questions to provide assurances to the Board of Pension Trustees that you have in fact carefully considered your decision to participate in DROP and understand the consequences of that decision.

Please take the information contained in this document seriously. If anything is unclear, please talk to the Pension Administrator for clarification.

The acknowledgments requested on the following pages are important because they demonstrate that you have carefully considered your election to participate in DROP.

**By providing an initial on each page and by signing this election form, I acknowledge the following:**

**General Statements and Acknowledgments**

- I have read and understand the provisions of the DROP ordinance which sets forth the terms and conditions for participation in DROP.
- I have read and understand the booklet provided by the Pension Office which addressed “Frequently Asked Questions” on the DROP.
- I have had the opportunity to meet with the Pension Plan Administrator and ask questions regarding the operation of DROP and its effect on my benefits under the Pension Plan, as well as any potential benefit that may be received by my survivors under the Pension Plan.
- I have had the opportunity to seek advice from a professional tax advisor and understand that the administrative staff of the Pension Office, although providing some general information, cannot and has not rendered legal advice to me on the effect DROP will or may have on the taxation of any benefit I may

Initial Here: \_\_\_\_\_

receive under the Pension Plan, or any potential benefit that may be received by my survivors under the Pension Plan.

- I understand that upon the effective date of my participation in DROP, my obligation to make contributions to the Pension Plan will be eliminated.
- I will retire under the Pension Plan and terminate my employment with the Town no later than completion of my DROP participation period.
- I will abide by the terms and conditions of DROP and comply with the administrative rules established by the Board of Pension Trustees.
- I have not been subject to any pressure, coercion, intimidation or threats by the Town, or the Pension Board of Trustees or any of the agents of the foregoing in connection with my election to participate in DROP.
- I have had sufficient time to consider my options regarding my employment with the Town of Davie.
- I understand my election to participate in DROP means I will retire and terminate my employment with the Town no later than the period of time I designate to participate in DROP.
- I further understand there is a maximum period of seventy-two (72) months of DROP participation. A DROP participant's years of credited service and years of DROP participation may not exceed a total of thirty (30) years. A member who does not enter the DROP prior to attaining thirty (30) years of credited service is precluded from DROP participation.
- Members may enter the Deferred Retirement Option Plan (DROP) after reaching their Normal Retirement date. Participants may remain in the DROP for up to six (6) years. In no event may the total of the sum of years of credited service and years of DROP participation exceed thirty (30) years for a member who enters the DROP.
- I understand my election to participate in DROP has very important consequences for me. I have been advised by the Pension Board to consult an advisor such as an accountant, certified financial planner or an attorney of my choosing if I have any questions about my participation in DROP.
- I understand that DROP participation has very important consequences for me and is legally binding on me. I have been advised by the Pension Board to consult an attorney of my choosing if I have any questions about the DROP and the execution of any document related thereto.
- I understand that **unless I select the self-directed DROP program**, my DROP account balance will be credited or debited, as appropriate, with investment earnings or losses at a rate equal to the Pension Fund's actual investment return, net of investment expenses. To compensate the Pension Plan for the expense of operating and administering the DROP, my DROP account will be charged an administrative fee of Ten Dollars (\$10.00) per month. **The self-directed DROP program is described in a separate package available from the Plan Administrator. Members shall bear all expenses associated with the self-directed DROP program.**
- I understand that I may withdraw my DROP application at any time before the Board of Pension Trustees approves the application. I further understand that my request to withdraw must be made in writing and received by the Trustees prior to its approval, and that once acted upon by the Trustees, the irrevocability of my DROP participation is in effect.



- I understand that the beginning date of the DROP period will be the first day of the month subsequent to the date this election form is received and accepted by action of the Board of Pension Trustees.
- I understand that my retirement benefits as calculated under the terms of the Pension Plan will be determined as of the effective date of my participation in DROP. I also understand that as a consequence of my election to participate in DROP, the following will apply as of and after the effective date of my DROP participation:
  - My eligibility for future negotiated pension benefits will be determined as of the effective date of my participation in DROP (unless otherwise provided).
  - I will forgo any otherwise applicable additional improvements in my retirement pension attributable to increase in pay or years of service with the Town unless otherwise provided.
  - As of the effective date of my participation in DROP, I will be ineligible to receive a disability pension under the terms of the Pension Plan.
  - As of the effective date of my participation in DROP, I will not be eligible for death benefits that may otherwise be available to active employees.
  - In the event of my death, my designated beneficiary or estate is entitled to receive the accumulated value of my DROP account.
- I understand that steps have been taken to structure the DROP in a way which complies with the provisions of the Internal Revenue Code and that the Board will not knowingly take any action which may jeopardize the qualified status of the Pension Plan. I further understand that the final authority in all matters is the Internal Revenue Service. The Board cannot guarantee, absent IRS approval, any particular tax treatment of my DROP account. I understand that in order to address the goal of continued tax qualification, my DROP account must be administered and distributed in such a manner as to comply with IRS regulations so as to preserve the tax qualified status of the Pension Plan. I further understand that this means that if IRS procedures change, that the Board may have to make certain changes in the DROP plan to comply with those tax requirements.
- Upon termination of my employment and DROP, I understand that I must elect one of the following methods of payment within ninety (90) days of termination:
  1. Single Lump Sum.
  2. Direct Rollover (as permitted by the Internal Revenue Code).
  3. Combination of Lump Sum and Periodic Distributions.
  4. Monthly Distribution.
  5. Quarterly or Annual Distribution.
- I also understand that if I fail to elect a method of payment within ninety (90) days of termination of the DROP, the Board will pay directly to me the accrued benefits in a lump sum, less applicable taxes and/or penalties.
- I understand that any form of payment that I select must comply with the minimum distribution requirements per Section 401(a)(9) of the Internal Revenue Code.

Initial Here: \_\_\_\_\_

- **I understand that the DROP ordinance was amended in 2017 by Ordinance 2017-028 to provide that all accrued leave pay-out will be transferred/frontloaded to a member's DROP account, subject to the caps and limitations contained in the operative collective bargaining agreements. Upon separation from service any remaining leave balances will be paid into the member's DROP account.**
- **I understand that the DROP ordinance was amended in 2017 by Ordinance 2017-028 to recognize that Plan benefits may be impacted by the annual benefit limits under Section 415 of the Internal Revenue Code. Prior to entering the DROP, you will be provided with an estimate from the Plan's actuary. If the actuary estimates that your benefit may be impacted by Section 415, you will be advised to seek further guidance from a tax professional.**
- **I understand that I may reduce or eliminate the impact of the Section 415 benefit limits by selecting an actuarially equivalent optional form of benefit, or by reducing my DROP participation period. I am encouraged to discuss these options with a tax professional.**
- **I understand that the Town has not established an "excess benefit plan" and has no obligation to do so. As a result, the member assumes all risk of potential reduction in pension benefits due to the potential impact of Section 415 of the Internal Revenue Code.**

**Waiver**

I release the Town of Davie, Plan Administrators(s), Pension Plan's Vendors and the Board of Pension Trustees from any and all claims based on my election to participate in DROP and my agreement to retire and terminate my employment with the Town of Davie upon completion of my participation in DROP. I release the Town of Davie, Plan Administrators(s), Pension Plan's Vendors and the Board of Pension Trustees from any and all such claims under the Florida and Federal Age Discrimination in Employment laws and Civil Rights laws as these laws relate to my participation in DROP and my agreement to terminate employment with the Town of Davie upon the completion of my participation in DROP.

**Covenant Not to Sue**

I will not sue the Town of Davie Plan Administrator(s), Pension Plan's Vendors or the Board of Pension Trustees or their employees, officers and agents for any claim arising out of my election to participate in DROP, my participation in DROP or my decision to retire and terminate Town of Davie employment upon the completion of my participation in DROP.

**Acknowledgment**

I acknowledge receipt of this Election to Participate Form. By signing this form, I am acknowledging that I have carefully read this form and that I understand the Election Form. In addition, I am acknowledging that I do not challenge or disagree with any of the representations or statements made in this Election Form and that I have signed my name voluntarily. I further acknowledge that the initials located in the bottom left corner of the pages of this application are my initials.

*NOTE: An Election Form will be deemed not received if it is incomplete or submitted without an Application for DROP Participation.*

\_\_\_\_\_  
Signature of Applicant

Date: \_\_\_\_\_

State of \_\_\_\_\_ County of \_\_\_\_\_

The foregoing instrument was acknowledged before me by means of:

- physical presence or
- online notarization

this \_\_\_\_/\_\_\_\_/\_\_\_\_ by \_\_\_\_\_, who is personally known to me or who has produced  
(date) (name or person acknowledging)

\_\_\_\_\_ as identification and did (did not) take an oath  
(Type of identification)

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
This application was approved by the Board of Pension Trustees at their meeting on \_\_\_\_\_, for enrollment as a DROP participant effective on \_\_\_\_\_ with DROP participation continuing until \_\_\_\_\_ at which time DROP participation shall cease and employment shall terminate.

\_\_\_\_\_  
Plan Administrator

Initial Here: \_\_\_\_\_

# TOWN OF DAVIE POLICE PENSION PLAN

## DROP ACCOUNT INVESTMENT SELECTION

The Town of Davie enacted Town Ordinance 2017-028 in order to allow DROP Participants of the Town of Davie Police Pension Plan ("Pension Plan") the option to either (1) invest their DROP account in the same manner as the Pension Plan or (2) Self-Directed Investment DROP account using mutual funds and related investment vehicles offered under the self-directed DROP Program through VOYA. DROP Participants who do not make an election prior to entering the DROP shall default to the Pension Plan's return option. **Once an election is made, this investment option is irrevocable.** All costs related to the Self-Directed investment option shall be paid by the DROP Participant. All DROP Participants' are assessed a fee of ten dollars a month from their DROP Accounts to pay for the administrative costs of their DROP Account Statements.

Name: \_\_\_\_\_ SS: xxx-xx \_\_\_\_\_

Home Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Date of Selection: \_\_\_\_/\_\_\_\_/\_\_\_\_

---

I, \_\_\_\_\_, direct the Town of Davie Police Pension Plan to invest my

DROP account in the following manner and I understand that this decision is irrevocable:  
(Please initial next to the option selection)

- A. \_\_\_\_\_ I elect to have my DROP Account invested in the same manner as the **Pension Plan's investment portfolio.**
- B. \_\_\_\_\_ I elect to have my DROP Account invested under the **Self-Directed Option** using mutual funds and other related investment vehicles offered under the Self-Directed DROP Investment Program through VOYA. I understand that I am fully responsible for selecting the investment vehicle for my DROP account.

With this election, I agree to hold the Board of Trustees, the Town of Davie Police Pension Plan, the Plan Administrator(s), Pension Plan Vendors and the Town of Davie free from any and all claims associated with my irrevocable decision and any investment losses to my DROP account.

\_\_\_\_\_  
Signature of Member

**TOWN OF DAVIE POLICE PENSION PLAN**

**C/O Precision Pension Administration, Inc.**

**13790 NW 4th Street, Suite 105**

**Sunrise, Florida 33325**

**Phone: 954.636.7170**

**Toll Free Fax: 866.769.0678**

**AFFIDAVIT REGARDING MARITAL STATUS**

STATE OF FLORIDA)  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, being duly sworn, hereby depose and state as follows:

I am a member of the Town of Davie Police Pension Fund applying for benefits or a refund of contributions from the Pension Fund.

**INITIAL THE APPLICABLE LINE BELOW.**

\_\_\_\_\_ I have been involved in divorce proceedings and hereby represent that I have attached a copy of all divorce decrees, property settlement agreements, income deduction orders and child support orders concerning my divorce

\_\_\_\_\_ At the time of submission of this application, I affirm that I have never been divorced and am not subject to any divorce decrees, property settlement agreements, income deduction orders or court-ordered child support awards.

FURTHER AFFIANT SAYETH NAUGHT.

\_\_\_\_\_  
MEMBER

State of \_\_\_\_\_ County of \_\_\_\_\_

The foregoing instrument was acknowledged before me by means of:

[ ] physical presence or

[ ] online notarization

this \_\_\_\_/\_\_\_\_/\_\_\_\_ by \_\_\_\_\_, who is personally  
(date) (name or person acknowledging)

known to me or who has produced \_\_\_\_\_ as identification and  
(type of identification)

did (did not) take an oath.

\_\_\_\_\_  
Notary Public

**TOWN OF DAVIE POLICE PENSION PLAN**

C/O Precision Pension Administration, Inc.

13790 NW 4th Street, Suite 105

Sunrise, Florida 33325

Phone: 954.636.7170

Toll Free Fax: 866.769.0678

**AFFIDAVIT ACKNOWLEDGEMENT THAT NO QDRO'S EXIST  
DISTRIBUTING ANY PORTION OF MEMBER'S  
BENEFITS DUE FROM THE FUND**

STATE OF FLORIDA)  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, being duly sworn, hereby depose and state  
as follows:

1. I am a member in the **Town of Davie Police Officers' Pension Plan** applying for benefits from the Fund.
2. At the time of my submission of this application, there is no QDRO that exists distributing any interest in my **Town of Davie Police Officers' Pension Plan** account to any former spouse(s).

FURTHER AFFIANT SAYETH NAUGHT.

\_\_\_\_\_  
MEMBER

State of \_\_\_\_\_ County of \_\_\_\_\_

The foregoing instrument was acknowledged before me by means of:

[  ] physical presence or

[  ] online notarization

this \_\_\_\_/\_\_\_\_/\_\_\_\_ by \_\_\_\_\_, who is personally  
(date) (name or person acknowledging)

known to me or who has produced \_\_\_\_\_ as identification and  
(type of identification)

did (did not) take an oath.

\_\_\_\_\_  
Notary Public

# AGE DISCRIMINATION IN EMPLOYMENT ACT

## NOTICE

I acknowledge that I have been given not less than 45 days advance notice of program availability in which to consider participation in the DROP plan and was provided at least 7 days following the submittal of the DROP application in which to revoke my application.

Acknowledgment of Notice:

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name (Please Print)

xxx-xx-\_\_\_\_\_  
Employee SS#

Initial Here:\_\_\_\_\_

# TOWN OF DAVIE POLICE PENSION PLAN

## SPECIAL TAX NOTICE

**NOTE:** Several underlined provisions have been added to this notice to reflect changes in this document due to the passage of the SECURE Act 2.0. These changes have not yet been incorporated into the IRS safe harbor version of this Special Tax Notice. Please be sure to check with your tax, financial, or legal advisor regarding the underlined information.

### YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Town of Davie Police Pension Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### **GENERAL INFORMATION ABOUT ROLLOVERS**

#### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).



