

ADDITIONAL QUESTIONS TO CONSIDER

When do I have to enter DROP?

You are eligible to participate in the DROP at any time after you reach normal retirement. There is no penalty for delaying entry into the DROP and participating for the full 96-month period after you reach normal retirement.

How can specified K-12 instructional personnel extend DROP participation?

Specified instructional personnel may be permitted to extend DROP participation (see Page 15 for more information).

Can I enroll in DROP if I am on a leave of absence or on workers' compensation?

Yes, on or after reaching your normal retirement date, you can join DROP while on a leave of absence or on workers' compensation. However, once you return to work as a DROP participant, the division cannot add any additional salary or service credit to your retirement benefit for that period.

Can I change my option selection or buy additional service credit while in DROP?

No, once your participation in DROP begins, your retirement is final and you cannot add service credit, change retirement options, or change the type of retirement you chose to retire under.

How can I use my remaining months of DROP eligibility before terminating DROP?

To take advantage of additional DROP eligibility you must submit a revised DP-ELE form to the Division of Retirement. Participation in DROP is not a guarantee of employment. If your employer does not authorize your revised DP-ELE you may choose to change employers (see note below).

Can I change FRS employers while in DROP?

Yes, but if you are terminated for one calendar month or more while changing employers, then your DROP participation will end.

Note: If you change employers while in DROP, you must secure new employment by the end of the next calendar month, complete a new Form DP-ELE, Notice of Election to Participate in the DROP and Resignation of Employment with the DROP participation dates with your new employer. Your overall DROP participation with all employers cannot exceed 96 months unless you are employed in an eligible position and authorized by your employer for an extension. If you change employers and are employed in another eligible position during a period of extended DROP participation, you must also complete a new Form DP-EXT, Extension of Deferred Retirement Option Program (DROP) for Specified K-12 Personnel, with the DROP participation dates with your new employer. In the case of extension, your overall extended participation in DROP with all employers cannot exceed the allowable limit (see page 12).

Are there any limitations that apply to working for, or providing services to, an FRS employer during the first 12 calendar months after my DROP participation is over?

Yes. To begin receiving a retirement benefit, including the DROP payout, you must terminate all employment relationships with all FRS employers. If you are dually employed with one or more FRS employers, you must terminate from all positions, even if one of those positions is not an FRS-covered position. You must terminate from all positions that include, but are not limited to:

- Full time work
- Part time work
- Other personal services (OPS)
- Election poll work
- Substitute teaching
- Adjunct instructing
- Contractual services
- Third-party companies providing services to FRS employers

Beginning July 1, 2023, volunteer services performed for an FRS employer's post-employment volunteer program that meets specific statutory criteria² allows retirees to provide civic, charitable, and humanitarian services during the first 12 calendar months following retirement without causing the retiree to violate the termination requirement or reemployment restriction.

You are subject to the following termination requirement and reemployment limitation in the first 12 calendar months following your DROP termination date.

² section 121.091(15), Florida Statutes

**TERMINATION REQUIREMENT:
1st through 6th calendar months of retirement**

You must have a bona fide termination by terminating all employment relationships with and cease to provide services to all FRS employers for the first six calendar months after your DROP termination date.

An employment relationship with an FRS employer in any capacity during this six-calendar month period may void your retirement, and you and your FRS employer will be held jointly and severally liable to repay all benefits you received, including any accumulated DROP payout. This means that each party can be held fully responsible for the repayment of the total amount of retirement benefits. There are no exceptions to the six-calendar month termination requirement.

Voiding your retirement applies even if the position you hold is not covered by the FRS but is with an FRS employer. This requirement also applies to employment with the same employer if the employer withdrew from the FRS effective January 1, 1996, for newly hired employees.

**REEMPLOYMENT LIMITATION:
7th through 12th calendar months of retirement**

After you satisfy termination by not providing a service to an FRS employer during the first six calendar months after your DROP termination date, there is an additional limitation to you providing services (paid or unpaid) to FRS employers. During the seventh through twelfth calendar months after your DROP termination date, you may not receive a retirement benefit while also being in an employment relationship with or providing a service to an FRS employer in the same month. This limitation applies even if the position you hold is not an FRS covered position but is with an FRS employer.

If you choose to provide any services to FRS employers during this reemployment limitation period, you must inform the division so that your retirement benefit can be suspended while you provide the services during the remainder of your first 12 calendar months after your DROP termination date. You and the FRS employer you provide services to may be held jointly and severally liable to repay any retirement benefits you received while providing services to FRS employers during this period. Your suspended retirement benefits for the months you provide services to an FRS employer during the reemployment limitation period will never be received.

Beginning the 13th calendar month after your DROP termination date, there are no limitations on receiving your retirement benefit while providing services to an FRS employer.

Note: The reemployment limitation does not apply to retired law enforcement officers reemployed as a school resource officer by an FRS employer.

For questions regarding the termination requirement or reemployment limitation, please contact the Division of Retirement (see Page 2).

Note: See the Ready. Set. Retire. Guide for more information. You can view or download this guide from the Publications page of the division's website at frs.myflorida.com.

How do I change beneficiaries while in DROP?

To change your DROP beneficiary, you must change the beneficiary of your retirement benefit. If you chose either Option 1 or Option 2, you can change your beneficiary by completing and returning a Beneficiary Designation for Retired Members Form (FST-12).

If you chose Option 3 or Option 4, your beneficiary is your joint annuitant, who is eligible to receive lifetime monthly benefits upon your death. Exception: A child under the age of 25 is eligible to receive a monthly benefit until age 25, unless disabled. If you wish to change your joint annuitant, contact the Division of Retirement (see Page 2) and request a Change of Joint Annuitant Form (JA-1). You can change your joint annuitant only twice during retirement. If you change your joint annuitant after retirement, your retirement benefit will be recalculated based upon your age at that time and your new joint annuitant's age. A revised DROP accrual summary will be provided to you reflecting the change in your future benefit payments. To qualify as a joint annuitant, your beneficiary must be:

- your spouse; or
- your natural or legally adopted child who is either under age 25 or who is physically or mentally disabled and incapable of self-support (regardless of age), or
- your parent or grandparent or a person for whom you are the legal guardian, provided that your parent, grandparent, or other such person is financially dependent upon you for half or more of support.

If you chose Option 3 or Option 4 and your joint annuitant dies while you are in DROP, you could name a new beneficiary to receive only your accumulated DROP benefits in case you die while in DROP. Use a Beneficiary Designation for Retired Members Form (FST-12) to make this restrictive beneficiary designation. In that case, your new beneficiary would not have to qualify as a joint annuitant, would not count as one of the two joint annuitant changes allowed by law after retirement, and would not be eligible for a lifetime monthly benefit upon your death.

If your joint annuitant dies while you are in DROP or you become divorced and nullify your joint annuitant, you may use a Beneficiary Designation for Retired Members Form (FST-12), to name a new beneficiary for your DROP accumulation only (see next question).

Who is entitled to my DROP benefits if I die while participating in the program?

Your FRS designated beneficiary is eligible to receive your DROP accumulation. If you chose Option 2, Option 3, or Option 4, your beneficiary could receive a continuing monthly benefit according to the terms of the benefit payment option you selected.

Note: While the FRS Option 2 guarantees benefits for a 120-month period, that period starts when your DROP participation begins. Monthly benefits would continue to be paid to your surviving beneficiary only for any months remaining in that period after your death.

If your Option 3 or Option 4 beneficiary predeceases you during DROP participation, you can name a beneficiary who does not qualify as a joint annuitant to receive your DROP accumulation if you die before your DROP participation ends.

Survivors of DROP participants are not eligible for in-line-of-duty death benefits.

If I divorce after joining DROP and I chose Option 3 or Option 4, can I remove my former spouse as my beneficiary?

Yes, you can nullify your joint annuitant by completing a Joint Annuitant Nullification Form (JA-NULL), unless a Qualified Domestic Relations Order (QDRO) prevents such an action. The effective date of the change will be the first of the month after the division receives this form. Be aware that:

- If you chose Option 4 when you entered DROP, your benefit will be reduced by one-third at the time this change becomes effective (the same as if your spouse had died before you).
- If you chose Option 3 when you entered DROP, the benefit amount you receive will not change but if you name a new joint annuitant your monthly benefit will be adjusted based on your age and your new joint annuitant's age.

How would a QDRO affect my DROP accumulation?

If you are divorced and have an approved QDRO on your FRS retirement account, your monthly benefit accumulating in DROP will be subject to the monthly deduction amount stated in the QDRO, unless it addresses and specifically excludes DROP accumulations from such deduction. If your QDRO requires a COLA to the deduction amount, the adjustment will be reflected in the amount deducted from your monthly benefit. The amount distributed to your former spouse at the end of your DROP participation will be the accumulation of the monthly deductions (including COLA, if applicable), plus interest, during your period of DROP participation. The division will deduct this amount from your total DROP accumulation.

