

CHAPTER 6.00 – HUMAN RESOURCES

DEFERRED RETIREMENT OPTION PROGRAM (“DROP”)

6.531

The Deferred Retirement Option Program (DROP) as defined in chapter 121, Florida Statutes, is an alternative method of deferred payment of retirement benefits for up to 60 months after an eligible member of the Florida Retirement System reaches his/her normal retirement date but wishes to continue employment with a Florida Retirement System employer. (Instructional employees as defined by Florida Statute 1012.01, may have the opportunity to extend their DROP date up to 36 additional months at the discretion of the Superintendent). In order to participate, the employee must submit a binding letter of resignation, establishing a deferred termination date. DROP will allow the participant to defer all retirement benefits payable during the DROP period. Upon termination of DROP, the participant will receive the DROP benefits and their regular retirement benefits under Chapter 121, Florida Statutes.

- I. Participation in DROP. All members of the Florida Retirement System are eligible for DROP. Members electing to participate in DROP must meet the eligibility and timeline requirements outlined in Florida Statute.
- II. Sick and Vacation Leave:
 - A. An employee participating in DROP will have an amount deposited within into their BENCOR ~~401A~~ Special Pay Plan account equal to the daily rate of pay of the employee multiplied by those percentages as outlined in Florida Statutes, Chapter 1012.61(2) of the employee’s accumulated sick leave days, not to exceed 180 days, unless changed by future negotiations or law. ~~that percentage for the time left under their DROP option multiplied by the value of the balance of the employee’s accrued sick leave days.~~ ~~DROP PARTICIPANT 60 months (maximum allowable) Year 1: 20.00% of balance of terminal sick leave; Year 2: 25.00% of balance of terminal sick leave; Year 3: 33.00% of balance of terminal sick leave; Year 4: 50.00% of balance of terminal sick leave; Year 5: 100.00% of balance of terminal sick leave.~~ ~~Allowing participants to shelter their terminal pay in this fashion maximizes the terminal pay that they can shelter. This occurs by the spread of those funds over the 60 month DROP period.~~ Terminal sick leave will be deposited either upon entering the DROP program or upon final separation of service subject to Internal Revenue Service contribution limits. Any excess amount will be paid to the participant, subject to all applicable taxes.
 - B. Sick leave will be earned during DROP as prescribed by state statutes.
 - C. All An employees participating in DROP shall be entitled to terminal pay for accrued receive their annual vacation leave not to exceed 60 days or as prescribed by Florida Statutes. Hours in excess of the legal limit will remain in the employee’s accrual. There will be no second pay off of vacation days when the employee subsequently separates from service. The employee may use any remaining accrued days for vacation purposes. Payment will be

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~~made~~ as a lump sum distribution at the time of enrollment in DROP. ~~Annual Vacation~~ leave will be ~~placed deposited~~ into ~~a the~~ “BENCOR NATIONAL PLAN” ~~Special Pay Plan~~ subject to ~~Internal Revenue Service~~ contribution limits. Any ~~annual leave in~~ excess of ~~Plan contribution limits amount~~ will be paid to the participant subject to ~~all applicable taxes Federal tax and related payroll taxes, (Social Security and Medicare)~~. The participant does not have access to Plan contributions until the end of the DROP – other than through loan provisions.

- D. ~~Employees electing to participate in DROP shall be entitled to terminal pay for accrued annual leave as required by state law, Board Policy and/or union contract. Any accrued vacation days, up to the cap of 60 days will be paid at the time the Board approves the employee’s DROP application or on the pay period just prior to the employee entering their DROP period, whichever comes later. Hours in excess of the 60-day cap will remain in the employee’s accrual. There will be no second pay off of vacation days when the employee subsequently separates from service with the Board. He or she may use any such accrued days for vacation purposes.~~

STATUTORY AUTHORITY: 1001.41(2); 1001.42; 1012.61, F.S.

LAWS IMPLEMENTED: 121.091(13); 1001.43, F.S.

HISTORY: Adopted: 8/21/01
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NOTES: