



AUSTIN FIREFIGHTERS RETIREMENT FUND
DEFERRED RETIREMENT OPTION PLAN (DROP)

DROP PROCEDURE

A. PURPOSE

This procedure provides a process for members to enter the Deferred Retirement Option Plan (“DROP”) of the Austin Firefighters Retirement Fund (“Fund”). In addition, this procedure is intended to outline for members and DROP participants the steps, time frames, and general rules regarding the DROP, the processing of applications for participation in DROP, and the processing of distributions from the DROP.

B. ELIGIBILITY

1. In order to be eligible to participate in DROP, a member must, as of his/her intended date of participation in DROP:
 - a. Have attained the age fifty (50) years and have at least ten (10) years of service credit in the Fund; OR
 - b. Have at least twenty-five (25) years of service credit in the Fund, regardless of age.
2. A member can participate in a Forward DROP or a Back DROP. These options are explained here.
3. A Member’s election to participate in DROP is irrevocable.

C. PROCEDURE

1. A member who desires information concerning DROP, but is not yet prepared to participate in DROP may:



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- a. Request an estimate of the amount of his or her DROP benefit; and/or
 - b. Schedule an appointment with the Fund staff to discuss the DROP benefit, including an estimate of the amount of his or her DROP benefit.
2. A member of the Fund who is retiring and desires to participate in DROP must schedule an appointment to meet or speak with the Fund staff (“Appointment”).
 3. Prior to the Appointment, the Fund staff may email information pertaining to DROP participation to the member.
 4. A member must bring the following items to the Appointment:
 - a. A copy of his/her driver’s license;
 - b. If married, a copy of his/her marriage certificate;
 - c. A copy of his/her Qualified Domestic Relations Order (QDRO), if divorced since becoming a member;
 - d. A copy of the birth certificate for any unmarried child/children under the age of twenty-two (22), other than a child who has been determined by the Board not to be dependent on the member;
 - e. The social security numbers for any child described above and for the member’s current spouse, if any; and
 - f. A voided check to the member’s bank account.
 5. In the event a member who is married desires to designate a beneficiary other than his/her spouse for DROP benefits, the member’s spouse must also attend the Appointment for the purpose of exercising his/her consent to such beneficiary designation;
 6. During the Appointment, the DROP participant must be prepared to execute and sign the retirement forms including the DROP application.
 7. Subsequent to the Appointment, staff will place the member’s DROP application for a retirement pension on the Board agenda for the next regularly scheduled



Board meeting for approval, provided the application has been received at least ten (10) business days prior to that meeting.

8. If granted, the Board approval shall be effective on the first day of the month following the date on which the member filed the Application.
9. Fund staff will provide annual balance statements to DROP participants in January of each calendar year. Staff will also respond to other balance inquiries throughout the year only if made by a DROP member pertaining to his/her DROP balance. Should the DROP member pass, the designated beneficiary of such DROP member may inquire upon the DROP balance.

D. DISTRIBUTION FROM DROP ACCOUNT

1. To request a distribution from a DROP account, either full or partial, the participant must follow the process:
 - a. File a completed distribution form with the Fund.
 - b. If the distribution form is received by the Fund by the 15th day of the month and is approved and accepted by Fund staff, the distribution will occur on the last day of the same month in which the form was received, or such later date specified by the participant on the distribution form.
 - c. If the form is received after the 15th day of the month and is approved and accepted by the Fund, the distribution will occur on the last day of the month following the month in which the form was received, or such later date specified by the member on the distribution form.
2. All distributions from a DROP account will be made by the last day of the calendar month as long as the form was received by the 15th day of that month.
3. All distributions from a DROP account are subject to a mandatory twenty percent (20%) withholding for federal income tax or the withdrawal is directly rolled over into an Individual Retirement Account or Individual Retirement Annuity (IRA) or another eligible retirement plan.



4. To the extent permissible under federal tax laws, payment from a member's DROP account can be made in the following forms:
 - a. A single-payment distribution made at a time selected by the DROP participant but no later than April 1 of the year after the participant attains seventy and one-half (70 ½) years of age; or
 - b. In not more than twelve payments, which may be equal or unequal (as the DROP member may determine), all of which must occur no later than April 1 of the year after the DROP member attains seventy and one-half (70 ½) years of age; and
 - c. In not more than four (4) payments per year.
5. No DROP benefit will be paid (or otherwise distributed) to a DROP member until the effective date of the Board's grant of a retirement annuity to the DROP participant.
6. No DROP distribution shall be made to any DROP member who has not attained age fifty-nine and one-half (59 ½) at the time of retirement unless either:
 - a. The member had attained age fifty (50) prior to separation from service, or will attain age 50 during the calendar year of such separation, and have at least ten (10) years of service credit in the Fund; or
 - b. A full distribution is made in the form of a rollover to an individual retirement account or an eligible governmental deferred compensation plan as defined in Section 457 of the Internal Revenue Code following retirement approval.