

## DROP Information Checklist

Name \_\_\_\_\_ Date \_\_\_\_\_

When preparing to enter the Deferred Retirement Option Program (DROP), employees should take certain steps to ensure they don't lose any of the DROP benefits. The following checklist is provided to assist you in meeting all time frames and to help you understand the step you are about to take when entering DROP.

\_\_\_ **Retirement counseling** — Appointments may be made with a retirement specialist at University Retirement by calling (352) 392-2477. This will provide you with an opportunity to discuss how the DROP pension benefits work and your status as an employee while participating in DROP. It is recommended that you do this 60-90 days prior to your DROP eligibility to better prepare for retirement.\*

\* The FRS [DROP Brochure](#) has detailed information regarding eligibility for the DROP program.

\_\_\_ **Applying for DROP benefits** — Three to six months prior to entering DROP, you will need to submit an application for DROP (DP-11, DP-ELE, and FRS-110), which are available from University Retirement or the Division of Retirement's web site at: [http://dms.myflorida.com/human\\_resource\\_support/retirement/forms](http://dms.myflorida.com/human_resource_support/retirement/forms). You also will be required to submit a:

\_\_\_ **Copy of your birth certificate**

\_\_\_ **Copy of your spouse's birth certificate if selecting Option 3 or 4**

(If a birth certificate is unavailable, acceptable birth date verification documents include a delayed birth certificate, census report more than 30 years old, life insurance policy more than 30 years old, documentation from Social Security Administration (SSA) stating the date of birth the SSA has established for payment of benefits for you or your joint annuitant, or certificate of naturalization.)

\_\_\_ **Effective retirement date** — Your DROP participation date and the date the Division of Retirement (DOR) receives your retirement application determines the effective retirement date. If your application is not received within 30 calendar days after you intended to join DROP, your effective date of retirement will be the first day of the month following the receipt of your application by the DOR. You will not receive retroactive benefits for the months prior to your effective date of DROP retirement. **Your application can be placed on file and any of the other requirements (such as option selection, birth date verification, payment of amount due to your account, etc.) may be met at a later date.**

\_\_\_\_\_ DROP effective date \_\_\_\_\_ DROP end date

**Option selected:** \_\_\_ Option 1 (Member Benefit Only)  
 \_\_\_ Option 2 (Ten Years Certain)  
 \_\_\_ Option 3 (Member and Joint Annuitant)  
 \_\_\_ Option 4 (Member and Joint Annuitant Benefit)

**Note: Option 4 reduces to two-thirds upon death of the member or joint annuitant.**

\_\_\_\_ **Annual leave payment** — Twelve-month faculty, A&P, and USPS employees may elect to be paid for accrued annual leave upon entering DROP. Participants who want their annual leave payments credited as part of their Average Final Compensation (AFC) must elect this option at the time of entering DROP and should advise University Retirement and the department payroll administrator of this. Policies governing DROP also provide that, upon conclusion of DROP, a participant who previously received a lump-sum payment for less than the maximum number of hours allowable (240 hours for USPS, 352 hours for A&P/12-month faculty, and 480 hours for Executive Service) will be eligible to receive a second lump-sum payment. The second payment will be the difference of the maximum hours allowable and the hours forfeited upon resignation. If you “cash out” the maximum hours of annual leave upon entering DROP, you will be ineligible to cash out additional creditable annual leave hours upon conclusion of DROP. Please plan your annual leave during DROP to ensure that you do not lose any annual leave upon leaving the university.

\_\_\_\_\_ Annual leave hours “cash out” upon entering DROP

\_\_\_\_\_ Date advised department payroll/personnel administrator. Your department is responsible for initiating the ePAF (electronic cash out transaction), or submitting forms to the appropriate office for processing. In addition, the department will need to certify the number of creditable annual leave hours for the employee to receive payment. Employees electing to cash out annual leave upon entering DROP will either receive a check for the payment (if its value is less than \$2000), or you will be eligible to participate in the Special Pay Plan, which is mandatory for all eligible employees. Your funds will be deposited in an account administered by Bencor. Please visit our website at <http://hr.ufl.edu/retirement/other/specialpayplan.asp> for more information.