## **What types of retirement accounts and plans may accept my rollover?**

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules, and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

## **How do I do a rollover?**

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

## **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death
  - Effective January 1, 2023, the required minimum distribution age was increased to age 73. Please be sure to check with your tax, financial, or legal advisor.
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);

- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

**If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
  - The SECURE Act 2.0 expanded this exemption from the additional 10% tax to include payment from a governmental plan made after you separate from service if you are a qualified public safety employee and you will have at least 25 years of service in the year of separation. This includes payments made from a tax-qualified or 403(b) plan to an employee who provides firefighting services. Please be sure to check with your tax, financial, or legal advisor.
- Payments made due to disability;
  - Including Payments made while you are terminally ill. Please be sure to check with your tax, financial, or legal advisor.
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;

- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
  - The SECURE Act 2.0 limits such payments to a maximum of \$22,000.00. Please be sure to check with your tax, financial, or legal advisor.
- Phased retirement payments made to federal employees.

**If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
  - The SECURE Act 2.0 adds the alternative of 25 years of service if you are a qualified public safety employee. Please be sure to check with your tax, financial, or legal advisor.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).
  - The SECURE Act 2.0 adds net income attributable to an excess IRA contribution made in a calendar year where such amounts are distributed before the tax return deadline and no deduction is allowable for the excess contribution. Please be sure to check with your tax, financial, or legal advisor.

### **Will I owe State income taxes?**

This notice does not address any State or local income tax rules (including withholding rules).

### **SPECIAL RULES AND OPTIONS**

#### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which

\$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

### **If your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or, generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an

exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

### **If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

### **If your payment is from a governmental section 457(b) plan**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

### **If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. The SECURE Act 2.0 removed the direct pay requirement from this provision. Any public safety officer receiving a governmental pension is eligible for the reduction. Please be sure to check with your tax, financial, or legal advisor.

For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew. The SECURE Act 2.0 added Corrections Officers to the definition of public safety officer.

### **If you roll over your payment to a Roth IRA**

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after 17 the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

### **If you do a rollover to a designated Roth account in the Plan**

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct

rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). The SECURE Act 2.0 provides, for taxable years beginning after 2023, you are not required to take a required minimum distribution from a Roth account during your lifetime. Please be sure to check with your tax, financial, or legal advisor.

### **If you are not a Plan participant**

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949). The SECURE Act 2.0 provides, effective January 1, 2023, the required minimum distribution age was increased to age 73. Please be sure to check with your tax, financial, or legal advisor.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949). The SECURE Act 2.0 provides, effective January 1, 2023, the required minimum



distribution age was increased to age 73. Please be sure to check with your tax, financial, or legal advisor.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced 19 rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

### **Other special rules**

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

**I HAVE RECEIVED AND READ THE PRECEDING 11-PAGE  
SPECIAL TAX NOTICE:**

Date: \_\_\_\_\_

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Print Clearly Participant's Name

**Note:** Return **ONLY** this last page (numbered 12) to:

Town of Davie Police Pension Plan  
Greg Brilliant, Plan Administrator  
Precision Pension Administration, Inc.  
13790 N.W. 4th Street, Suite 105  
Sunrise, FL 33325  
Email: [gregb@mydpdpension.org](mailto:gregb@mydpdpension.org)

**FREQUENTLY ASKED  
QUESTIONS ON THE  
DEFERRED RETIREMENT  
OPTION PROGRAM  
(DROP)**



**TOWN OF DAVIE POLICE  
PENSION PLAN**

January 2021 Updated  
Six Year DROP

**A. QUESTIONS ON DROP PROGRAMS IN GENERAL**

**1. WHAT DOES THE TERM “DROP” STAND FOR?**

DROP is an acronym for deferred retirement option program or a delayed retirement option plan.

**2. WHAT IS A DEFERRED RETIREMENT OPTION PROGRAM (DROP)?**

A DROP is a form of retirement benefit that allows an employee to continue working while accumulating a savings account consisting of the benefits that would have been received had the employee retired. In other words, it is a chance to earn two incomes at the same time, with one of them being saved and invested without current tax liability. From a technical standpoint, a DROP represents a method of providing for the deferred receipt of retirement benefits from a defined benefit plan.

**3. WHERE AND WHEN DID DROP PLANS ORIGINATE?**

DROP arrangements first started with several public safety plans in Louisiana during the mid-1980's to:

- a. Encourage police and fire personnel who could retire early (after 20 years of service) to continue working.
- b. Allow a partial lump sum distribution option in the pension plan.
- c. Provide the employer with a predictable turnover picture.

DROPs now exist in Louisiana, Arkansas, Oklahoma, Maryland, Missouri, and Florida on the state and local level as well as locally in Texas, Colorado, and California. Originally popular with police and fire plans, they now exist for teachers and general public employees as well.

**4. DOES A DROP REPRESENT A SEPARATE RETIREMENT PLAN?**

A DROP simply represents a distribution option within a traditional defined benefit pension plan. It is not a separate qualified retirement plan.

**5. ARE ALL DROPS ALIKE?**

No. There is no rigid structure that must be followed for these programs. The design of these programs varies greatly and can be crafted to meet the needs of the employees, the pension plan, and the plan sponsor.

**6. IS A DROP AVAILABLE AS A BENEFIT FEATURE WITHIN THE DAVIE POLICE PENSION FUND?**

Yes, a DROP first became available as a retirement option to members of the Davie Police Pension Plan with the adoption of Ordinance No. 98-11 in March of 1998. **The DROP was recently amended by Ordinance No. 2020-014.**

**7. HOW DOES THE DAVIE DROP WORK?**

DROP is designed to allow you to accumulate a lump sum cash amount for retirement without affecting your normal monthly retirement benefit as of the date you became a DROP participant. Under DROP, you technically “retire,” yet continue to work as an active Police Officer. For all non-pension benefits, you will continue to be treated as an active Police Officer. **If you become disabled after participating in the DROP, you will NOT be entitled to receive a disability pension, since you are already retired.**

Here’s how it works. Once you reach the service requirements for normal retirement (20 years of service, regardless of age), you are eligible to enter the DROP. When you enroll in the DROP, you agree to “lock-in” your service and benefit levels as of the effective date of your participation. Although you continue to work as an active Police Officer, the Pension Plan credits your normal monthly retirement benefit (based on your service as of the date you entered DROP) into your DROP account. You also continue to earn your normal pay as an active Police Officer.

Upon exercising the right to enter the DROP, your creditable service, compensation, and accrued pension benefit will become “locked-in”. The amount of your pension benefit will be determined based on the average of your last three (3) years of service immediately preceding participation in the DROP -OR- the average of the best 5 years of the last 10 years.

You can participate in DROP for a maximum of six (6) years. During your participation in the DROP, your normal retirement benefit payments are added to your account each month. A DROP participant’s account shall be credited or debited, as appropriate, with investment earnings/losses at a rate equal to the Pension Plan’s actual investment return, net of investment expenses.

Initial Here \_\_\_\_\_

**Alternatively, a member may elect to self-direct their DROP account, at their own risk, using the self-directed investment program offered by Voya Retirement Insurance and Annuity Company. THIS IS A ONE-TIME IRREVOCABLE DECISION.** When you leave the Police Department, you choose how you want to receive your DROP account balance from available distribution methods.

