

APPLYING FOR RETIREMENT: A Guide to DROP



Audience: Sworn Police and Fire members

Description: Summarizes the Norfolk Employees' Retirement System (NERS) Deferred Retirement Option Program.

DISCLAIMER: This pamphlet summarizes parts of Chapter 37 of the Code of the City of Norfolk. The summaries are intended to provide simplified and meaningful information that is relevant to the average member. Any information that is inconsistent with, or contradicts, Chapter 37 must be disregarded.



The NERS "Know 2 Ask" series provides basic information needed to empower you to ask important retirement-related questions. Knowing who and what to ask is key.

Overview

The Deferred Retirement Option Program (DROP) is a special NERS program available to sworn police and fire employees. Participants are retired by NERS and accrue a NERS benefit while continuing to work for the City as an active employee.

Know Before Applying

- ❖ **Eligibility.** You must be an active sworn police or fire employee and eligible for Normal Service Retirement. Your eligibility depends on when you were last hired with the City and your age and/or years of creditable service.
- ❖ **Filing Window.** Submit a completed Normal Service Retirement application to NERS between 30 and 90 days before your desired DROP Entrance Date. On your application, you will specify a DROP Exit Date.
- ❖ **Participation.** DROP Participants are considered retirees for all retirement-related purposes. Once you reach your DROP Entrance Date, participation is irrevocable and you cannot extend your DROP Exit Date. You are able to participate for up to four years. Early exit from DROP is allowable.

Know the Benefits

- ❖ **Retirement Benefit Calculation.** NERS will calculate your retirement allowance using salary information, creditable service years, and unused sick leave as of your DROP Entrance Date. Salary increases and sick leave accruing during DROP will be excluded.
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- ❖ **DROP Account Balance.** During DROP, 70% of your Normal Service Retirement allowance will be accrued for each month. After exiting DROP, the accrued benefit is payable as a lump sum.
- ❖ **Employee Benefits.** Based on your continued employment while in DROP, certain active employee benefits apply, including Health and Life Insurance coverage. Contact Human Resources should you have any questions about your active employee benefits.
- ❖ **No Mandatory Contributions.** Because DROP Participants are retirees, your City pay will be exempt from NERS mandatory contributions.
- ❖ **Death Benefit.** If you pass away while in DROP, NERS Death after Retirement benefits will apply and your DROP Account Balance will be paid to your estate.
- ❖ **Workplace Injury.** If you suffer a workplace injury as a DROP Participant, you may apply for accidental disability retirement. However, you will forfeit your DROP Account Balance should a disability retirement be approved.

Important Deadlines

- ❖ **Rescission Deadline.** You may rescind your retirement application until your DROP Entrance Date. Afterwards, your application is irrevocable. Contact NERS immediately if you are considering rescission.
 - ❖ **Optional Allowance Deadline.** You may choose (or void) an optional allowance before you accrue your first DROP benefit, which is the end of the month you begin DROP. Afterwards, your decision is irrevocable.
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Exiting DROP

- ❖ **DROP Exit Certification.** Reach out to NERS at least 30 days before your exit.
- ❖ **Important Paperwork.** Submit your direct deposit and tax withholding elections to NERS.
- ❖ **402(f) Election Request.** Submit the 402(f) Election Request form to NERS to elect how you would like to receive your DROP account balance. On the form, you may elect a payment directly to you or a rollover to an eligible retirement plan. Understand the tax implications covered in the 402(f) notice before making your election.

You have spent your career protecting the citizens of Norfolk, protect your interests in retirement by being fully informed about your retirement decisions. Do not hesitate to contact NERS with any questions that you may have throughout the process.

Retirement Office



Key Areas:

- DROP
- Employee and Retiree Death Benefits



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Human Resources

Key Areas:

- Active Employee Benefits



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