Am I guaranteed employment if I am enrolled in DROP?

No, your employment status is not changed by your DROP participation and DROP does not guarantee continued employment. You can quit your job or your employer may lay you off or terminate you in the same manner as before your DROP participation began.

Can I cancel my DROP application?

To cancel your DROP application, a written cancellation request must be received by the division before or by the end of the first month of DROP participation.

Can I choose to cancel my DROP participation?

You cannot cancel your DROP participation once your DROP application is finalized and after your first month of DROP participation. If your employer agrees to rescind your previously agreed upon employment termination date (and established DROP termination date), your DROP participation will be voided when you fail to satisfy the termination requirement by working past your previously established DROP termination date. If this is going to occur, you and your employer are encouraged to submit Form DP-VOID, Deferred Retirement Option Program Void Form to the division within three calendar months before your DROP termination date. Once DROP is voided, your retirement membership will be reestablished as if you did not participate in DROP, and your employer must pay any difference in required employer and employee contributions. You must apply again to establish a future retirement date.

If I decide to roll over my DROP accumulation, what are my rollover options?

The law states that rollovers must be paid directly to the custodian of an eligible retirement plan, defined in section 402(c)(8)(b) of the Internal Revenue Code. An eligible retirement plan includes the following plans:

- An individual retirement account as described in section 408(a) of the Internal Revenue Code, which includes a non-designated ROTH IRA;
- An individual retirement annuity as described in section 408(b) of the Internal Revenue Code (an annuity set up by an insurance company);
- A qualified trust - a stock bonus, pension, or profit-sharing plan of an employer (defined contribution and defined benefit plans) established for the sole and exclusive benefit of employees or their beneficiaries in accordance with section 401(a), 401(k), or 403(b) of the Internal Revenue Code;
- An annuity plan as described in section 403(a) of the Internal Revenue Code; and
- A deferred compensation account qualified under section 457 of the Internal Revenue Code or an annuity plan qualified under section 403(b) of the Internal Revenue Code.

After-tax employee contributions (e.g., required after-tax employee contributions members paid prior to 1975 or payments for optional service credit you purchased using after-tax dollars), included in your DROP accumulation are paid directly to you as a tax-free, lump-sum payment and are computed using the Simplified Method under the Internal Revenue Code. This portion of your benefit represents your after-tax contributions that cannot be rolled over into a tax-sheltered account. See IRS Publication 575 for more information about the Simplified Method. If you die while participating in DROP and your spouse is named as your beneficiary, your spouse may receive a distribution of your account proceeds after your death, as described in section 402(c)(9) of the Internal Revenue Code.

Do I have the option to roll over my DROP accumulation to a different eligible plan after the division has rolled it over to the eligible retirement plan I initially selected?

Contact the custodian of the eligible plan that received your DROP rollover to discuss a subsequent rollover to another eligible plan.

What if I become disabled while participating in DROP?

If you become disabled while in DROP and terminate employment, you will begin to receive the monthly retirement benefit determined when you retired and began DROP, including any COLA increases, plus your DROP accumulation up to the point of your termination. You will not be eligible to change your type of retirement to a disability retirement.

Am I eligible to receive the Health Insurance Subsidy (HIS) benefit while I am in DROP?

No, you cannot receive the HIS benefit while participating in DROP, and you cannot receive additional service credit toward your HIS benefit for your years of DROP participation. After your DROP participation ends and at approximately the same time you receive your first monthly benefit, you will receive a packet from the division. The packet will include a Health Insurance Subsidy Certification Form (HIS-1), which you must complete and return. This form is also available from the Forms page of the division's website at frs.myflorida.com. The division will evaluate your eligibility for HIS benefits after receiving your completed Form HIS-1, Health Insurance Subsidy Certification. If you are approved, HIS benefits will be included in the same payment as your retirement benefit each month. In addition, you will receive HIS benefits retroactive to the month after your DROP participation ended, or up to a maximum of six months of retroactive benefits.

Am I covered for Social Security while participating in DROP?

Yes, provided your retirement plan included Social Security coverage before you elected to retire and participate in DROP. If you plan to work and participate in DROP past age 65, ask your human resource officer or contact the Social Security Administration about enrolling in Medicare when you reach age 65, even if you will not begin receiving Social Security benefits until you terminate employment. If you are late enrolling in Medicare, you may have to pay higher premiums.