



DEFERRED RETIREMENT OPTION PLAN (DROP)

APPLICATION FORM – DROP

Application to Participate in DROP and Agreement to Terminate Sworn City Employment and Retire from the Fire, Police, Harbor, or Airport Department

Member's Name: _____

Social Security Number (Last 4 digits): _____

INTRODUCTION

If you are a member of the Los Angeles Fire & Police Pension Plan and have met the age and service requirements necessary to be eligible, you may elect to participate in DROP.

DROP provides a lump sum benefit at the time you terminate sworn City employment, in addition to your normal monthly retirement allowance.

If you elect to participate in DROP, you must terminate your sworn employment with the Fire, Police, Harbor, or Airport Department ("City") and retire from service no later than sixty (60) months from your entry into DROP, unless your DROP participation is suspended. If your DROP participation is suspended, you may participate in DROP for up to thirty (30) additional months beyond your original 60-month participation period. Your participation period can only be extended for as many months as your participation was suspended. Your agreement to enter DROP, to terminate City employment and to retire can be revoked. **You must submit a DROP Revocation Notice in-person by 4:30 p.m., or by fax or email no later than 11:59 p.m., the day prior to your DROP entry effective date.** If you do not revoke your application for DROP prior to your DROP entry effective date, the agreement will become final and binding, and will thereafter be IRREVOCABLE.

Your election to participate in DROP and your agreement to retire and terminate from sworn employment are irrevocable regardless of what may happen between now and your retirement date. For example, if you elect to participate in DROP and your family circumstances change such that you would rather continue working with your Department or if the tax consequences of your election change, you must still retire and terminate sworn employment no later than the end of your DROP participation period (i.e., sixty (60) months from your entry into DROP unless you qualify to extend your participation due to your DROP participation being suspended).

If you have any questions, please contact the DROP/Service Pensions Section at (844) 88-LAFPP Ext. 93100 or (213) 279-3100, or by email: drops@lafpp.com. Our mailing address is 701 E. 3rd Street, Suite 200, Los Angeles, CA 90013.

Please *initial* each statement:

GENERAL PROVISIONS

- _____ I have received a copy of Chapter 21, Division 4 of the Los Angeles Administrative Code (§4.2100 *et seq.*), as amended by Ordinance No. 185935 (effective Jan. 23, 2019), which sets forth the terms and conditions of DROP.

- _____ I have received a copy of the information sheet discussing some of the most frequently asked questions involving DROP and some of the things that may happen if I divorce, remarry or die while in DROP.

- _____ I understand my decision to participate in DROP means I must retire and terminate my employment as a sworn member of the Fire, Police, Harbor, or Airport Department no later than sixty (60) consecutive months from the effective date of my participation in DROP, unless my DROP participation is suspended. If my DROP participation is suspended, I may participate in DROP for a maximum of thirty (30) additional months beyond my original 60-month participation period. I understand that my DROP participation period can only be extended for as many months as my participation is suspended. I understand that I can retire and terminate my employment with the City at any time during my participation in DROP.

- _____ I understand my decision to participate in DROP has very important consequences for me. I understand this agreement is legally binding on me. I have been advised to consult an attorney, an accountant, and/or a financial planner of my choosing and at my own expense, if I have any questions about this agreement or about my participation in DROP.

- _____ I understand that regulations or rulings issued by the Internal Revenue Service or changes to the tax laws made by Congress may require modifications to the DROP program and that these modifications may affect me and my participation in DROP.

ENROLLING IN DROP

- _____ I understand that I must be on active duty status on my DROP entry date. I understand that for purposes of this provision active duty status includes working on light-duty status, but excludes sick, vacation, injured-on-duty, administrative leave, and all other types of non-working status.

- _____ I have received a list of the payroll codes which constitute active duty status for purposes of entering DROP.

- _____ I understand that if I am not on active duty status on my DROP entry date, as recorded by the City's payroll system (PaySR), my DROP entry date will automatically be advanced to the next possible qualifying entry date.

- _____ I understand I may revoke this agreement by submitting a DROP Revocation Notice in person at 701 E. 3rd Street, Suite 200, Los Angeles, CA 90013, by fax directed to (213) 628-7716 the day prior to my DROP entry effective date or by email at dropsp@lafpp.com. It must be received before the close of business at 4:30 p.m., or if faxed or emailed, by 11:59 p.m. Furthermore, I understand that I am responsible for confirming receipt and signature thereupon by Los Angeles Fire and Police Pensions administrative staff. If I do not provide Los Angeles Fire & Police Pensions with written notice of revocation as indicated above, this agreement is final and binding on me. (Hours of business are 8:00am to 5:00pm, Monday – Friday except holidays.)

Please *initial* each statement:

_____ I understand that for my spouse or domestic partner to be eligible for survivor benefits that I must be married or be in a recognized domestic partnership for **one year** prior to entering DROP. My Declaration of Domestic Partnership must be filed with Los Angeles Fire and Police Pensions or the State of California **one year** prior to entering DROP in order to be recognized by the Plan.

BENEFIT CALCULATION

_____ I understand that Prior Service Time, service purchases under the Public Service Purchase (PSP) program, Lost Service Time (Tier 2), or Workers' Compensation State Rate Time or Academy/Drill Tower Time (Tiers 3, 4, 5, 6) must be purchased prior to enrollment/participation in DROP for that time to be counted toward my length of service.

_____ I understand that under the provisions of the plan, any partial year of service shall be calculated from the end of the member's last completed year of service to the end of the payroll period immediately prior to the date of retirement.

_____ I understand that in the event there is a pending Memorandum of Understanding (MOU) at the time of my election to participate in DROP, any increase or decrease in my monthly salary as a result of the agreed negotiations will affect my Normal Pension Base (Tier 2) or my Final Average Salary (FAS - Tiers 3, 4, 5, 6). Furthermore, I understand that my monthly pension entitlement will be adjusted accordingly, and I will not be allowed to change my FAS as a result of any MOU salary change.

_____ I understand that the electronic calculation worksheets provided to me are estimates only of my DROP account and service pension benefit and may be subject to change. My final pension benefit will be calculated by the Plan Administrator based upon my retirement date, actual service, pay and lost service time, after my completed pay period data has been reflected in the payroll system and after verification of my lost service time by my employing department.

DROP PARTICIPATION

_____ I understand that my DROP participation will be suspended for any calendar month in which I do not spend at least one hundred twelve (112) hours on active duty status, unless I qualify for the exception provided below. This includes my first and last months of DROP participation. If my DROP participation is suspended for a calendar month, I will not receive a monthly pension deposit to my DROP account for that calendar month.

_____ I have received a list of the payroll codes which constitute "active duty" status for purposes of determining my eligibility for monthly DROP participation/pension deposits.

_____ I understand that if I sustain a serious injury on duty and am admitted to the hospital for a minimum of three (3) consecutive days as a direct result of that injury, my participation will not be suspended during the first twelve (12) calendar months following the date of injury. This stay of suspension will apply for any month that I do not spend at least one hundred twelve (112) hours on active duty status on account of my serious injury on duty. I understand that my employing department will determine whether my injury meets these requirements and will record this information on my payroll and timekeeping records accordingly.

Please *initial* each statement:

_____ I understand that if my DROP participation is suspended, I am eligible to participate in DROP for a maximum of thirty (30) additional months beyond my original 60-month participation period. My participation period can only be extended for as many months as my participation is suspended.

_____ I understand that while participating in DROP there are no provisions within the Los Angeles Fire & Police Pension Plan to permit payment of any retirement benefits until I terminate sworn Fire, Police, Harbor, or Airport Department employment.

_____ I understand that crediting of interest to my DROP account will occur semi-annually, on June 30 and December 31, and compounding of interest will occur annually. Notwithstanding whether or not my DROP participation is ever suspended or I am eligible to extend my original participation period, no interest will accrue nor be credited to my DROP account after completion of the sixtieth (60) month following my DROP entry date.

_____ I understand that Los Angeles Fire & Police Pensions, the Board of Fire and Police Pension Commissioners, the City of Los Angeles or any of their officers, members, employees, or agents, are not responsible for any federal or state income, early distribution penalty, estate, or gift tax consequences of my election to participate in DROP, the choices I make while in DROP, or my choice as to how my DROP account balance is to be distributed.

_____ I understand that at no time during my participation in the DROP program will I have access to or be able to borrow against the balance in my DROP account.

_____ I understand that at no time during my participation in DROP will I be able to transfer into another pension plan tier.

_____ I understand that once I enter DROP I am no longer eligible for a refund of my pension contributions.

_____ I understand that any address changes must be reported immediately to my Department and to Los Angeles Fire & Police Pensions in writing, with my signature.

DISABILITY

_____ I understand that if I become disabled while participating in DROP, I will be eligible to apply for disability retirement and shall be subject to the same disability eligibility requirements as if I were not in DROP. If I receive a disability pension, I must forfeit my entire DROP account.

_____ I understand that if I am on Injury on Duty (IOD) status at the conclusion of my DROP participation, I must exit DROP but will be permitted to continue on IOD status with my Department. I will not be eligible to receive distribution of my DROP account until my retirement status is determined. If I elect to take a disability retirement my DROP account will be forfeited. If I elect to take a service retirement and my DROP account distribution, I will have to repay any IOD pay earned after my last day of participation in DROP.

COMMUNITY PROPERTY

_____ I understand that if my marriage was dissolved during my employment with the City of Los Angeles, a portion of my DROP funds may be considered community property depending on the judgment or court order. A copy of the judgment or court order must be submitted to Los Angeles Fire and Police Pensions for the City Attorney's review.

Please *initial* each statement:

_____ I understand that it is my responsibility to provide all necessary divorce documentation and failure to do so will delay processing of my DROP funds payout upon exit and/or my service pension benefit.

END OF DROP PARTICIPATION

_____ I understand there is a maximum period of sixty (60) consecutive months for participation in DROP, unless my DROP participation is suspended. If my DROP participation is suspended, I may participate in DROP for a maximum of thirty (30) additional months beyond my original 60-month participation period. I understand that my DROP participation period can only be extended for as many months as my participation is suspended. Sick time, vacation and overtime cannot be used beyond the end of the DROP participation period.

_____ I understand that my DROP account distribution will not occur until after LAFPP has reviewed my last active payroll period in the City's payroll system and confirmed my active duty status for that final month. Depending upon my DROP exit date, this may delay the distribution of my DROP account for a minimum of one (1) month. No interest will be credited to my DROP account following my exit date.

_____ I understand that if I take a lump sum distribution of my DROP account upon my exit and I am not 50 years old in the distribution calendar year, I will be subject to 10% Federal and 2½% California State early withdrawal penalties.

_____ I understand that there cannot be a prearrangement for me to return to work after my retirement/DROP exit date and I currently have no intent to do so. I understand I must advise LAFPP if I should return to work for the City less than six months after my DROP exit date.

_____ I understand that if I return to work within six months of my DROP exit date for the City of Los Angeles as either a sworn or civilian employee (except as provided for by the Plan), any taxable DROP lump sum distribution paid directly to me and my monthly pension benefit paid by LAFPP may be subject to a 10% early distribution penalty mandated under federal tax laws until I reach age 59½.

_____ Under the Survivor Benefit Purchase Program, a Retired Plan Member after retirement may elect to provide a survivor benefit to a spouse or domestic partner who is not otherwise qualified by reducing his/her monthly pension benefit. I understand that I cannot make an election to participate in this program until I exit DROP and retire.

_____ I understand that in order to qualify upon retirement for a Medical or Dental subsidy under the Los Angeles Fire and Police Retired Medical and Dental Subsidy Program that I must be 55 years of age when I exit DROP and enroll in an approved health and/or dental plan.

ELECTION TO PARTICIPATE IN DROP

Please *initial* each statement:

_____ I elect to participate in DROP. DROP participation may not exceed sixty (60) consecutive months unless my DROP participation is suspended. If my DROP participation is suspended, I may participate in DROP for a maximum of thirty (30) additional months beyond my original 60-month participation period. I understand that my DROP participation period can only be extended for as many months as my participation is suspended.

_____ I will retire under the Los Angeles Fire & Police Pensions Plan and terminate my sworn employment with the City no later than completion of my DROP participation period.

_____ I understand that I am responsible for contacting my employing Department no less than 60 days prior to the completion of my DROP participation period or an earlier date to complete my service pension process.

_____ I will abide by the terms and conditions of DROP as specified in the Los Angeles City Administrative Code and the policies, procedures and rules established by the Board of Fire and Police Pension Commissioners.

_____ I release the City and the Board of Fire and Police Pension Commissioners from any and all claims based on my election to participate in DROP and my agreement to retire and terminate my sworn employment with the City upon completion of my participation in DROP.

_____ I release the City and the Board of Fire and Police Pension Commissioners from any and all such claims under California or federal employment discrimination laws and civil rights laws, insofar as these laws relate to my participation in DROP and my agreement to terminate sworn employment with the City upon the completion of my participation in DROP.

_____ I understand that I am giving up any rights to sue for age discrimination arising out of the requirement that I must terminate employment at the end of the DROP period.

_____ I knowingly and voluntarily waive any right or claim I may have under the Federal Age Discrimination in Employment Act. I acknowledge that I have been informed that I have from _____ through _____, the day prior to my DROP entry effective date, to consider this application and agreement and rescind the election to enter DROP.

_____ I understand that if I choose to rescind my election to enter DROP, I shall submit a signed DROP Revocation Notice in-person by 4:30 p.m. at 701 E. 3rd Street, Suite 200, Los Angeles, CA 90013, or by fax directed to (213) 628-7716 or email to dropsp@lafpp.com no later than 11:59 p.m., the day prior to my DROP entry effective date. Furthermore, I understand that I am responsible for confirming receipt and signature thereupon by Los Angeles Fire and Police Pensions administrative staff.

_____ I am signing this agreement on _____.

COVENANT NOT TO SUE

Please *initial* the statement:

_____ I will not sue the City or the Board of Fire and Police Pension Commissioners or their employees, officers and agents for any claim arising out of my election to participate in DROP, or my decision to retire and terminate sworn City employment upon the completion of my participation in DROP.

YOUR SIGNATURE TO THIS AGREEMENT

Please *initial* each statement:

_____ I have carefully read this entire agreement and understand the agreement.

_____ This is the only agreement I have made with the City or the Board of Fire and Police Pension Commissioners regarding my election to participate in DROP and my agreement to retire and terminate sworn City employment upon completing my participation in DROP.

_____ This agreement supersedes any oral representations made to me by anyone concerning DROP, including any statements made to me by the Los Angeles Fire & Police Pensions Board members or Los Angeles Fire & Police Pensions staff.

I understand that my application/decision to participate in DROP is irrevocable upon my DROP entry effective date of _____. Termination from sworn employment with the City of Los Angeles and DROP participation must occur on or prior to my specified DROP end date of _____.

DATE

MEMBER NAME (PRINT)

MEMBER SIGNATURE

SSN (LAST 4 DIGITS)

EMAIL ADDRESS

LOS ANGELES FIRE & POLICE PENSIONS WITNESS:

DATE

ADMINISTRATIVE STAFF MEMBER

CITY ID

CA DRIVER LICENSE/ID #

EXPIRATION DATE

REVIEWED BY:

DATE

DROP ADMINISTRATOR

www.lafpp.com