

FORT WORTH EMPLOYEES' RETIREMENT FUND

DEFERRED RETIREMENT OPTION PROGRAM (DROP) PACKET

FOR MEMBERS WHO HAVE MET THEIR NORMAL RETIREMENT DATE

Planning Ahead	Please make an appointment to see your Member Services Specialist at least thirty days before you plan to join the DROP program. At your appointment you will be provided with all the necessary paperwork, resources and information that are essential to joining DROP. A Member Services Specialist will provide you a detail explanation of what joining DROP entails and give you a projection of the amount your DROP account will accumulate. Along with the application, certain documents are required for your file- please see below for details. You can choose to download the application here or fill it out in the office. Remember, all completed paperwork must be received in our office by the 10 th of the month to take effect the 1 st of the following month (example: to retire on June 1 st , turn in all documents by May 10 th).	<input type="checkbox"/>
PACKET		
Rules and Procedures	Please read thoroughly and have a Member Services Specialist answer any questions you may have.	<input type="checkbox"/>
DROP Application	Please fill this form out completely. You will need to initial six (6) places.	<input type="checkbox"/>
Notarization	Your spouse's signature must be notarized on the last page. There are notaries available in the office, but please make an appointment.	<input type="checkbox"/>
	.	<input type="checkbox"/>
OTHER ESSENTIAL ITEMS		
Bring Copies of each of these documents for your file.	Bring these documents into our office along with the application packet: <ol style="list-style-type: none"> 1. Driver's license 2. Social Security Card 3. Birth Certificate 4. Marriage license 	<input type="checkbox"/>
REMINDER	This is not an election of retirement. You are still an active employee and must fill out an application for retirement at least thirty days before you choose to terminate employment.	<input type="checkbox"/>
Deadline	All completed paperwork must be received in our office by the 10 th of the month to take effect the 1 st of the following month.	<input type="checkbox"/>

If you have any questions or want to make an appointment, please call our office at 817-632-8900.

Fort Worth Employees' Retirement Fund
4100 International Plaza, Ste. 730
Fort Worth, TX 76109

DEFERRED RETIREMENT OPTION PROGRAM

RULES AND PROCEDURES

FORT WORTH EMPLOYEES' RETIREMENT FUND

PURPOSE

These rules and procedures provide a coordinated and documented process by which applicants may enter the Deferred Retirement Option Program (“DRO”) of the Fort Worth Employees’ Retirement Fund (the “Fund”). The Fund’s Board of Trustees (the “Board”) may change these rules and procedures, and any other rules, policies, procedures, or forms adopted pursuant to the DRO provisions of the Retirement Rules of Administration (the “Rules”) at any time, both retroactively and prospectively, with or without notice to participants in the Fund (“Members”) or participants in DRO (“DRO Members”). The Board, and the Fund’s administrative staff (the “Staff”), to the extent the Board has delegated responsibilities to the Staff, have absolute discretion in interpreting the Rules, these rules and procedures, and any other rules, policies, procedures, and forms regarding DRO. Finally, although these rules and procedures, and the various other rules and forms, supplement the DRO provisions of the Rules, the provisions of the Rules always govern, especially if there are any discrepancies.

PROCEDURES

1. A Member who wants information regarding DRO may request from the Staff general information regarding DRO, including a non-binding estimate of the monthly amount that would be credited to a Member’s DRO Account (as defined in paragraph 7).
2. The Appointment
 - a. A Member who wants to elect DRO must schedule an appointment (the “Appointment”) to meet with the Staff. Attendance at the Appointment is required.
 - b. The Appointment must be scheduled on or prior to the date the Member submits the Member’s Election Form (as defined in Subparagraph e) to the Staff. The Appointment must be scheduled during the normal business hours of the Staff, currently 8:30 a.m. to 5:30 p.m., Monday through Friday. The Appointment preferably should be scheduled no later than 30 calendar days, and must be scheduled no later than 7 calendar days, prior to the date the Board is to consider the Election Form.
 - c. If time permits prior to the Appointment, the Staff will mail the Member information regarding DRO.
 - d. A Member must bring the following to the Appointment:

- (1) a copy of the Member's birth certificate; and
 - (2) if the Member is married, a copy of the marriage license or declaration of informal marriage.
- e. During the Appointment, the Staff will:
- (1) inform the Member of the contents of these rules and procedures, the DROP provisions of the Rules, and the application for participation in DROP (the "Election Form");
 - (2) respond to questions the Member may have concerning the contents of these rules and procedures, the DROP provisions of the Rules, and the Election Form; and
 - (3) receive the Election Form if the Member elects to participate in DROP and is eligible to complete the Election Form.
 - (i) To be eligible to complete the Election Form, the Member must be eligible to retire under the Rules within 60 days, i.e., the Member must already have reached the Member's Special Retirement Date or Normal Retirement Date (as both dates are defined by the Rules), or must anticipate reaching one of such dates within 60 days of completion of the Election Form.
 - (ii) The Election Form must be signed and initialed by the Member and, where appropriate, the Member's spouse (the signature of the Member's spouse must be notarized).
 - (iii) The Member must verify in the Election Form that he or she:
 - (A) understands the terms and conditions of DROP, as expressed in the Rules, in these rules and procedures, and in the Election Form;
 - (B) has not relied on any oral representations of the Staff in electing to participate in DROP; and
 - (C) has had the opportunity to consult a legal and tax advisor regarding the effects of DROP.
 - (iv) The Member need not submit an Election Form at the Appointment, but may submit it at a later time, after further consideration.
3. Once the Member has submitted an Election Form to the Staff, the Staff will review the Election Form to determine whether it has been completed properly and fully.

4. Upon full and proper completion of the Election Form, as determined by the Staff, the Election Form will be placed for approval on the agenda of the next regular meeting of the Board.
5. If the Board approves the Election Form, the Election Form and the Member's participation in DROP will be effective on the first day of the first month after the date of approval by the Board, or, if later, the first day of the first month after the Member reaches the Member's Normal Retirement Date or Special Retirement Date.
6. The date an Election Form becomes effective, at which time a Member becomes a DROP Member, is called the "DROP Effective Date."
7. If the Board approves the Election Form, within a reasonable time after that approval, the Staff will notify the new DROP Member of the Board's approval of the Election Form and of the amount of DROP benefits to be credited monthly to a notional account for the Member's DROP benefits ("DROP Account").
8. If the Board rejects the Election Form, within a reasonable time after that rejection, the Staff will notify the Member of the rejection and will include in that notice the reasons for the rejection.
9. Beginning with the month of the DROP Effective Date and continuing each month thereafter until (and including) the month in which the DROP Member leaves active service, a DROP Account will accrue an amount equal to the monthly retirement pension the DROP Member would have received if the Member had left active service and been granted a retirement pension by the Board effective as of the DROP Effective Date, except that in calculating the monthly retirement amount a Member's accumulated sick leave and major medical leave will not be added to the Member's Credited Service and the accruals will not include any cost of living adjustments which the Member would have been eligible to receive if the Member had in fact retired. Notwithstanding the preceding sentence, in no event will a Member receive credits to the Member's DROP Account for more than five years.
10. A Member's DROP Account will not be credited with earnings or interest and no withdrawals will be permitted from a Member's DROP Account prior to actual retirement (or death).
11. Each year, the Staff will provide DROP Members with a statement of the balance in their DROP Accounts as of the end of the preceding calendar year.
12. A DROP Member who has terminated or will terminate employment with the City must schedule an appointment (the "Exit Consultation") to meet with the Staff prior to the receipt of any retirement pension or DROP benefit. The Exit Consultation should be scheduled not more than 60 days before termination.
13. If time permits prior to the Exit Consultation, the Staff will mail the DROP Member all forms necessary for receipt of a retirement pension and DROP benefits (including information regarding lump sum and installment distributions of the DROP Account).

14. During the Exit Consultation, the DROP Member must be prepared to execute forms regarding federal income tax withholding and direct deposit of retirement pension and DROP benefits.
15. After the Exit Consultation and the proper completion of the applicable forms and procedures, the Staff will place the DROP Member's application for a retirement pension on the Board's agenda in accordance with the same procedures applicable to non-DROP Members who are applying for retirement pensions.
16. If the Board approves the DROP Member's application for a retirement pension, within a reasonable time after that approval, the Staff will notify the DROP Member of the Board's approval, and will make arrangements for payment of the pension.
17. If the Board rejects the DROP Member's application for a retirement pension, within a reasonable time after that rejection, the Staff will notify the DROP Member of the rejection and will include in that notice the reasons for the rejection.
18. The election to participate in DROP becomes irrevocable on and after the date it is approved by the Board. Prior to the date of Board approval, the election can be revoked only in writing signed by the Member. Such a revocation must be received by the Staff no later than 5 calendar days before the date the Board is to consider the election.
19. A DROP Member must continue to make contributions to the Fund while employed by the City. Similarly, the City's contributions to the Fund shall also continue while the DROP Member is employed by the City.
20. A DROP Member is not eligible to elect an Alternative Pension Benefit (actuarially equivalent pension) upon retirement. A DROP Member must receive a Normal Retirement Pension or Special Retirement Pension (if eligible) subject to appropriate adjustments due to the Member's participation in DROP.
21. The maximum number of months a Member may be in DROP is 60 months. However, there is no minimum DROP period.
22. When a DROP Member terminates employment with the City and retires, the Member's retirement pension will be calculated as if the retirement pension had become effective on the DROP Effective Date, except that the retirement pension will not include any cost of living adjustment unless the Member completed at least two years of service with the City after his or her DROP Election became effective. Accordingly, as of the DROP Effective Date:
 - a. A DROP Member will cease to earn additional Credited Service as of the Member's DROP Effective Date.
 - (1) A DROP Member's Credited Service will be calculated as of the DROP Effective Date, regardless of any additional service after the DROP Effective Date.
 - (2) Notwithstanding Subparagraph (1) above, any sick leave and/or major medical leave which a DROP Member has accumulated but has not used

at the time of retirement will be added to the Member's Credited Service as provided in the Rules.

- b. A DROP Member's Compensation Base will be frozen as of the Member's DROP Effective Date.
 - (1) A DROP Member's Compensation Base will be calculated as of the DROP Effective Date, regardless of any increases in earnings after the DROP Effective Date, and regardless of any cost of living adjustments which the Member would have been eligible to receive if the Member had in fact retired.
 - (2) However, when the DROP Member in fact retires and begins receiving the Member's monthly retirement pension, the Member will be eligible for any future cost of living adjustments to that pension. And, if a Member had completed at least two years of service with the City prior to actual retirement, the Member shall receive a cost of living adjustment on the following January 1, regardless of whether the Member's pension had commenced by September 30.
- 23. The Board has the authority for any reason to amend, terminate, or otherwise modify DROP at any time, both prospectively and retroactively.
- 24. No DROP benefit will be paid (or otherwise distributed) to a DROP Member until on or after the effective date of the Board's grant of a retirement pension to the DROP Member. All distributions of DROP benefits must be approved by the Board.
- 25. To the extent permissible under federal tax laws, payment of the DROP Account may be made in a single-sum distribution at the time the Member begins receiving the Member's retirement pension under the Rules.
- 26. In lieu of a single-sum distribution of a Member's DROP Account, a Member may elect to have the Member's DROP Account paid in an actuarially determined lifetime monthly annuity benefit, in five annual installments or by rollover to an eligible retirement plan in accordance with provisions of the Internal Revenue Service. If a Member elects an installment distribution, no interest, earnings or other amount will be credited to the DROP Account during the installment period. Appropriate taxes will also be withheld from any installment and distributions.
- 27. A DROP Member is not eligible to receive disability retirement benefits under the Retirement Rules. If a DROP Member does become disabled, the Member may retire from the City and receive the amount that has been credited to the Member's DROP Account in a single-sum distribution, or, if the Member so elects, in one of the methods described in section 26 above. Such a Member may commence a Normal Retirement Pension and Special Retirement Pension, as applicable, with the amount determined as of the effective time of the DROP Election.
- 28. If a DROP Member dies leaving any balance in the Member's DROP Account, the balance in the DROP Account will be distributed to the DROP Member's spouse, or, if

there is no spouse, to the DROP Member's designated beneficiary or estate. Such distribution will be made in a single sum (or, if the person eligible to receive the DROP Account so elects, in one of the methods in section 26 as provided above) and the remaining portion of the Member's pension benefit will be paid pursuant to the death benefit provisions of the Retirement Rules, with the amount determined as if the Member had died at the time the DROP Election became effective.

29. The DROP Account is subject to qualified domestic relations orders or "QDROs" in accordance with the QDRO procedures of the Fund.

**DEFERRED RETIREMENT OPTION PROGRAM
ELECTION FORM
FORT WORTH EMPLOYEES' RETIREMENT FUND**

PRINTED NAME: _____

SOCIAL SECURITY #: _____

Eligible Retirement Date (month/day/year): _____ / _____ / _____		
Date Initially Employed By City of Fort Worth (month/day/year): ____ / ____ / ____		
Date of Birth (month/day/year): _____ / _____ / _____		
Home Street Address: _____		
City: _____	State: _____	Zip Code: _____
Phone: () _____ (H)	() _____ (W)	
Department: _____	Position: _____	
Name of Spouse: _____		
Spouse's Social Security Number: _____		
Date of Spouse's Birth (month/day/year): _____ / _____ / _____		
Date of Marriage (month/day/year): _____ / _____ / _____		

PART I

I ACKNOWLEDGE THE FOLLOWING:

1. I have read and understand the Deferred Retirement Option Program (“DROP”) provisions of the Retirement Administrative Rules (the “Rules”) that provides for the Fort Worth Employees’ Retirement Fund (the “Fund”). I understand that the provisions of the Rules always govern, and that, if a conflict arises between the terms of the Rules and the terms of this Election Form or any other document or communication, the terms of the Rules will control.
2. I have read and understand the rules and procedures for DROP participation, as adopted by the Fund’s Board of Trustees (the “Board”). I understand that the Board can change the rules and procedures, and any other rules or forms regarding DROP, at any time, both retroactively and prospectively, with or without notice.
3. I have had the opportunity to meet with the Fund’s administrative staff (the “Staff”) and to ask them questions regarding the operation of DROP and the effect of DROP on my benefits.
4. I have had the opportunity to seek advice from a professional tax or legal advisor regarding DROP. I understand that the Staff cannot and has not given me tax or legal

advice regarding DROP, however, I specifically understand that under current law, the distribution of amounts credited to my DROP Account before age 59½ (or special IRS rules if applicable) may result in a special excise tax of ten percent of the amount distributed (in addition to regular income taxes).

5. I meet (or will meet within the next 60 days) the eligibility requirements of DROP as set forth in the Rules.
6. I understand, if I participate in DROP, that:
 - a. my retirement pension will be frozen as of my DROP Effective Date (defined below), so that my Credited Service and Compensation Base (as both are defined by the Rules) shall be calculated as of my DROP Effective Date, regardless of my continued service, regardless of any subsequent increases in earnings, and regardless of any cost of living adjustments I would have been eligible to receive if I had in fact retired instead of electing to participate in DROP;
 - b. I will receive DROP benefits consisting of monthly accruals to an account (my “DROP Account”) in the amount of the monthly retirement pension I would have received if I had actually retired on my DROP Effective Date, except that these accruals will not include any cost of living adjustments and my Credited Service will not include any accumulated sick leave or major medical leave;
 - c. the accruals to my DROP Account begin with my DROP Effective Date and end with the month I leave active service, provided however, that accruals to my DROP Account will not be made for more than five years;
 - d. the balance in my DROP Account will not be credited with any interest or earnings; and
 - e. when my DROP Account is eligible to be distributed I will complete the DROP Payment Selection Form by choosing one of seven distribution options or a combination thereof and signing said form (having such signature notarized).
7. I understand that my Spouse (if any as of the date of this Election Form) must consent to my election to participate in DROP by signing this Election Form (and having such signature notarized).
8. I understand that the Board must approve my election to participate in DROP. I understand that my election becomes effective on the first day of the month following Board approval or, if later the first day of the month following my completion of my Normal Retirement Date (Rule of 80) or Special Retirement Date (25 and out). I understand that the date my election becomes effective is called my “DROP Effective Date.” I understand that my election is made on this Election Form.

Initial Here: _____

9. I understand that I can revoke my election only in writing and that my revocation must be received by the Staff at least 5 days before the date the Board is scheduled to approve it. I understand that my election is irrevocable on and after the date of Board approval.
10. I understand that, once I properly complete and submit my Election Form to the Staff, my Election Form will be placed for Board approval on the agenda of the next regular Board meeting. I also understand that, if I submit my Election Form within 7 days of the next regular Board meeting, the Staff may not have sufficient time to process my Election Form, and so my Election Form may not be placed on the Board's agenda until the following regular meeting.
11. I understand that my participation in DROP will have no effect on contributions to the Fund, and that, therefore, both the City and I must continue to make contributions to the Fund.
12. I understand that, as of my DROP Effective Date, I will be ineligible to receive a disability pension, and that, instead, in the event of a disability for which I would otherwise receive disability benefits under the Rules, I will be deemed to have retired and will be treated in accordance with the rules applicable to DROP retirees.
13. I understand that if I die after completing one (1) month in DROP, my DROP benefits will be paid to my spouse, or if I have none, to my designated beneficiary or estate.
14. I understand that this is not an election of retirement, it is a deferral of retirement and I must apply for retirement benefits by submitting a retirement application, at least thirty (30) days prior the day I intend to retire.

(To Be Completed By Retirement Office)

Effective Date of DROP: _____ / _____ / _____

Yrs. of Credited Service: _____

High 1: _____ High 2: _____ High 3: _____

PART II

Initial Here: _____

I elect to participate in DROP. I have read this Election Form in its entirety. I understand and agree to all of its provisions, all of the provisions regarding DROP in the Rules, and all of the rules and procedures regarding DROP. I understand that this Election Form will be deemed not received if it is incomplete.

Applicant's Signature: _____

Date: _____

Applicant's Printed Name: _____

Witness' Signature*: _____

Date: _____

Witness' Printed Name: _____

Spouse's Signature: _____

Date: _____

Spouse's Printed Name: _____

*Witness cannot be the Spouse.

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, spouse of _____, known to me to be the person whose name is subscribed to the foregoing, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____, 20____, to certify which witness my hand and official seal.

(SEAL)

Notary Public in and for the State of Texas

Printed Name of Notary Public

Initial Here: _____