

## **POLICE DROP MEMBERS**

**Q. When are Board meetings held and where is the Agenda and Board minutes?**

The meeting schedule, agendas and minutes are under "Administration" "Meeting Schedule."

**Q. Where does the money to pay for the plan come from?**

Your Contributions  
State Funding

City Contributions  
Investment Earnings

**Q. How do I know if I am making the right decision to retire?**

Discuss it with your tax advisor and financial planner. The pension staff cannot and will not give any tax advice.

**Q. When can I Retire and enter the Deferred Retirement Option Plan (DROP)?**

Upon reaching Normal Retirement which is age 55; age 52 and 25 years of credited service to a maximum of eighty-five percent (85%); 30 years of service, regardless of age, to a maximum of one-hundred percent (100%); police officer members hired on or after October 1, 2006, 28 years of credited service regardless of age, to a maximum of one-hundred percent (100%); police officer members hired on or after April 5, 2012, 25 years of credited service, regardless of age, to a maximum of eighty-five percent (85%). For police officer members who are hired on or after October 1, 2016, the maximum benefit shall be eighty-five percent (85%).

Members must reach normal retirement before they can enter the DROP.

**Q. How do I apply for Retirement and DROP?**

Call (321) 724-8877 to make an appointment with the pension staff about two (2) months before your tentative retirement date. Some of the documents you need to bring with you are a certified copy of your birth

certificate; a certified copy of your marriage license (if applicable); and a certified copy of your beneficiary's birth certificate.

**Q. What is the DROP process?**

The process takes about 6-12 weeks.

Choose a date for retirement and file the paperwork

After pension staff receives your final contribution from the City, they create a 10-year spreadsheet which is a review of your pension compensation and contributions. A package is sent to the Board's actuary which takes about two (2) weeks. Upon receipt of your Benefits Election Form, you meet with pension staff and are then advised to take the election form to your financial, tax, and or legal advisor.

You review your Benefits Election Form and select an option. You must return the election form to the pension office within two (2) weeks.

Your DROP payments are credited to an individual DROP account in your name. Funds remain invested in the over-all Plan until termination from employment and all distribution eligibility has been met. Returns, positive or negative, are applied to your account on a quarterly basis and are net of fees.

Once the date of your retirement in the DROP has passed, you may not change your election form or your opportunity to withdraw from retirement.

**Q. Once I am retired, can I be rehired by the City of Palm Bay?**

In-service distributions are when a retiree, receiving a monthly pension distribution from the Plan, is rehired by the City of Palm Bay in any capacity within a year of retirement and separation from City employment and receives income from both the Plan and the City. In-service distributions are not allowed by the Plan.

**Q. How is my Benefit for Average Final Compensation Calculated?**

One-twelfth (1/12) of the average annual compensation of the best five (5) years of the last ten (10) years of credited service prior to retirement, termination or death.

A year shall be twelve (12) consecutive months or such other consecutive period of time as is used and consistently applied.

Please note the Pension Ordinance lists the highest five (5) years out of the last ten (10) years. When calculating the compensation, the Board's actuary looks at each pay period to determine the highest one, and then they must go forward for that year in a consecutive twelve (12) month period, as per Ordinance. For example, if a member's highest pay period in a given year is September 7, 2015, they count that pay period as the beginning of the first year of the five (5) highest and go forward consecutively to August 22, 2016. The following year (second year) could be December 8, 2017-November 27, 2018, especially if that person some type of pay at the end of each year boosting that pay period to the highest within that calendar year.

Whatever compensation is used, the data for the five (5) year period is included in your Benefits Election Form in the top right-hand corner.

**Q. The Share Plan**

The Police Share Plan is funded exclusively with available premium tax revenue received from the State of Florida. An individual share account shall be established for each active police officer member, including DROP participants. Distributions shall only be available for members that meet certain criteria. In the event a Police Share Plan member separates from City employment without having become a vested Share Plan Member, the member shall forfeit his or her share account balance and the forfeited account balance shall be added to the available funds for that year. Members with a share account will receive an annual statement. See Ordinance 55.29 regarding the Share Plan details.

**Q. What is my supplemental monthly retirement pay and when does it end?**

If you terminate while vested or reach normal retirement or early retirement on or after October 1, 2006, you will receive a supplemental benefit of \$25.00 per month for each year of complete year of credited service. It is not paid to disabled members. You begin receiving this benefit when you begin receiving your retirement benefits and after you separate from City employment. This benefit ceases when you reach the age of sixty-five (65). This benefit is not paid while in the DROP.

**Q. When does my COLA start?**

Police Officers' Cost-of-Living Allowance (COLA) is in the third (3<sup>rd</sup>) year of retirement. They are processed each October in a group. This means if you have a retirement date between October 2<sup>nd</sup> and September 1<sup>st</sup> you will receive a pro-rated amount for the number of months that fall between your initial retirement date and September 30<sup>th</sup>. Then the COLA increase will start with the following October 1<sup>st</sup> payment. For example, if your retirement date is November 15, 2008, with your first pension check due December 1, 2008 then your COLA will start October 1, 2012. Plus, you will receive a one-time pro-rated amount for the payments between December and September.

If you select a Social Security Option as a form of retirement payment, then when you reach the age listed on your election form, your payment and COLA will reduce. Your COLA will be recalculated as though you had the reduced pension amount from the beginning of your actual COLA start date.

