

**The City of Alexandria Firefighters & Police Officers Pension Plan
Deferred Retirement Option Program (DROP)
Application Package**

Application Package Contents:

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Please speak with someone in the Pension Administration Division if you are interested in this program. There are deadlines connected with this program.

Call 703.746.3906 or email retirement@alexandriava.gov.

Once you enter the DROP, you have committed to retire within three years. You may retire earlier than the three years, but you cannot extend your retirement date beyond three years. **NO EXCEPTIONS!**

**DEFERRED RETIREMENT OPTION PLAN
FREQUENTLY ASKED QUESTIONS**

1. WHAT IS THE DEFERRED RETIREMENT OPTION PROGRAM (DROP)?

The DROP is a program that allows you to continue working for the City as a firefighter or police officer for a period of up to 3 years and to have your retirement benefits credited to a deferred account at the same time. Participation in the DROP is entirely *voluntary*. If you do not want to commit to a retirement date, you do not have to participate in the DROP and you can continue working until you are ready to retire. **However, once you elect to participate in the DROP you must retire within a 3 year period.**

2. WHO IS ELIGIBLE FOR THE DROP?

The deferred retirement program is available to participants who have completed 30 or more years of credited service and are not ready to retire.

While the DROP is voluntary, once you elect to participate in the DROP, you must actually retire within 3 years from the date your DROP election becomes effective.

3. CAN I CHANGE MY MIND ABOUT RETIREMENT ONCE I ELECT TO PARTICIPATE IN THE DROP?

Your election can be revoked any time within 7 days. After this 7 day period has expired, your election to participate in the DROP is irrevocable.

4. IS DROP COUNSELING AVAILABLE?

Yes. You can make an appointment with the Pension Administration Division in the Finance Department for counseling. Your Pension Administrator can provide you with a benefit estimate and assist you in completing the DROP application form. Working hours are 8 am to 5 pm, Monday through Friday. An appointment should be made if requesting counseling outside of the Division's regular business hours.

5. HOW DO I APPLY FOR THE DROP?

If you are eligible, you can elect to participate in the DROP by filing a DROP election at least 60 days prior to your proposed DROP effective date. You can obtain an application for the DROP from the Pension Administration Division. Once you've completed the form, return it to the Pension Administration Division. Your employment information is reviewed to make sure that you meet the DROP eligibility requirements. After this internal review, Empower (formerly Prudential Retirement), the Plan's third-party administrator, will be notified to send you a distribution package. This package will detail the amount of your accrued pension benefit and allow you to elect a benefit form that will apply during your DROP period.

6. DO I HAVE TO WORK FOR 3 YEARS IF I ELECT TO PARTICIPATE IN THE DROP?

No. You can elect to retire at any time. **However, you must retire no later than 3 years after your DROP effective date.** For instance, if your DROP effective date is December 1, 2004 then you must terminate employment before December 1, 2007. The DROP entry date is always the first of the month you begin receiving DROP benefits.

7. DOES MY STATUS CHANGE IF I ELECT TO PARTICIPATE IN THE DROP?

If you participate in the DROP your employment status does not change; you are still an active employee of City of Alexandria. As an active employee:

- Your eligibility for the City's health, life, and other group insurance benefits continues;
- You continue to earn annual, sick and compensatory leave; and
- You are treated like any other active firefighter or police officer (and are eligible for pay increases, promotions, etc.) during your DROP period. Payouts for unused leave at retirement do not occur until the end of the drop period when you actually retire.
- Participation in the DROP is not a guarantee of continued employment. You are subject to discharge, suspension, lay-off, etc. on the same basis as any other active firefighter or police officer.
- You continue to be eligible to make deferrals to the Deferred Income Plan.

Once you elect to participate in the DROP your Pension Plan status does change. For purposes of the Plan, you are treated as if you actually retired and commenced retirement benefits on the date your DROP election takes effect. Compensation increases after your DROP effective date will not increase or affect your average monthly compensation or the amount of your future retirement benefit. In addition, once you reach your DROP effective date, you would no longer be required to make employee retirement or disability contributions to the Plan and you will not receive credit for service completed during your DROP period.

8. WHAT DO I RECEIVE IF I ELECT TO PARTICIPATE IN THE DROP?

If you elect to participate in the DROP, the amount of retirement benefits you would normally receive are credited to a special "DROP account" in your name. You can choose to have the credit to your DROP account based on any of the optional annuity forms permitted under the Plan (a life annuity; a joint and 50%, 66 2/3% or 100% survivor annuity; or a 60, 120, 180 or 240 month guaranteed period option).

However, you will not be eligible to receive the Minimum Benefit option that pays you the value of your December 31, 2003 Retirement Income Balance plus interest.

Your DROP account is credited with any cost of living adjustment that you would have received if you had actually retired.

9. WHEN DO I RECEIVE MY DROP ACCOUNT AND HOW IS IT PAID?

Your DROP account is paid to you when you actually retire. The account can be paid as a lump sum or used to increase your retirement annuity (at your option). It can also be rolled over to an individual retirement account or another eligible retirement plan.

10. WHAT HAPPENS IF I BECOME DISABLED DURING THE DROP PERIOD?

Since you are treated as if you retired on your DROP effective date, you are not eligible for any disability benefits under the Plan. However, if you have not yet reached age 55 (when coverage for a disability normally ends), you would receive disability benefits if you sustain a service connected total or partial disability prior to age 55.

11. WHAT HAPPENS IF I DIE DURING THE DROP PERIOD?

If you die during the DROP period, your beneficiary will receive the balance of your DROP account. However, the determination of whether any other death benefits are payable will be based on the form in which you elected to have your retirement benefit paid to your DROP account. Thus, if you elected to have your benefit credited to your DROP account in the form of a life annuity (with no survivor benefits) and you die during your DROP period, the only benefit payable upon your death would be the amount actually credited to your DROP account before your death. On the other hand, if you elected a joint and 100% survivor annuity, your beneficiary would continue to receive annuity payments following your death.

12. CAN I CHANGE THE WAY IN WHICH MY BENEFIT IS PAID AFTER I ACTUALLY RETIRE (AT THE END OF THE DROP PERIOD)?

Yes. When you actually retire, you can elect to have your retirement benefit paid in any of the annuity or guaranteed period forms permitted under the Plan – regardless of the method you choose to have your benefit paid during the DROP period. Thus, if you had elected to have your benefit paid in the form of a joint and 100% survivor annuity during the DROP period, after you actually retire you can change your mind and elect to have benefits paid after your actual retirement in the form of a life annuity. However, you could not elect the limited lump sum in lieu of your retirement benefits.

Empower (formerly Prudential Retirement) will provide you with an estimate of your retirement benefit as of your DROP entry date and the available forms of retirement benefits that can be used to determine the amount credited to your DROP Account.

You may select the manner in which retirement benefit payments are credited to your DROP Account. When you receive your retirement estimate, please keep in mind that the determination of whether any death benefits are payable if you die before your DROP exit date will be based on the form in which you elected to have your retirement benefit credited to your DROP account. Thus, if you elected to have your DROP benefit credited in the form of a life annuity (with no survivor benefits) and you die during your DROP period, the only benefit payable upon your death would be the amount actually credited to your DROP account. On the other hand, if you elected a joint and 100% survivor annuity, your beneficiary would continue to receive annuity payments following your death.

Your DROP entry date will be the first day of the pay period that falls at least 30 days after receipt of your complete application. Maximum participation in the DROP is three years. If you continue to work as a City firefighter or police officer until your DROP exit date, Prudential Retirement will automatically provide you with a retirement package approximately 90 days before your DROP exit date. Your retirement package will contain elections for the payment of your retirement benefit following your retirement under the DROP and a separate election regarding the payment of your DROP Account.

If you plan to end your participation in the DROP before the end of the three year DROP period you must give at least 60 days notice to your supervisor and to the Pension Administration Office. Also, you will need to contact Prudential for a retirement application package so that you can select the form of your retirement benefit and elect a retirement distribution option for your DROP account.

Under the provisions of the City of Alexandria Firefighters and Police Officers Pension Plan, I hereby apply for retirement under the provisions of the DROP. I have read and I understand the DROP procedures that have been provided to me and I accept the terms of the DROP program.

PARTICIPANT SIGNATURE

DATE

Human Resources Verification:

Employment dates verified by:

Human Resources Representative

Date

Pension Plan Administrator Review:

Pension Plan Administrator

Date

DROP RETIREMENT AGREEMENT AND RELEASE

The City of Alexandria (“the City”) and _____ (“you”) (collectively “the Parties”), enter into this DROP Retirement Agreement and Release (“Agreement”) in connection with your voluntary decision to participate in the Deferred Retirement Option Program (“DROP”) under the City of Alexandria Firefighters and Police Officers Pension Plan (the “Pension Plan”). The DROP is a program that allows you to continue working for the City as a firefighter or police officer for a period of **up to 3 years** and to have your retirement benefits credited to a deferred account at the same time. Participation in the DROP is entirely voluntary. While the DROP is voluntary, once you voluntarily elect to participate in the DROP, you must actually retire within 3 years from the date the DROP election becomes effective.

You must have at least 30 years of credited service under the Pension Plan and have voluntarily elected to participate in the DROP. This Agreement evidences your voluntarily agreement to retire no later than the last day of the month preceding your DROP Retirement Date (as specified below) and, contains a waiver of any claims you may have concerning the requirement that you retire no later than the last day of the month preceding your DROP Retirement Date.

1. Mandatory Retirement. Your employment with the City will end **no later than** the last day of the month preceding your DROP Retirement Date of _____, 20____ (your “Retirement Date”). You understand and agree that participation in the DROP is not a guarantee of continued employment. You are subject to discharge, suspension, lay-off, etc. on the same basis as any other active firefighter or police officer. You can also elect to retire at any time prior to your designated Retirement Date. However, if you are still employed on the last day of the month preceding your DROP Retirement Date, you will be treated as having voluntarily retired (terminated employment) on the last day of the month preceding your DROP Retirement Date.

2. Complete Release of Claims. You hereby release and forever discharge the City, and its elected or appointed officials, managers, employees and agents (hereinafter referred to collectively as the “City”) from any and all grievances, covenants, contracts, agreements, promises, obligations, claims, demands, damages, actions, and causes of action of every kind, known or unknown, which arise out of, or are in any way related to, your participation in the DROP and the termination of your employment in accordance with this Agreement. Without limiting the scope of the preceding paragraph, you specifically acknowledge that this Release includes, without limitation, any claim relating in any way to all claims arising out of your decision to participate in the DROP and your agreement to terminate your employment on your Retirement Date in accordance with the terms of this Agreement, including, without limitation, any claim under arising the Age Discrimination in Employment Act (“ADEA”). This release does not cover and is not intended to apply to any claim arising out of a discharge or suspension prior to your Retirement Date.

You acknowledge that the waiver and release of certain claims for age discrimination, including claims under the ADEA, are governed by provisions of the Older Workers Benefit Protection Act (“OWBPA”). You further acknowledge that you are entitled to not less than 21 days in which to consider this Agreement before signing it, unless you waive that time period. You understand that your signature on this Agreement prior to the expiration of 21 days

constitutes an irrevocable waiver of said period under the OWBPA. You and the City further recognize, acknowledge, and agree that this Agreement may be revoked by you within seven (7) days of your execution of this Agreement. Any such revocation must be in writing and delivered (on or before on the seventh day after you execute the Agreement) to:

Pension Administration Division (City box number 42)
Department of Finance
301 King Street – City Hall
Alexandria, VA 22314

No provision of this Agreement should be construed or interpreted to preclude or in any way limit or restrict your right to initiate an action against the City under the OWBPA or ADEA challenging the waiver and release of claims under the ADEA contained in this Agreement on the grounds that they were not knowing and voluntary. To the extent that any provision of this Agreement is determined to be in violation of the OWBPA or ADEA, it should be severed from the Agreement or modified to comply with the OWBPA or ADEA, without affecting the validity or enforceability of any of the other terms or provisions of the Agreement.

3. Pursuit of Released Claims. You represent that you have not filed any charges, complaints or lawsuits with respect to any claims the provisions of Paragraph 3 purport to waive. To the maximum extent permitted by law, you agree not to sue or to institute or cause to be instituted any charges, complaints or lawsuits in any federal, state, or local court against the City concerning any claims the provisions of Paragraph 2 purport to waive. You further promise never to seek or accept any damages, remedies, or other relief for yourself personally (any right to which you hereby expressly waive) with respect to any such claims. You further agree not to assist, encourage or participate in the prosecution of litigation (or similar proceedings, including arbitration or mediation) by third parties against the City with respect to such claims unless so required by law.

4. Valuable Consideration. You acknowledge that you by participating in the DROP, you will receive benefits to which you are not otherwise entitled and that your participation in the DROP is conditioned on your execution of this Agreement. You agree that you will not argue that this Agreement, in whole or in part, is not supported by sufficient consideration. You acknowledge and agree that the releases contained in Paragraph 2 and the covenant not to sue set forth in Paragraph 3 are essential and material terms of this Agreement and that, without such releases and covenant not to sue, you would not have been eligible to participate in the DROP or received the benefits available under the DROP. You understand and acknowledge the significance and consequences of this Agreement.

5. Successors. This Agreement binds your heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of all of the City and all other parties covered by the release contained in Paragraph 2.

6. Entire Agreement. The understandings set forth herein represent the Parties' complete Agreement concerning your agreement to retire on or before your Retirement Date. You have not relied upon any other agreements, understandings or representations except to the extent specifically set forth herein. This Agreement may not be altered or modified except by

the mutual agreement of you and the City, evidenced in writing executed by the Parties and specifically identified as an amendment to this Agreement.

7. **Severability**. It is intended that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. In the event that any paragraph, subparagraph or provision of this Agreement shall be determined to be partially contrary to governing law or otherwise partially unenforceable, the paragraph, subparagraph, or provision and this Agreement shall be enforced to the maximum extent permitted by law, and if any paragraph, subparagraph, or provision of this Agreement shall be determined to be totally contrary to governing law or otherwise totally unenforceable, that particular paragraph, subparagraph, or provision shall be severed and disregarded and the remainder of this Agreement shall be enforced to the maximum extent permitted by law.

8. **Review**. You acknowledge by signing this Agreement that you have read and understand this document and that the City advised you to consult with an attorney of your selection regarding the terms and meaning of this Agreement prior to executing this Agreement, and that you did so to the extent you deemed appropriate.

9. **Interpretation**. Except to the extent governed by federal law, this Agreement shall be interpreted in accordance with the laws of the Commonwealth of Virginia excluding any that mandate the use of another jurisdiction's laws.

Employee _____

Dated: _____

Received in the Pension Administration Office on: _____
Date

Signature

Title



**THE CITY OF ALEXANDRIA
FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN**

PRELIMINARY DROP BENEFIT FORM ELECTION

NAME:

SOCIAL SECURITY NUMBER

After your DROP Application has been accepted Prudential will send you a DROP Distribution Election Form. This form is your FINAL ELECTION and details the benefit forms available to you during your DROP period (i.e., the period between the date you enter the DROP and your DROP exit date or DROP Retirement Date). You must select a benefit form during your DROP period.

An important consideration is that the death benefits payable to your beneficiary if you die before your DROP exit date is determined by the benefit form you elect. For instance, if you elect a life annuity and you die during your DROP period, the only benefit payable upon your death is a lump sum payment equal to the number of months you participated in the DROP multiplied by the Single Life Annuity amount. However, if you elect a Joint and 100% Survivor Annuity, and you die during your DROP period, your beneficiary receives a lump sum payment of the amount credited to you during your DROP period and a monthly annuity payment after your death.

Because your DROP Distribution Election Form may arrive after your DROP entry date you may make a "preliminary" election that provides death benefits to your beneficiary if you die before making your final election.

PLEASE NOTE THAT THE PRELIMINARY ELECTION IS VALID FOR THE TIME PRIOR TO YOUR SIGNING YOUR FINAL ELECTION. The preliminary election is not used to determine the benefits credited during your drop period.

**THE CITY OF ALEXANDRIA
FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN**

Under the provisions of the City of Alexandria Firefighters and Police Officers Pension Plan, I hereby make a "preliminary" election to have benefits credited to my DROP Account in the following form:

- _____ **Life Annuity:** Provides a monthly benefit for my lifetime with no further benefits payable upon my death.
- _____ **5 Years Certain & Life:** Provides a reduced monthly benefit for my lifetime. If I die before I have received 5 years of payments, payments will continue to my designated beneficiary until a total of 5 years of payments have been made to me and my beneficiary.
- _____ **10 Years Certain & Life:** Provides a reduced monthly benefit for my lifetime. If I die before I have received 10 years of payments, payments will continue to my designated beneficiary until a total of 10 years of payments have been made to me and my beneficiary.
- _____ **15 Years Certain & Life:** Provides a reduced monthly benefit for my lifetime. If I die before I have received 15 years of payments, payments will continue to my designated beneficiary until a total of 15 years of payments have been made to me and my beneficiary.
- _____ **20 Years Certain & Life:** Provides a reduced monthly benefit for my lifetime. If I die before I have received 20 years of payments, payments will continue to my designated beneficiary until a total of 20 years of payments have been made to me and my beneficiary.
- _____ **50% Joint & Survivor*:** Provides a reduced monthly benefit for my lifetime. Upon my death, if my designated beneficiary survives me, payments will continue for my designated beneficiary's lifetime in an amount equal to 50% of the benefit paid during my lifetime.
- _____ **66 2/3% Joint & Survivor*:** Provides a reduced monthly benefit for my lifetime. Upon my death, if my designated beneficiary survives me, payments will continue for my designated beneficiary's lifetime in an amount equal to 66 2/3% of the benefit paid during my lifetime.
- _____ **100% Joint & Survivor*:** Provides a reduced monthly benefit for my lifetime. Upon my death, if my designated beneficiary survives me, payments will continue for my designated beneficiary's lifetime in an amount equal to 100% of the benefit paid during my lifetime.

Before electing a joint and survivor option, see the important notes on the next page.

**THE CITY OF ALEXANDRIA
FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN**

BENEFICIARY DESIGNATION

If you elected a guaranteed period option (5, 10 or 15 year certain and life) or a joint and survivor option, please complete the following beneficiary designation:

Marital Status: Single Married

Name of Spouse: _____

Date of Birth: _____

SSN: _____

Beneficiary Name: _____

Relationship (Required for Joint and Survivor Option) _____

Date of Birth: _____

SSN: _____

IMPORTANT NOTES

- The only permitted beneficiaries under the joint and survivor option are your spouse or natural/legally adopted children/stepchildren.
- If you elect a joint and survivor annuity and designate as your beneficiary a natural/legally adopted child/stepchild that is more than 10 years younger than you, it is possible that the joint and 100% or joint and 66 2/3% survivor option may not be available due to IRS regulations regarding required minimum distributions. Please consult the Plan Administrator before designating as your beneficiary a natural/legally adopted child/stepchild that is more than 10 years younger than you.
- If you have elected a form of joint and 50%, 66 2/3% or 100% survivor annuity, you must include a birth certificate for your spouse or beneficiary to verify age. If your beneficiary is your spouse, you must include proof of marriage. If your beneficiary is a natural/legally adopted child/stepchild, you must include proof of your relationship.

PARTICIPANT SIGNATURE

DATE

RECEIVED BY PENSION ADMINISTRATION DIVISION:

PLAN ADMINISTRATOR: _____

Date: _____