Under certain circumstances, employees may also be eligible to tax-defer some of the cash out payment. In these cases, employees will be contacted by the Retirement Office to discuss their options. If eligibility exists, a salary reduction form must be completed and submitted to University Retirement before the payment is forwarded to Payroll Services for final processing.

\_\_\_\_\_ Hours of creditable annual leave eligible to be paid upon DROP conclusion

\_\_\_\_ **Sick leave payment (Not eligible for payment until leaving the university)** — Upon completion of a minimum of 10 years of creditable state service, employees are eligible to be paid for accumulated sick leave at the time of separation from the employer. Sick leave earned after October 1973 is paid at 1/4th of the accumulated hours not to exceed a lump-sum payment for 480 hours. Sick leave is paid at the rate of pay at the time you leave the university. The lump-sum payment is paid within 30 to 60 days of termination, and is a separate payment. Guidelines for participation in the Special Pay Plan are the same for this payment as for the annual leave cash out. It is the responsibility of your departmental administrator to initiate the cash out payment.

\_\_\_\_ **Payment of DROP benefits** — The DOR will send you a final calculation of your monthly benefit along with a sheet outlining your accumulation of benefits by month during DROP participation. Please keep this document in your records for future referral. DROP benefits are paid at the end of the month. DROP accounts earn interest compounded monthly at an effective annual rate of 6.5%. No interest is earned on benefits on deposit for less than one month or after the month in which you terminate employment. DROP benefits may increase annually with cost-of-living (COLA) adjustment, currently 3% (or by a prorated amount if you have been in DROP less than one year when you receive your first COLA).

\_\_\_\_ **Leaving DROP notification** — You will receive a letter from University Retirement 60 to 90 days in advance of leaving DROP. Around this time that the DOR will send you a form and ask you to indicate how you want to receive your DROP account benefits. Three options are available to you regarding your money in the DROP account.

- You may receive all of the money up front less 20% withholding. You may be responsible for additional withholding taxes depending on the tax bracket that you are in during that particular calendar year.
- You may receive a partial withdrawal and roll over the remaining funds to a tax-deferred account.
- You may roll all of the money over to a tax-deferred account.

\_\_\_\_ **Insurance continuation upon leaving DROP** — Your options and the necessary forms regarding continuation of health and/or life insurance coverage will be included in the letter that you receive from University Retirement 60 to 90 days prior to leaving DROP and the university. Instructions on how to proceed will be included.

\_\_\_\_ **Health insurance subsidy (HIS)** — DROP participants are not eligible to receive HIS payments until DROP participation ends. The subsidy payment will provide an additional \$5 per month for each year of service earned at retirement for a maximum of 30 years of service, up to \$150. Upon leaving DROP, the DOR will forward you the HIS application. This form must be completed, validated by your health insurance carrier or Retirement Services, and returned to DOR before you will begin receiving the monthly HIS benefit.

\_\_\_\_ **Re-employment with an FRS employer** — For 12 months after DROP ends, you cannot receive a monthly retirement benefit at the same time you are employed by an FRS-covered employer. Employees leaving DROP must cease all work relationships with all FRS employers and not be re-employed by any FRS employer during the first calendar month after initiating retirement benefits to meet the definition of termination and avoid canceling DROP retirement. If you are employed the second through the twelfth month with an FRS employer during the first year, your benefit will be suspended for any month you are employed by an FRS employer. Faculty may be reemployed as Adjunct Faculty the second through the twelfth month with an FRS employer without suspension of pension benefits not to exceed 780 hours in the first year.

**For assistance, contact:** University Retirement  
University of Florida  
903 W. University Avenue  
PO Box 115005  
Gainesville, FL 32611-5005

Telephone: (352) 392-2477  
E-mail: retirement@ufl.edu

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Employee signature

Date received

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Retirement Specialist