**Q. When do I contact Palm Bay Police and Firefighters' Pension Fund after entering the DROP?**

To change your address

To change your beneficiary (Retirees may change their beneficiary up to two (2) times after retirement)

If you plan to leave employment with the City of Palm Bay

At least three (3) months prior to reaching your “end of DROP” date.

**Q. How will I receive documents by email?**

Complete an Email Authorization Form listing a personal email. To rescind or change the email address, complete the additional section on the form.

**Q. What documents will I receive by email and how often?**

Quarterly DROP Statement

Annual Affidavits are sent around June of each year and are required by State Statute as a necessary fraud prevention tool for the Plan. They let the Board know that you are still alive and allow us to make sure we have all your current information. You have thirty (30) days to return them to the office in person or by mail; however, if not received, your retirement check will be stopped until contact can be made. We have secured email to send you statements, but not to receive them from you.

Mortgage Statement or Income Verification Letters upon request

**Q. What is a forfeiture?**

If you are convicted of the offenses listed in Pension Ordinance 55.22 prior to retirement, or your employment is terminated by reason of your admitted commission, aid or abetment of those listed offenses, you shall forfeit or give up all rights and benefits under the Plan, except that you will receive the return of your accumulated contributions as of the date of termination. If it is determined that you might meet these guidelines, a Forfeiture Hearing may be held to determine your benefits, if any. Also pertinent to any Plan member is Pension Ordinance 55.23 Conviction and Forfeiture; False, Misleading or Fraudulent Statements.

**Q. Tax Cuts and Jobs Act Alters Tax Rules for Alimony**

Effective January 1, 2019, changes in the Federal Income Tax Laws have eliminated tax deductions for alimony if the marriage was dissolved or a

property settlement was made on or after January 1, 2019. This also includes any modification to an existing order or agreement if the modification is made on or after January 1, 2019. This means that income deduction orders which require alimony payments to a former spouse will be income to the member. Dissolutions of marriage orders or separation agreements entered on or before December 31, 2018 will remain under the prior rule. Members who are involved in a dissolution of marriage proceeding are strongly encouraged to consult a qualified tax advisor concerning the impact of both alimony and equitable division of marital property on the member's Federal Income Tax obligations. The Pension Fund Board of Trustees and staff CANNOT provide individual tax advice. We recommend you meet with your tax advisor on any tax issues.

**Q. Can I select a different beneficiary for my DROP and my regular monthly retirement pension payment that I will receive when I terminate employment?**

Yes, however, beneficiaries must be selected upon application for the DROP and Retirement. Once completed, you may only change your beneficiary up to two (2) times after retirement.

**Q. How do I change my beneficiary form?**

Call the pension office staff at (321) 724-8877. Do not use the form on the website. You may change your beneficiary up to two (2) times after retirement; however, there is an actuarial fee that you are responsible to pay in advance to calculate your new benefit which may then reduce your monthly retirement benefit. You must provide a certified copy of your new beneficiary's birth certificate for the analysis to be conducted.

**Q. How do I change my address?**

Fill out a Change of Address Form located on the "Retiree" page of the website. The original completed form may be hand-delivered or mailed to the pension office (address listed on the website). If you mail it, please call the pension office for confirmation of receipt.

**Q. How is the DROP rate of return determined and where can I find it?**

DROP rate of return is the rate of the return for the Fund, net of investment fees on those investments under management.

DROP returns are adopted by the Board of Trustees at their quarterly meetings held in February, May, August, and November.

Once the return is posted to your individual account, you will be mailed a DROP Statement.

DROP returns are posted on the website under menu item "Retirees."

**Q. When I exit the DROP what options do I have for withdrawing my DROP funds?**

You have a few choices that are only available at the time of exiting DROP. For details and limitations, talk to pension staff.

Leave the money in the Plan and receive annual installments, which are processed on December 1st of each year until your DROP funds have been depleted.

Rollover the balance to another qualified plan.

Request the balance in cash to be deposited to your account of choice. Our bank will withhold 20% for Federal Withholding as required by the Internal Revenue Service (IRS).

Or a combination of any or all the above.

**Q. When must I receive monthly distributions?**

Upon reaching the end of the sixty (60) month DROP period.

According to the IRS, you must take distributions upon reaching 70 ½ years old. If you are a DROP member, you will be required to terminate DROP and

have distributions begin at age 70 ½ if you have not yet met the sixty (60) month maximum time in the DROP.

**Q. Once I retire or go into the DROP, can I change my Benefits Election Option?**

No.

**Q. How do I allow my spouse, significant other or beneficiary to obtain information on my retirement?**

Click on the Fire Patch on the website. Print and complete an Authorization for Release of Member Pension Information Form. You may mail it, fax it, or hand-deliver it to the pension office. It will be placed in your pension file that will allow pension staff to talk to your designated contact person about all information related to your retirement with the Plan to include, but not limited to payment, election option, benefits, etc. Any change to this consent must be made in writing to the pension office.

**Q. What does my family do if I die?**

Call (321) 724-8877 immediately to notify pension staff. As soon as it is available provide a certified copy of the death certificate to the pension office.

**Q. What do I do if my beneficiary dies?**

Call (321) 724-8877 immediately to notify pension staff. As soon as it is available provide a certified copy of the death certificate to the pension office.