



////// DROP EXIT //////////////////////////////////////  
**checklist**



**IMPORTANT INFORMATION ABOUT**

DEFERRED RETIREMENT  
OPTION PROGRAM (DROP)

**RAYMOND JAMES**



## PENSION OPTIONS: A QUICK REVIEW

You will select your option BEFORE your DROP START date or your NORMAL RETIREMENT date if you decide not to enter DROP.

This is an irrevocable decision that cannot be changed once selected. All four options will provide a benefit for your entire life; however, you will want to determine if a continuation benefit is essential for your family.

*OPTION 1* will provide the retiree with the highest monthly benefit. The benefit will stop at your death.

*OPTION 2* is a reduced monthly benefit payable for your lifetime. If you die within a period of 10 years from your retirement date or DROP begin date, your designated beneficiary will receive the same monthly benefit you were receiving until the monthly benefits payable to both you and the beneficiary equal the balance of the 10-year period. If you die after that 10-year period, there is no continuing benefit to the beneficiary.

*OPTION 3* is a reduced monthly benefit payable for your lifetime as well as your spouse's. Upon your death, your joint annuitant, if living, will receive the same monthly benefit you were receiving. No further benefits are payable after both you and your joint annuitant are deceased.

*OPTION 4* is an adjusted monthly benefit payable to you while both you and your joint annuitant are living. Upon the death of either you or your joint annuitant, the monthly benefit payable to the survivor is reduced to two-thirds of the monthly benefit received when both were living. No further benefits are payable after both you and your joint annuitant are deceased.



## WHAT IS THE DROP PROGRAM?

The Deferred Retirement Option Program (DROP) is offered for vested members who have reached their normal retirement date either due to age or years of service. While participating in DROP, your monthly retirement benefit (i.e., pension check) accumulates each month in the the state trust fund, earning tax-deferred interest, while you continue to work and earn a salary.

Because your monthly retirement benefit must be calculated upon entering DROP, and your DROP account accumulates as a direct result of your monthly retirement check being deferred, you are not able to earn additional Service Credit (Years of Service) while in the DROP program.

### *IMPORTANT:*

Ninety days before your last day in DROP, you will receive a packet from the division of retirement services.

### **Termination Form**

This form will verify DROP termination date and require your notarized signature in addition to the signature of your employer. This form will notify the state that your pension check should now come to you, and no longer be deposited in the the state trust fund because you have now completed your DROP term.

### **Payout Form**

This form will require your selection of a payout method for your DROP money and will need to be SIGNED IN FRONT OF A NOTARY.

You have 60 days from your termination date to make a decision. If you do nothing, the default selection is a LUMP SUM distribution.



## LIFE AFTER DROP

**Your first pension check will arrive 30 days AFTER your exit date. The state processes payroll on the 25th of each month.** Checks will be mailed and received the first week of the month or **no later than the fifth day of the next month.**

A WEEK AFTER YOUR FIRST PENSION CHECK ARRIVES, you will receive a SECOND packet from the the division of retirement services.

### *IMPORTANT FORMS:*

#### **W-4P Form**

This form will allow you to change your withholdings for tax purposes. The default option is married with three dependents. This form will allow you to modify your withholding to better suit your tax situation.

#### **Health Insurance Subsidy Form**

Once this form is submitted, your Health Insurance Subsidy (HIS) dollars will be included in your pension check. Because you are owed an HIS payment for your first check, after submission of this form, your next check will include two months of Health Insurance Subsidy, a retro payment for the first pension check and payment for the current month.

#### **Direct Deposit Form**

This form tells the state to deposit your pension check into your personal checking account.



## YOUR ESSENTIAL DROP EXIT CHECKLIST

**90 DAYS BEFORE YOU RETIRE:** You will receive your DROP exit packet from the state. Inside the manila envelope, you will find two of the most important forms you'll need for exiting the the Termination Form and Payout Form.

- 1. Complete the Termination Form.** Schedule a meeting with your Benefits Department ASAP to complete this form. Your employee Benefits Department will need to complete this form with you as it must be signed and notarized. Upon receipt, the Division of Retirement services will send you a confirmation email.
- 2. Complete the Payout Form.** Fill out this form, sign it, and have it notarized. Then submit it to the Division of Retirement Services to let it know where to send your DROP money. Your three options include:
  - Cash Distribution (Be mindful of taxes)
  - Rollover (Roll to pre-tax or after-tax investment)
  - Partial Distribution
- 3. Complete the Direct Deposit (EFT) Form.** If you complete the Direct Deposit form, you will need to mail a copy of your driver's license plus a voided check. Alternatively, you may log on to the state website to set up Direct Deposit.

**30 - 45 DAYS AFTER YOU RETIRE:** There are two more forms to complete at this time.

- 4. Complete the W-4P Form.** The default tax option for the state pension is married with three allowances. This means limited taxes are being withheld. Your pension check is considered ordinary income, so we recommend submitting this form to reflect your updated tax situation.
- 5. Complete the Health Insurance Subsidy Form.** This is the health insurance subsidy. It will be attached to your pension check to help reduce the cost of health insurance. The state gives you \$5.00 for each year of service with a max of 30 years or \$150.00 monthly.

**IF YOU ARE ELIGIBLE:**

- 6. Apply for Social Security Benefits.** Visit [ssa.gov](http://ssa.gov) or your local Social Security office to do so. The earliest age you could take social security is at 62, the latest you can defer your social security benefit is 70.
- 7. Apply for Medicare Benefits.** Visit [ssa.gov](http://ssa.gov) or your local Social Security office. Medicare is available at age 65 and is generally more economical health insurance than other options.

WHERE YOUR PERSONAL FINANCIAL WEALTH  
*is always the focus of our relationship*



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