**The self-directed DROP is described in a separate package available from the Plan Administrator. Members shall bear all expenses associated with the self-directed DROP program.**

**The DROP ordinance was amended in 2017 by Ordinance 2017-028 to provide that all accrued leave pay-outs will be transferred/frontloaded to a member's DROP account, subject to the caps and limitations contained in the operative collective bargaining agreements. Upon separation from service, any remaining leave balances will be paid into the member's DROP account.**

**B. ELIGIBILITY AND PARTICIPATION QUESTIONS**

**1. WHO IS ELIGIBLE TO PARTICIPATE IN DROP?**

All active members of the Davie Police Pension Plan are eligible to participate in the DROP upon attaining twenty (20) years of credited service, regardless of age **-or-** having ten years of service and attained age fifty-five (55). As discussed below, the DROP has strict time requirements for the submission of a timely DROP application. A member who does not enter the DROP prior to attaining twenty-four (24) years of credited service is precluded from full term DROP participation.

**2. WHAT ARE THE TIME LIMITS UNDER WHICH A MEMBER MUST ELECT TO PARTICIPATE IN DROP?**

Members may enter the DROP at any time after reaching their Normal Retirement Date (NRD). Effective October 1, 2020, DROP Participants may remain in the DROP for a maximum of six years so long as their tenure does not exceed thirty total years with the Town.

**3. WHEN WILL PARTICIPATION IN THE DROP BEGIN?**

A member desiring to participate in the DROP is required to submit a timely DROP application prior to reaching twenty-four (24) years of service credit. Once submitted, the DROP application shall take effect on the first day of the month following the date of application.

Initial Here \_\_\_\_\_

Applications must be filed with the Board (with a copy provided to the Town) not less than five days prior to the effective date. **A member's election to participate in the DROP shall be irrevocable.**

**4. HOW LONG CAN I PARTICIPATE IN THE DROP?**

Effective October 1, 2020, an eligible member may participate in the DROP for a maximum of six years. A member is required to terminate employment with the Police Department and to terminate their DROP participation upon the completion of the six-year DROP period.

A member with twenty (20) years of service may participate in the DROP for six years. A member who does not enter the DROP prior to attaining twenty-four (24) years of credited service is precluded from full term DROP participation.

**5. IN THE EVENT THAT AN ELIGIBLE MEMBER DECIDES TO PARTICIPATE IN THE DROP, WHAT MUST HE OR SHE DO?**

An eligible member may elect to participate in the DROP by complying with the election process and the administrative rules established by the Board of Trustees. Such requirements shall include, but shall not be limited to the following:

- a. A properly completed DROP application and all related forms required by the Board of Trustees for service retirement.
- b. Selection of DROP participation and retirement dates. Such retirement date shall be a binding application for retirement, establishing a deferred retirement date.
- c. A written notification advising the Town of Davie of the date on which the DROP shall begin for the member. The notification to the Town of Davie must be submitted at least five days prior to the effective date.
- d. **The DROP participant must make their DROP Investment selection with either (a) Pension Plan's Investment Portfolio or (2) Self-Directed Investment Option.**



**6. CAN I TERMINATE MY EMPLOYMENT BEFORE THE END OF THE DROP PERIOD?**

Yes. A DROP participant can separate from service at any time before the end of the specified DROP period, but should notify the Pension Board and their supervisor of the intended separation date. Once a DROP participant has separated from service, DROP payments will continue as monthly pension paid directly to the member and the member will be entitled to the entire balance in his/her DROP account.

**7. WHILE I CONTINUE TO WORK DURING THE DROP PERIOD DO I HAVE ACCESS TO MY DROP ACCOUNT BEFORE THE END OF THE DROP PERIOD?**

No. In order to receive any payment from the DROP account, you must actually separate from service. It would violate both local and federal law to receive a distribution while still an active employee.

**8. DO I HAVE TO DECIDE AT THE TIME I ENROLL IN DROP HOW LONG I WILL PARTICIPATE AND KEEP WORKING FOR THE TOWN?**

Yes. However, for purposes of preserving maximum flexibility, many individuals may find it advantageous to elect to participate for the maximum period of time even if they feel that their actual period of DROP participation may in all likelihood end at an earlier date. You can always terminate employment and retire prior to the end of your announced DROP participation period; however, once announced, you are not permitted to work beyond your originally stipulated DROP ending date even if such date fell short of the maximum period allowed for DROP participants.

**C. EMPLOYMENT STATUS QUESTIONS AND CONTRIBUTION REQUIREMENTS**

**1. ARE YOU COVERED BY SOCIAL SECURITY WHILE YOU PARTICIPATE IN DROP?**

Yes.

**2. IS THERE ANY SPECIAL MEMBERSHIP DESIGNATION IN THE PENSION FUND ONCE AN ACTIVE MEMBER BEGINS PARTICIPATION IN THE DROP?**

Yes. Upon participation in the DROP, the member shall be deemed a retiree of the Pension Fund.

Initial Here \_\_\_\_\_

**3. IS A DROP PARTICIPANT CONSIDERED TO BE AN ACTIVE EMPLOYEE OR A RETIREE?**

A DROP participant shall be a retiree under the Pension Fund for accumulation of increased pension benefits, but for purposes of employment with the Town, the DROP participant shall be treated as any other active employee with respect to their ability to enjoy the availability of salary increases, promotions, employee benefits and programs related thereto. **If you become disabled after participating in the DROP, you will NOT be entitled to receive a disability benefit from the pension plan since you are already retired.** In the event of death or disability, you may be eligible for separate statutory benefits under state law, which are not paid by the pension plan.

**4. ARE YOUR ACTIVE EMPLOYEE BENEFITS AFFECTED WHILE YOU ARE IN DROP?**

Generally speaking, no. You continue to accrue sick leave, holiday leave and annual leave. At the conclusion of DROP participation, the member will receive a payout of accrued leave. In addition, you may continue to participate in **the Town's Section 457 deferred compensation program. Since you are still a member of the Police Department, the law provides that you remain eligible to vote in any Pension Fund elections.**

**5. CAN YOU ENTER THE DROP AND LATER CHANGE YOUR MIND OR MUST A DROP PARTICIPANT ACTUALLY RETIRE AT THE END OF THE DROP PERIOD?**

The decision about when to retire as a Police Officer and whether or not to enter DROP is entirely your decision. Once made, the election to participate in the DROP carries with it a simultaneous election to retire that is irrevocable upon approval by the Board of Trustees. In essence, the DROP participant has contractually agreed to retire as a condition of entering the DROP program. Once acted upon by the Board of Trustees, the election to retire becomes irrevocable.

**6. WHAT WILL MY PENSION CONTRIBUTION REQUIREMENTS BE DURING MY PERIOD OF DROP PARTICIPATION?**

As an active employee participating in the Police Pension Plan you are currently required to make pension contributions in the amount of 9% of earnings as defined by the Plan (base pay, assignment pay, plus longevity). Upon DROP participation, your pension contribution requirements will be reduced to \$0 and your monthly pension check will be paid into the DROP account until you terminate employment.

Initial Here \_\_\_\_\_

**D. ACCUMULATION OF BENEFITS UNDER THE DROP PROGRAM**

**1. HOW ARE MY RETIREMENT BENEFITS ACCUMULATED IN MY DROP ACCOUNT?**

Once you decide to enroll into DROP your monthly retirement benefit is calculated based upon your service and benefit levels as of the date you entered the DROP. Instead of having this monthly retirement benefit paid directly to you or deposited in your bank, it will be credited into your DROP account, where it will be invested, tax deferred, for as long as you participate in the DROP. Your retirement benefits will be paid into your DROP account on a monthly basis on the same schedule as used for retirees.

**2. HOW IS INTEREST CALCULATED AND CREDITED TO MY DROP ACCOUNT?**

A DROP participant's account shall be credited or debited, as appropriate, with investment earnings/losses at a rate equal to the Pension Fund's actual investment return, net of investment expenses. To defray the costs of the DROP plan, each DROP participant's account will be charged an administrative fee of \$10.00 per month, which shall be deducted from the member's DROP account.

**Alternatively, a member may elect to self-direct their DROP account, at their own risk, using the self-directed investment program offered by Voya Retirement Insurance and Annuity Company.**

By entering into the DROP plan, a DROP participant authorizes the Pension Board and its investment professionals to invest the member's DROP monies in the same manner as other assets in the Pension Fund. **By participating in the DROP, a DROP participant agrees to hold the Board of Trustees, the Pension Plan, Plan Administrator(s), Pension Plan vendors and the Town of Davie free from any and all claims associated with my irrevocable decision and any investment losses to my DROP account.**

**3. CAN I PURCHASE ADDITIONAL SERVICE CREDIT WHILE PARTICIPATING IN DROP?**

No. Once participation in DROP begins, your retirement is final and you cannot add service credit, unless otherwise agreed through future labor negotiations with the Town made specifically applicable to DROP participants.

Initial Here \_\_\_\_\_

**E. PAYMENT OF BENEFITS UNDER THE DROP PROGRAM**

**1. HOW IS THE DROP ACCOUNT MONEY PAID OUT AND DISTRIBUTED?**

When you terminate employment, your DROP account will be paid as you choose in one of the following ways, within ninety (90) days following termination of employment:

- a. Lump Sum - the DROP participant receives the entire account balance less taxes;
- b. Annual installments - the DROP participant chooses an annual amount to be paid every year until the DROP account balance is paid in full;
- c. Equal monthly installments - the DROP participant chooses a monthly amount to be paid every month until the DROP account balance is paid in full;
- d. Combination of lump sum and periodic payments - the DROP participant elects to receive a lump sum payment and to receive a monthly or annual check thereafter until the DROP account balance is paid in full; or
- e. Direct Rollover - The funds are paid directly to the custodian of an individual retirement account (IRA) or eligible retirement plan as defined in Section 402(c)(8)(B) of the Internal Revenue Code.

**DROP participants are encouraged to notify the Pension Board prior to a member's separation from service. Upon notification that a DROP participant will be separating from service, the Pension Administrator shall notify the Town and the Board's actuary of the anticipated termination date.**

**DROP termination shall be effective on the last day of the calendar month coincident with or next following the actual date of employment termination.**

**In the event that a DROP participant separates from service prior to the end of the month, the official date of DROP termination shall be the last day of the calendar month coincident with or next following the actual date of employment termination, as set forth above.**

Initial Here \_\_\_\_\_

**2. CAN THE DROP DISTRIBUTION METHOD BE ALTERED AFTER THE INITIAL SELECTION OF A PAYMENT OPTION?**

Yes. The form of payment may be altered upon written notice to the Board to take effect not more than ninety (90) days from the date of the notice. Where the member has selected any method of periodic distribution (i.e., annual installments, equal monthly installments, any combination of lump sum and periodic payments) the member is permitted to change the form of payment upon written notice to the Board. Once a member has received a rollover or complete lump sum distribution, the member is not permitted to make any changes, since all monies have been distributed.

**3. HOW OFTEN CAN A PAYMENT CHANGE REQUEST BE SUBMITTED?**

The Pension Code does not set any specific limit on the number of times that payment instructions can be modified by a Participant. Nevertheless, the Board is vested with the authority to enact administrative rules on this subject, if the Board determines that limitations are appropriate. If administrative rules were adopted by the Board, the rules would be required to uniformly apply to all Participants.

*It is extremely important to note that adverse tax consequences may arise from a change in the distribution methodology. Under section 72 of the Internal Revenue Code, there is a ten percent (10%) early distribution penalty for payments received from a pension plan prior to age 59½ unless they are in the form of substantially equal payments, generally for life or life expectancy, or are in the form of a roll-over. Changes in the methodology also carry a chance of disqualifying all prior payments and subjecting the employee to the penalty. The penalty also does not apply if retirement and separation from service with the Town of Davie occurs in or after the year in which the employee turns 50.*

**4. CAN A DROP PARTICIPANT ELECT TO LEAVE ALL DROP FUNDS IN THE DROP ACCOUNT INDEFINITELY?**

No, as discussed above, the Pension Code requires that DROP participants select a method of payment within 90 days after separation from the Town. This provision, however, does not require that all DROP monies be distributed within an arbitrary time period. Where the participant has selected a method of periodic distribution, the member's monies remain in the DROP account until depleted. While monies remain in the DROP account, the account balance will earn the rate of return achieved by the Fund, net of investment expenses and the \$10 per month administrative fee.

**5. IF THE DROP PARTICIPANT ELECTS EQUAL MONTHLY INSTALLMENTS, DOES THE ACCOUNT BALANCE EARN INTEREST?**

Yes. A participant's DROP account balance under any method of periodic distribution shall be credited with investment earnings or losses on a monthly basis, until the DROP account balance has been distributed to the DROP participant.

Due to the work involved in determining the Pension Fund's monthly rate of return based on third party data supplied by the Pension Fund's investment consultant and custodian, the member's actual DROP account balance will generally not be available until approximately one month after the date of separation. After the account balance has been determined, the member shall be provided with the account balance, as calculated by the Board's actuary.

**6. WHAT HAPPENS TO YOUR DROP ACCOUNT AND ACCUMULATED LEAVE TIME IN THE EVENT OF YOUR DEATH WHILE IN DROP?**

In the event of your death during the DROP period, all DROP and accumulated leave balances shall be payable to your designated beneficiary. If you have not designated your beneficiaries, the DROP and accumulated leave balances will be paid to your estate.

**7. I UNDERSTAND THAT THE SPECIAL CALCULATIONS THAT ARE USED FOR DETERMINING PENSION BENEFITS IN THE EVENT OF LINE-OF-DUTY DEATH WILL NOT BE OPERATIVE ONCE I ELECT TO PARTICIPATE IN DROP. DOES THIS MEAN THAT MY BENEFICIARIES OR ESTATE WILL NOT BE ELIGIBLE TO COLLECT ANY DEATH BENEFIT PROGRAMS THAT MAY OTHERWISE BE AVAILABLE?**

No. The prohibition against DROP participants from being eligible for line-of-duty death benefits only impacts the manner of calculating pension benefits. This prohibition does not extend to any other forms of death benefits that may be available to other active-duty police officers from other sources (i.e., workers' compensation, federal programs authorized under the Public Safety Officers' Benefits Act, and death benefits available to police officers under Florida Statute Sections 112.19 and 121.191, respectively).

**8. WHAT EFFECT DOES A DROP PLAN HAVE ON ELIGIBILITY FOR A DISABILITY PENSION?**

In order to be a participant in the DROP plan, and to have retirement benefits paid to your DROP account, the employee can no longer be an active member of the Fund. Since the employee is not an active member of the Fund, the employee is not eligible for a disability pension. If an employee becomes disabled during the DROP period, the employee will receive his or her normal retirement (at the lower rate) and will also receive the amount of money that has accrued in his or her DROP account.

**9. WHAT IS THE STATUS OF MY DROP ACCOUNT IN THE EVENT OF DIVORCE?**

DROP assets, like other forms of pension benefits, are considered marital property subject to division in a divorce proceeding. While DROP assets are not subject to distribution until a member terminates employment with the Town, a court can determine that upon distribution, a certain percentage of the DROP assets be awarded to a former spouse in the same manner as other retirement payments.

**F. TAX CIRCUMSTANCES UNDER DROP**

**1. ARE AMOUNTS CREDITED TO DROP ACCOUNTS TAX DEFERRED?**

Yes. Under Section 402(a) of the Internal Revenue Code amounts are taxable only if distributed. Thus, even though amounts are credited to the DROP account because they could have been paid as retirement benefits, the participant will not be subject to tax until DROP account balances are distributed to the DROP participant. No withholding taxes will be imposed during the period of DROP participation pursuant to Code Section 3401(a)(12)(A).

**2. IF I DECIDE TO ROLLOVER MY DROP BENEFITS WHAT CAN I ROLL THEM INTO?**

The tax law states that rollovers must be paid directly to the custodian of an eligible retirement plan as defined in Section 402(c)(8)(B) of the Internal Revenue Code (IRC). Eligible retirement plans include an individual retirement account (IRA) as described in Section 408(a), IRC; an individual retirement annuity [Section 408(b), IRC, except an endowment contract]; a qualified trust; and an annuity plan as described in Section 403(a), IRC. If you die, your spouse will only be eligible to rollover your DROP benefits into an individual retirement account or an individual retirement annuity as described in Section 402(c)(9), IRC.

Initial Here \_\_\_\_\_

**3. HOW IS YOUR DROP DISTRIBUTION TAXED?**

If you authorize the Pension Fund to transfer the lump sum value of your DROP account directly to an IRA or qualified retirement plan, there will be no immediate recognition of income for purposes of federal income taxation. You would pay taxes on these funds only as funds are received from your IRA or qualified retirement plan.

However, in the event that you do not choose a direct rollover of any portion of your DROP account that is an “eligible rollover distribution,” the payment is taxed in the year you receive it. If you forego the rollover option and elect to receive the DROP account proceeds, the following rules may apply:

- a. The distribution will be treated as a source of ordinary income to you (and taxed accordingly) in the year you receive it.
- b. You will be subject to the 10% “early distribution” tax penalty rules if you are less than 50 years old when you separate from service with the Town of Davie.
- c. You may be subject to a 15% “excess distribution” tax penalty if your total retirement proceeds (from the DROP account, any IRA’s or qualified retirement plans) exceed the IRS maximum distribution amount for the year in which you receive the distribution.

This is our understanding of the current tax issues that you may wish to consider. We may not be correct. We are not allowed to give tax advice in any way. Keep in mind the **tax laws can change**, and they are complex. We **recommend and encourage** you to seek the advice of a tax professional to determine what is best for you and how you will be impacted.

**G. WAIVER AND COVENANT NOT TO SUE**

**1. AM I REQUIRED TO WAIVE ANY LEGAL RIGHTS TO SUE WHEN I ENTER THE DROP?**

Yes. The DROP application required to be signed in order to participate in the DROP contains a waiver provision, covenant not to sue, and an acknowledgment that the DROP participant has carefully read the form and agreed not to sue the Town, Board of Trustees, or their officers, agents and employees for any claim arising out of the decision to participate in the DROP, including a release of rights to sue under applicable Federal and Florida age discrimination statutes.

Initial Here \_\_\_\_\_



**2. WHAT RIGHTS AM I WAIVING?**

Page 5 of the DROP application contains the following waiver, covenant not to sue and acknowledgment, and is required to be signed and notarized:

**Waiver**

I release the Town and the Board of Pension Trustees from any and all claims based on my election to participate in DROP and my agreement to retire and terminate my employment with the Town upon completion of my participation in DROP. I release the Town and the Board of Pension Trustees from any and all such claims under the Florida and Federal Age Discrimination in Employment laws and Civil Rights laws as these laws relate to my participation in DROP and my agreement to terminate employment with the Town upon the completion of my participation in DROP.

**Covenant Not to Sue**

I will not sue the Town or the Board of Pension Trustees or their employees, officers and agents for any claim arising out of my election to participate in DROP, my participation in DROP or my decision to retire and terminate Town employment upon the completion of my participation in DROP.

**Acknowledgment**

I acknowledge receipt of this Election to Participate Form. By signing this form, I am acknowledging that I have carefully read this form and that I understand the Election Form. In addition, I am acknowledging that I do not challenge or disagree with any of the representations or statements made in this Election Form and that I have signed my name voluntarily. I further acknowledge that the initials located in the bottom left corner of the pages of this application are my initials.

**H. TRANSFER OF ACCUMULATED LEAVE BALANCES**

**1. AM I REQUIRED TO TRANSFER ACCUMULATED LEAVE INTO THE DROP?**

The DROP ordinance was amended in 2017 by Ordinance 2017-028 to provide that all accrued leave pay-out will be transferred/frontloaded to a member's DROP account, subject to the caps and limitations contained in the operative collective bargaining agreements. Upon separation from service, any remaining leave balances will be paid into the member's DROP account.

Initial Here \_\_\_\_\_

## 2. WHAT ARE THE APPLICABLE IRS LIMITS?

Section 415 of the IRS Code contains maximum benefit limitations on qualified plans. For 2021, the annual benefit limit is \$230,000. Because DROP benefits are required to be recognized under Section 415, it is possible that a member's DROP account could be impacted.

The DROP ordinance was amended in 2017 by Ordinance 2017-028 to recognize that Plan benefits may be impacted by the annual benefit limits under Section 415 of the Internal Revenue Code. Prior to entering DROP you will be provided with an estimate from the Plan's actuary. If the actuary estimates that your benefit may be impacted by Section 415, you will be advised to seek further guidance from a tax professional.

Depending on a member's benefit level, it may be possible to reduce or eliminate the impact of the Section 415 benefit limits by selecting an actuarially equivalent optional form of benefit, or by reducing my DROP participation period. Members are encouraged to discuss these options with a tax professional.

**The Town has not established an "excess benefit plan" and has no obligation to do so.** As a result, the member assumes any risk of potential reduction in pension benefits due to the potential impact of Section 415 of the Internal Revenue Code.

## I. DROP DECISION CONSIDERATIONS

### 1. WHAT ARE SOME ADVANTAGES OF DROPS?

A DROP program can be very advantageous to an employee who is interested in assembling a "nest egg" for themselves and their family and providing a "jump-start" into retirement. This "nest egg" can offer the employee the ability to start a business, purchase a home, travel, etc., upon retirement. The DROP participant will see the required pension contribution reduced from a rate of 9% of pay to 0% of pay. By reducing such contributions, the employee's take-home pay will be increased.

The DROP program allows the employee to select an option that would effectively accelerate a portion of the retirement benefits that would otherwise have been received over an extended period of time. If the employee has reason to believe that his life expectancy will be less than average, the DROP could be viewed as a practical response to this outlook.

## 2. WHAT ARE SOME DISADVANTAGES OF DROPS?

One disadvantage of participating in a DROP plan is that the amount of monthly pension that an employee receives will be substantially lower than the amount that the employee would receive had the employee retired under a normal retirement calculation performed at the end of the DROP period. If the Plan benefits change after you DROP, those benefits may not be available to you. If you get a raise or a promotion after you enter the DROP, that salary increase will not count toward your pension. Once you enter the DROP, your retirement benefits are calculated under the Plan and are fixed as of the date of entry into the DROP.

Another disadvantage is that the decision to enter the DROP is irrevocable. Sometimes employees change their minds about continuing to work, but once they have entered the DROP, they are not allowed to reverse the decision to retire. A retiree experiencing the birth of a child, a new marriage, divorce, or other significant life event, may have no choice but to retire at the end of the DROP period.

Lump sum payments may not be used judiciously, thereby placing financial pressures upon retirees at a point in their lives that they can ill afford to effectively respond to such pressures.

Lump sum payouts are subject to the mandatory 20% withholding requirements which would materially impact the funds available under the DROP. DROP participants may address this issue by electing a direct rollover to an eligible retirement plan or an IRA.

If a DROP participant becomes injured after entering the DROP, he or she will not be eligible to receive disability benefits from the Pension Plan, since DROP participants are already “retired”. A DROP participant, however, would remain eligible for other disability and death benefits payable from other sources (i.e., workers’ compensation, federal programs authorized under the Public Safety Officers’ Benefits Act, and death benefits available to police officers under Florida Statute Sections 112.19 and 121.191, respectively).

You are also advised that as a condition for participation in the DROP, you are required to waive any future claims against the Town of Davie and the Board of Trustees of the Pension Plan based on your decision to participate in the DROP. You are also required to waive any claims under Florida and Federal age discrimination laws. You will also be required to agree not to sue the Town, the Board of Trustees, or their agents or employees for **“any claim arising out of my election to participate in DROP, my participation in DROP or my decision to retire and terminate Town employment upon the completion of my participation in DROP”**.

**3. SHOULD I PARTICIPATE IN DROP?**

One of the most important decisions you will have to make is whether you should join DROP or remain as an active contributor to the Pension Fund. To assist in this decision, the Pension Office will provide upon request an estimate of the benefits you will receive if you elect to join DROP. Upon receipt of these estimates, you should meet with your accountant, CPA, financial planner, etc., to review your total financial situation, including pension and/or DROP benefits, personal investments, and Social Security benefits, to determine which choice will be the best decision for your future.

**4. HOW CAN I GET MORE INFORMATION?**

Entering the DROP is a big decision. Once made, it is **FINAL**. Before entering the DROP, you are encouraged to contact the Pension Office with your questions. The DROP is a valuable benefit, but like anything, it does not meet everyone's needs in the same way. Before you DROP, be sure of your rights and make careful plans for your future. It would be wise to consult your own financial adviser concerning the choices that are most advantageous for your specific circumstances. For more information, you may contact the Plan Administrator, Precision Pension Administration, at (954) 636-7170.

I hereby acknowledge that I have read and understand these Frequently Asked Questions.

By: \_\_\_\_\_

DATED: \_\_\_\_\_

Initial Here \_\_\_\_\_



# Town of Davie Police Pension Plan

## Beneficiary Designation Form

New Member  Pre-Retirement  DROP  Normal/Early Retirement  \_\_\_\_\_

### EMPLOYEE DATA

Member Name: \_\_\_\_\_ Pension Entry Date : \_\_\_\_/\_\_\_\_/\_\_\_\_

Marital Status: \_\_\_\_\_ SS#: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Submit Proof) (Submit Proof)

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone : (\_\_\_\_) \_\_\_\_\_ Cellular: (\_\_\_\_) \_\_\_\_\_

Badge #: \_\_\_\_\_ E-mail Address: \_\_\_\_\_



### PRIMARY BENEFICIARY

I \_\_\_\_\_ designate the following person as my *primary*  
(Member Please Print Name)  
*beneficiary* entitled to receive any benefits due in the event of my death:

Beneficiary Name: \_\_\_\_\_ Relationship: \_\_\_\_\_

Male: \_\_\_ Female: \_\_\_ SS#: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Submit Proof)

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ Cellular: (\_\_\_\_) \_\_\_\_\_

E-mail Address: \_\_\_\_\_

***A change in family status (marriage, divorce, etc.) may not effectively change a designation of beneficiary. However, pursuant to Florida Statutes §732.703, divorce or annulment may void the election of a former spouse as a designated beneficiary. To ensure that your assets are paid as you want them to be, keep your beneficiary updated.***

### CONTINGENT BENEFICIARY

I \_\_\_\_\_ designate the following person as my *contingent*  
(Member Please Print Name)  
*beneficiary* entitled to receive \_\_\_\_\_% benefits due in the event of my death and that of the primary beneficiary:

Beneficiary Name: \_\_\_\_\_ Relationship: \_\_\_\_\_

Male: \_\_\_ Female: \_\_\_ SS#: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Submit Proof)

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ Cellular: (\_\_\_\_) \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**TOWN OF DAVIE POLICE PENSION PLAN  
Beneficiary Designation Form - Page Two**



**Member Name:** \_\_\_\_\_

**CONTINGENT BENEFICIARY**

I \_\_\_\_\_ designate the following person as my *contingent*  
(Member Please Print Name)  
*beneficiary* entitled to receive \_\_\_\_\_% benefits due in the event of my death and that of the  
primary beneficiary:

**Beneficiary Name:** \_\_\_\_\_ **Relationship:** \_\_\_\_\_

**Male:** \_\_\_ **Female:** \_\_\_ **SS#:** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
(Submit Proof)

**Address:** \_\_\_\_\_ **City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone:** (\_\_\_\_\_) \_\_\_\_\_ **Cellular:** (\_\_\_\_\_) \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_

**CONTINGENT BENEFICIARY**

I \_\_\_\_\_ designate the following person as my *contingent*  
(Member Please Print Name)  
*beneficiary* entitled to receive \_\_\_\_\_% benefits due in the event of my death and that of the  
primary beneficiary:

**Beneficiary Name:** \_\_\_\_\_ **Relationship:** \_\_\_\_\_

**Male:** \_\_\_ **Female:** \_\_\_ **SS#:** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
(Submit Proof)

**Address:** \_\_\_\_\_ **City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone:** (\_\_\_\_\_) \_\_\_\_\_ **Cellular:** (\_\_\_\_\_) \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_

**CONTINGENT BENEFICIARY**

I \_\_\_\_\_ designate the following person as my *contingent*  
(Member Please Print Name)  
*beneficiary* entitled to receive \_\_\_\_\_% benefits due in the event of my death and that of the  
primary beneficiary:

**Beneficiary Name:** \_\_\_\_\_ **Relationship:** \_\_\_\_\_

**Male:** \_\_\_ **Female:** \_\_\_ **SS#:** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
(Submit Proof)

**Address:** \_\_\_\_\_ **City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone:** (\_\_\_\_\_) \_\_\_\_\_ **Cellular:** (\_\_\_\_\_) \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_

**TOWN OF DAVIE POLICE PENSION PLAN**  
**Beneficiary Designation Form - Page Three**



**Member Name:** \_\_\_\_\_

By my signature below, I acknowledge that under Florida law a change in my marital status (marriage, divorce, annulment) may affect the Plan's ability to pay benefits to the above designated beneficiary and that it is my responsibility to notify the pension office of any changes to my designated beneficiary. I understand that if an updated form is not on file at the time of my death specifically designating my "former spouse" as my beneficiary, then my former spouse may be treated by the plan as automatically predeceasing me and he or she will not receive a benefit from the plan.

The foregoing designation of beneficiaries revokes any and all prior designations of beneficiaries (if applicable). I also acknowledge that it is my responsibility to notify the Board of Trustees of the Davie Police Pension Plan (or their designee) should any change in beneficiary be necessitated in the future, or if there is (are) any other change(s) that may affect the accuracy of this form.

\_\_\_\_\_  
**Member/Retiree's Signature**

\_\_\_\_\_  
**Date**

State of \_\_\_\_\_ County of \_\_\_\_\_

The foregoing instrument was acknowledged before me by means of:

[  ] physical presence or

[  ] online notarization

this \_\_\_\_/\_\_\_\_/\_\_\_\_ by \_\_\_\_\_, who is personally  
(date) (name or person acknowledging)

known to me or who has produced \_\_\_\_\_ as identification  
(type of identification)

and did (did not) take an oath.

\_\_\_\_\_  
**Notary Public**

**Return To:** Town of Davie Police Pension Plan  
C/O Precision Pension Administration, Inc.  
13790 NW 4 Street, Suite 105  
Sunrise, Florida 33325

**SOCIAL SECURITY NUMBER COLLECTION DISCLOSURE STATEMENT**

Your social security number is requested for purposes of determining eligibility for retirement benefits as a plan member, retiree or beneficiary; for processing of retirement benefits; for verification of retirement benefits; for income reporting; or for other notice or disclosures related to retirement benefits. Your social security number will be used solely for one or more of these purposes. The collection and use of your social security number is authorized by Section 119.071(5)(a)(2)(a)(II), Florida Statutes.

\_\_\_\_\_  
**Office use only**

Updated/Entered By: \_\_\_\_\_

Date: \_\_\_\_\_

**BOARD OF TRUSTEES**

**DAVIE POLICE PENSION PLAN**

**ADMINISTRATIVE RULES GOVERNING DROP ACCOUNT  
DISTRIBUTION OPTIONS**

1. Background: Section 4.3.9 of the Pension Plan governs the DROP payout. Section 4.3.9(b) provides as follows:

Payment shall be made from the DROP account no more than ninety (90) days after separation from the Town. The form of payment may be altered upon written notice to the Board to take effect not more than ninety (90) days from the date of the notice. Payment shall be made:

- i. in a single lump sum;
  - ii. in annual installments;
  - iii. in equal monthly installments;
  - iv. any combination of lump sum and periodic payments;
  - v. by rollover to another qualified plan.
2. Section 828 of the Pension Protection Act of 2006 amended Section 72(t) of the Internal Revenue Code to waive the 10% early distribution penalty for public safety officers who have separated from service after age 50.
  3. In accordance with the Pension Board's administrative authority set forth in Section 9.1(b)(4) of the Pension Plan, the Pension Board adopts the following rules governing the DROP account distributions options:

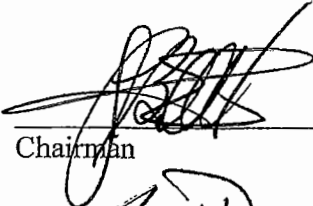
DROP PAYOUT:

- (a) Within ninety (90) days of separation from the Town, DROP participants are required to select a method of DROP distribution.
- (b) Other than minimum required distributions governed by the Internal Revenue Code, DROP participants shall be permitted to delay DROP distribution, so long as they elect to do so in writing, on a form prepared by the Board and provided that they take a partial distribution of at least ten dollars (\$10).
- (c) Should a DROP participant who has separated from service elect to delay DROP account distribution, the retiree shall acknowledge that he or she agrees to hold the Board of Trustees and the Town free from any liability claims associated with investment losses which may occur in the ordinary course of the investment of plan assets.



- (d) DROP participants who have separated from service shall be charged the same monthly administration fee charged to actively employed DROP participants.
4. DROP participants shall be required to acknowledge and agree to hold harmless the Board and the Town, their officers, employees and agents from any claim arising out of the decision to participate in DROP, including but not limited to investment losses or adverse tax consequences.
5. The Board of Trustees reserves the right to amend this Administrative Rule from time to time as it deems appropriate. For this reason, DROP distribution procedures shall not be treated as a permanent entitlement or vested benefit. The Board shall retain the right to exercise its discretion in interpreting or revising this Rule and in resolving any disputes that may arise hereunder.

This rule was considered by the Board of Trustees at a public hearing, following proper notice, on March 18, 2008. The Administrative Rule was adopted by vote of the Trustees on March 18, 2008.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary

## BOARD OF TRUSTEES

### DAVIE POLICE PENSION PLAN

#### ADMINISTRATIVE RULES GOVERNING TIMING OF DROP ACCOUNT DISTRIBUTIONS

##### Background:

1. Section 4.3.2 of the Pension Plan governs the written election requirement to participate in the Davie Police DROP program. Section 4.3.2 provides as follows:

A member electing DROP participation shall execute such forms as the Board of Trustees shall require. The DROP election shall be effective on the first day of the month following the date of election. Applications must be filed with the Board (with a copy being provided to the Town) not less than five (5) business days prior to the effective date.

2. Section 4.3.9(a) of the Pension Plan governs the termination of participation in the DROP program. Section 4.3.9(a) provides as follows:

Upon termination of employment for any reason, DROP participation shall cease and any future retirement benefits shall be paid directly to the member, or in the case of death to the designated beneficiary.

3. In accordance with the Pension Board's administrative authority set forth in Section 9.1(b)(4) of the Pension Plan, the Pension Board adopts the following rules governing the timing of DROP account calculations and distributions:

##### **DROP termination:**

(a) **DROP participants are encouraged to notify the Pension Board prior to a member's separation from service. Upon notification that a DROP participant will be separating from service, the Pension Administrator shall notify the Town and the Board's actuary of the anticipated termination date.**

(b) **DROP termination shall be effective on the last day of the calendar month coincident with or next following the actual date of employment termination.**

(c) **In the event that a DROP participant separates from service prior to the end of the month, the official date of DROP termination shall be the last day of the calendar month coincident with or next following the actual date of employment termination, as set forth above.**

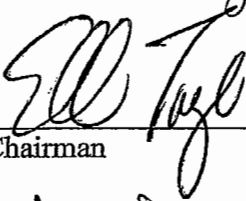
(d) **DROP account balances shall be credited with investment earnings or losses**

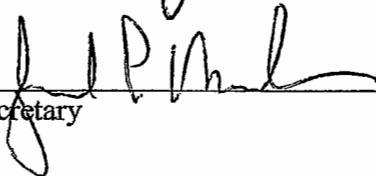
on a monthly basis, until the DROP account balance has been distributed to the DROP participant.

- (e) **Due to the work involved in determining the Pension Fund's monthly rate of return based on third party data supplied by the Pension Fund's investment consultant and custodian, the member's actual DROP account balance will generally not be available until approximately one month after the date of separation. After the account balance has been determined, the member shall be provided with the account balance, as calculated by the Board's actuary.**

- 4. The Board of Trustees reserves the right to amend this Administrative Rule from time to time as it deems appropriate. The Board shall retain the right to exercise its discretion in interpreting this Rule and in resolving any disputes that may arise hereunder.

This rule was considered by the Board of Trustees at a public hearing, following proper notice, on May 15, 2007. The Administrative Rule was adopted by vote of the Trustees on May 15, 2007.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary