



# DROP

## Deferred Retirement Option Program

Effective July 1, 2024



# Overview

✿ What is DROP

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◆ How does DROP work?

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● Things to Consider

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☞ How do I apply?

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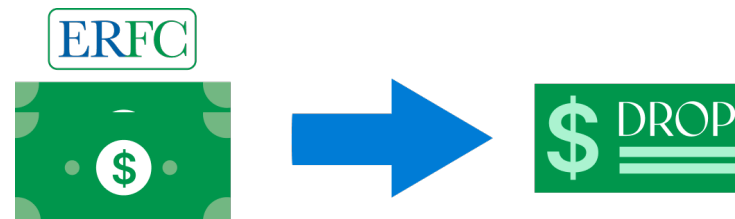
✿ Questions?

# What is DROP?

DROP allows **ERFC Legacy members eligible for an unreduced retirement** the option to retire for purposes of the ERFC pension plan while continuing to work full-time for FCPS and receive a salary for a maximum of five years.

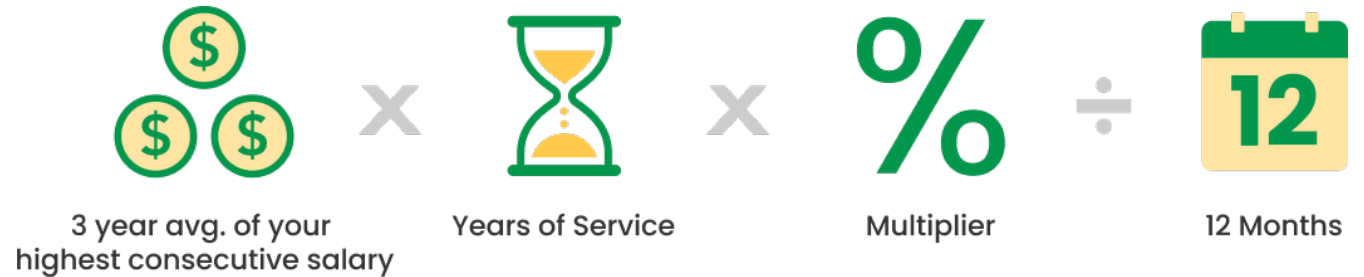


Once you enter DROP, your monthly ERFC pension benefit will be credited to a DROP account that's payable to you at the end of the DROP period.



# What is DROP?

The amount credited monthly to your DROP account will be the Legacy benefit formula calculation as of the date you enter DROP.



During DROP, your ERFC pension benefit will receive annual cost-of-living adjustments (COLAs) and your DROP account will earn 4% annual interest compounded monthly **(unless the Board of Trustees adopts a lower rate for a particular fiscal year)**. Interest on your DROP account will only be applied for full months, not partial months.

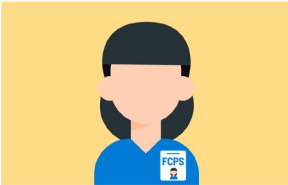


# How does DROP work?



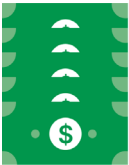
Overview	Program Eligibility	Sick Leave/Disability & DROP	Retirement Application and Payment Option
DROP Benefit Estimates	Sample DROP Estimate	What happens when I exit DROP?	Healthcare Benefits

# How does DROP work? — Overview



You'll continue to work for FCPS, receive a salary, and be treated as an active employee for all other purposes (promotions, raises, and benefits).

**Please Note:** If your employment with FCPS is terminated or you move to an FCPS position that's not covered by ERFC, you must exit DROP.



While you'll no longer contribute to or add additional years of service credit to your ERFC pension, you will continue contributing to your VRS pension.

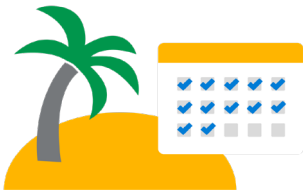


FCPS contributions to ERFC continue.



Prior to entering DROP, you must submit ERFC 41A and all required retirement forms and make your ERFC pension payment option election.

- ERFC 1
- ERFC 22D
- ERFC 41A



You'll continue to earn leave at the same rate and receive eligibility service for purposes of the health subsidy and length of service awards.



To exit DROP, first submit an **HR-2** in StaffConnect to end employment with FCPS and retire. Then complete your DROP exit packet forms.

- HR-2
- ERFC 41B
- ERFC 3
- Tax Forms

# How does DROP work? — Program Eligibility



You must be a **Legacy member** (Hire Date: Before July 1, 2001)  
eligible for an **unreduced retirement**:

Age 65 with at least  
5 years of service

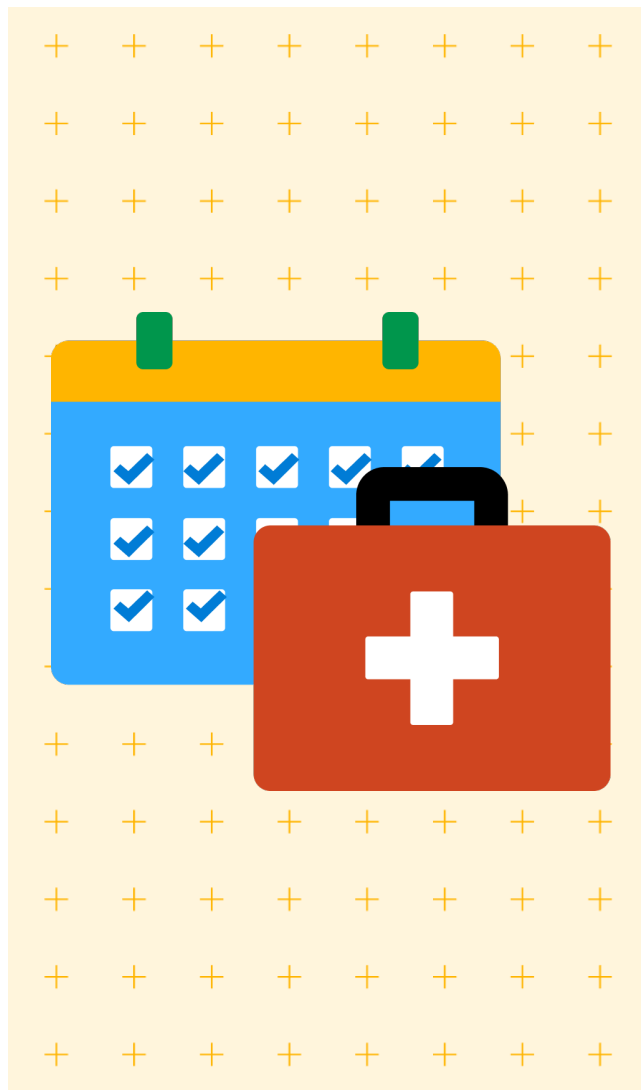


Age 55 with 25 or  
more years of service



 **YEARS OF SERVICE**

# How does DROP work? — Sick Leave & DROP



Sick leave will be converted to retirement service credit at DROP entry and used to calculate the monthly retirement benefit that will be credited to your DROP account.

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When you submit your Application to Enter DROP (ERFC 41A), you can choose to hold back up to 40 hours of sick leave. Sick leave that is converted to retirement service credit cannot be used in any other manner.

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You'll enter DROP with the 14 days of sick leave granted to you on July 1 at the start of the current fiscal year (if you haven't used them), plus any sick leave hours you chose to hold back.



# How does DROP work? — Sick Leave & DROP



While in DROP, you'll continue to earn both annual and sick leave at the same rate you did before entering DROP. Any sick leave earned during DROP is **“use it or lose it.”**

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You will not be able to apply any unused sick leave accrued during DROP or any unused sick leave carried over from before the DROP period toward years of service credit.

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While in DROP, you must maintain a leave balance. If your status is Leave Without Pay (LWOP) on the first of the month, you must exit DROP.

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Your retirement benefit will not be re-calculated when you leave DROP.

# How does DROP work? — Disability & DROP



If you're on short-term disability, your participation in DROP does not change.

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If you enter long-term disability, you must exit DROP.

# How does DROP work? — Retirement Application and Payment Option



After you submit your Application to Enter DROP (ERFC 41A) and receive email confirmation, go to [ERFCDirect](#) and select “Correspondence” to access your DROP entry packet, which includes your ERFC retirement application (ERFC 22D). This form must be submitted at the time you enter DROP.

ERFC 22D is where you'll choose your ERFC pension payment option. You can go to [ERFCDirect](#) to run estimates before making this election.

Did you know ERFCDirect is your online account portal? Access your personal information at [www.ERFCdirect.org](#)

ERFC  
3910 Fairview Park Drive, Suite 300  
Falls Church, VA 22042  
703-420-3900 | [erfcplan.org](#)

Application for Retirement Benefits - ERFC Plan

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ Middle Initial: ☐ F ☐ M

Street Address: \_\_\_\_\_ Apt. Number: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Retirement Date: \_\_\_\_\_ SSN (last 4 digits): \_\_\_\_\_ Birth date (month/day/year): \_\_\_\_\_

Occupation: \_\_\_\_\_ Work Location: \_\_\_\_\_ Home Telephone Number (area code and number): \_\_\_\_\_ Home Email: \_\_\_\_\_

Retirement Type: (Refer to ERFC Form 41A)  
☐ Full Service ☐ Reduced Service ☐ Deferred Vesting ☐ Ordinary Disability ☐ Severed/Converted Disability

Retiree Payment Type: (Refer to ERFC Form 41A)  
☐ Basic Benefit ☐ Survivor Options ☐ Option D ☐ Small Pension Payout

Complete the following sections only if you choose one of the Survivor Payment Options [A, B, or C]

Contingent Annuitant's First Name: \_\_\_\_\_ Middle Initial: \_\_\_\_\_ Last Name: \_\_\_\_\_

Relationship: \_\_\_\_\_ Birth Date (month/day/year) (documentation is required): \_\_\_\_\_ SSN (last 4 digits): \_\_\_\_\_

I hereby certify that all information provided in this document is true, and I understand that any willful falsification of facts presented may result in prosecution. I also agree that in the event ERFC pays retirement benefits to me or to my estate, I will not sue ERFC or any of its officers, directors, or employees for any damages, including reasonable attorneys' fees, in connection with this claim. I understand that any pension amount that ERFC pays to me or to my estate, I will not sue ERFC or any of its officers, directors, or employees for any damages, including reasonable attorneys' fees, in connection with this claim. I understand that in the event of my death, no retirement benefits will be paid to my estate or anyone else unless I have elected the appropriate beneficiary in ERFC Form 41A, or C. I also understand that each of the election I have made on this form is irrevocable, and that I will not be able to change any of these elections after the effective date of my retirement unless I file a written request with ERFC, and I am knowledgeable of the potential benefits and the applicable restrictions that will be in effect as of the date specified in my final retirement calculation.

Signature of Member: \_\_\_\_\_ Date: (MM/DD/YYYY): \_\_\_\_\_

DROP test cases: [only for members who qualify for an immediate benefit]

I am aware of the DROP (Deferred Retirement Option Plan) and I understand that this election is irrevocable as of the date I enter DROP, and the DROP program can only be entered between 1 year before and 1 year after the normal retirement date. Check only one box: ☐ I wish to enter DROP ☐ I do not wish to enter DROP

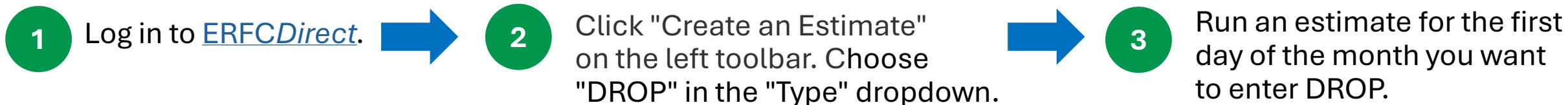
Signature of Member: \_\_\_\_\_ Date: (MM/DD/YYYY): \_\_\_\_\_

<input checked="" type="radio"/> <b>Basic Benefit Option</b>	<input type="radio"/> <b>Survivor Options</b> Option A   Option B   Option C	<input type="radio"/> <b>Option D - Partial Lump Sum Payment</b>	<input type="radio"/> <b>Small Pension Payout</b>
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This election is irrevocable after you enter DROP, except for limited circumstances as permitted under the ERFC Plan.

# How does DROP work? — DROP Benefit Estimates



## Benefit estimate illustrates:

The monthly pension amount at DROP entry and the amount you would have earned had you continued to work for five more years without entering DROP.

Your accumulated DROP balance and the monthly pension amount that would begin in five years after the DROP period.

**Estimate assumes 4% annual interest and annual COLAs.**

**Note: The Board of Trustees may adopt a lower annual interest rate for a particular fiscal year.**

3110 Fairview Park Dr., Ste. 300  
Falmouth, ME 04101-4001  
703-425-3000 | [erfcapension.org](#)

Monthly Benefit Estimate Calculation Summary for: John Doe (\*\*\*-\*\*-2222)

Member Status: Active

Estimate Created: 4/25/2024 12:13 PM

Benefit Type: DROP (Service Retirement)

Plan Name: ERFC

Membership Date: 09/2000

Retirement Date: 12/1/2030

Beneficiary Name: Doe, Johnny T

Member's Date of Birth: 11/18/1974

Age at Retirement: 55.00

Beneficiary Date of Birth: 11/18/1974

Full Social Security Date: 12/1/2042

Full Social Security Age: 62.00

Beneficiary Age at Retirement: 55.00

**DROP Account Estimates**

The table below displays your DROP account balance at the end of each year of DROP Participation. Also displayed is the amount of your ongoing monthly benefit (including cost-of-living adjustments, COLA if applicable) if you were to exit DROP at the end of the respective year.

NOTE: The computed DROP Account Balance is the accumulation of the monthly DROP benefit, COLA if applicable, and interest earned using the current DROP interest rate. Your DROP account will earn 4% annual interest compounded monthly (unless the Board of Trustees adopts a lower rate for a particular fiscal year). Interest on your DROP account will only be applied for full months, not partial months.

**DROP Account**

Basic Benefit Option - Standard			Basic Benefit Option - Level Lifetime		
Year	DROP Monthly Benefit	DROP Acct Balance	Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,688.72	\$20,746.20	1	\$1,092.58	\$13,343.52
2	\$1,749.69	\$42,866.12	2	\$1,125.36	\$27,570.52
3	\$1,802.16	\$66,509.63	3	\$1,159.12	\$42,777.47
4	\$1,856.25	\$91,758.87	4	\$1,193.86	\$59,016.62
5	\$1,911.94	\$118,691.70	5	\$1,229.71	\$76,339.60

Option A: 100% Survivor - Standard			Option A: 100% Survivor - Level Lifetime		
Year	DROP Monthly Benefit	DROP Acct Balance	Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,443.91	\$17,634.25	1	\$928.68	\$11,341.85
2	\$1,487.23	\$36,436.11	2	\$956.54	\$23,434.62
3	\$1,531.84	\$56,532.94	3	\$985.24	\$36,360.36
4	\$1,577.79	\$77,992.83	4	\$1,014.80	\$50,162.86
5	\$1,625.13	\$100,887.77	5	\$1,045.24	\$64,887.91

Option B: 50% Survivor - Standard			Option B: 50% Survivor - Level Lifetime		
Year	DROP Monthly Benefit	DROP Acct Balance	Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,545.84	\$18,879.09	1	\$994.25	\$12,142.63
2	\$1,592.22	\$39,009.25	2	\$1,024.06	\$25,089.27
3	\$1,639.99	\$60,523.90	3	\$1,054.80	\$39,927.62
4	\$1,689.19	\$83,488.91	4	\$1,086.44	\$55,704.52
5	\$1,739.86	\$108,009.87	5	\$1,119.03	\$73,469.12

The Level Lifetime Benefit is based on it

Note: The calculation of this estimate is date, whichever occurs first: No change

This is only an estimate of your monthly benefit. The actual benefit is subject to the provisions of the ERFC Pension Plan. The actual benefit may differ from this estimate due to rounding, changes in the plan, or other factors. The actual benefit will be determined by the ERFC Pension Plan.

**C: 120 Payments Certain - Level Lifetime**

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,048.47	\$12,269.69
2	\$1,080.34	\$25,467.53
3	\$1,112.75	\$41,066.13
4	\$1,146.18	\$58,954.66
5	\$1,180.51	\$79,285.56

**D: Partial Lump Sum - Level Lifetime**

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,011.46	\$20,482.93
2	\$1,041.83	\$44,379.21
3	\$1,073.06	\$69,211.65
4	\$1,105.27	\$95,029.10
5	\$1,138.43	\$121,822.79

# How does DROP work? — Sample DROP Estimate



3110 Fairview Park Dr., Ste 300  
Falls Church, VA 22042-4525  
703-428-3600 | erfopension.org



Member Status: Active

## Monthly Benefit Estimate Calculation Summary for:

John Doe (\*\*-\*\*-2222)

Estimate Created:	4/25/2024 1:26:13 PM	Benefit Type:	DROP (Service Retirement)		
		Plan Name:	ERFC		
Membership Date:	09/2000	Retirement Date:	12/1/2030	Beneficiary Name:	Doe, Johnny T
Member's Date of Birth:	11/18/1974	Age at Retirement:	55.00	Beneficiary Date of Birth:	11/5/1974
Full Social Security Date:	12/1/2042	Full Social Security Age:	67.00	Beneficiary Age at Retirement:	55.00

### DROP Account Estimates

The table below displays your DROP account balance at the end of each year of DROP Participation. Also displayed is the amount of your ongoing monthly benefit (including cost-of-living adjustments, COLA if applicable) if you were to exit DROP at the end of the respective year.

**NOTE:** The computed DROP Account Balance is the accumulation of the monthly DROP benefit, COLA if applicable, and interest earned using the current DROP interest rate. Your DROP account will earn 4% annual interest compounded monthly (unless the Board of Trustees adopts a lower rate for a particular fiscal year.) Interest on your DROP account will only be applied for full months, not partial months.

### DROP Account

#### Basic Benefit Option - Standard

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#### Option B: 50% Survivor - Standard

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,545.84	\$18,879.09
2	\$1,592.22	\$39,008.25
3	\$1,639.99	\$60,523.90
4	\$1,689.19	\$83,498.91
5	\$1,739.86	\$108,009.57

#### Basic Benefit Option - Level Lifetime

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,092.58	\$13,343.50
2	\$1,125.36	\$27,570.52
3	\$1,159.12	\$42,777.47
4	\$1,193.89	\$59,015.82
5	\$1,229.71	\$76,339.60

#### Option A: 100% Survivor - Level Lifetime

Year	DROP Monthly Benefit	DROP Acct Balance
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2	\$956.54	\$23,434.62
3	\$985.24	\$36,360.35
4	\$1,014.80	\$50,162.85
5	\$1,045.24	\$64,887.91

#### Option B: 50% Survivor - Level Lifetime

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$994.25	\$12,142.63
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3	\$1,054.80	\$38,927.62
4	\$1,086.44	\$53,704.52
5	\$1,119.03	\$69,469.12

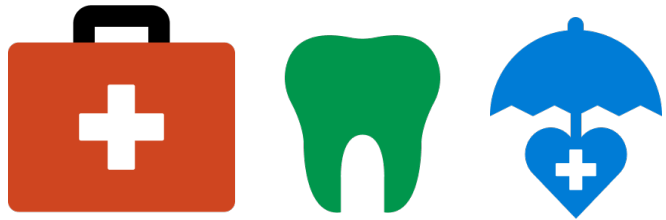
# How does DROP work? — What happens when I exit DROP?



I want to submit a(n):\*

Retirement from FCPS (HR-2) form

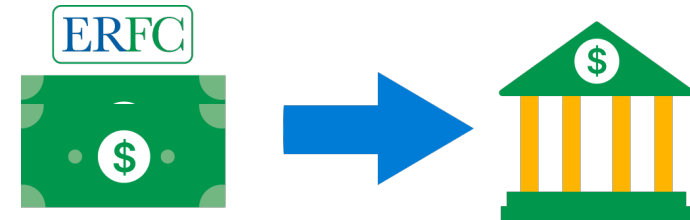
After five years (or sooner), you'll submit a **Retirement from FCPS (HR-2) form** in [FCPS StaffConnect](#) to terminate employment with FCPS and retire.



You'll contact FCPS HR Benefits to make decisions regarding health and dental insurance. Contact VRS to make decisions regarding life insurance.



You'll submit the **DROP Exit Packet** to ERFC, which includes how you want to receive your DROP account balance.



You'll begin receiving your monthly ERFC pension via direct deposit.

# How does DROP work? — What happens when I exit DROP?



**You'll have the option to receive your DROP account balance one of three ways:**



Lump sum payment to you  
(taxable income)



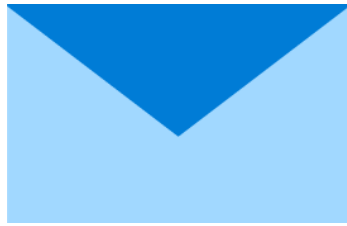
Rollover to an IRA or other  
qualified retirement plan  
(no immediate taxable income)



Combination of lump sum  
payment and rollover



**Contact FCPS HR Benefits with all questions regarding healthcare benefits.**



[StaffConnect](#)



**571-423-3200, option 3**



# Things to Consider

## During DROP

- ✓ Employee benefits continue (e.g., promotions, leave, healthcare, deductions, etc.).

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- ✓ Employee contributions to ERFC stop.

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- ✓ FCPS contributions to ERFC continue.

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- ✓ You're retired only for purposes of the ERFC retirement plan.
  - Salary increases during DROP have no impact on future pension amounts. Your retirement benefit will not be re-calculated when you exit DROP.
  - During DROP, your ERFC pension benefit will receive annual retiree COLA increases.
  - You may participate in DROP only once.

# How do I apply?



The DROP Entry Application Packet can be accessed in [ERFCDirect](#). If possible, apply six months in advance. However, your application must be received by ERFC at least **60 days prior** to program entry.



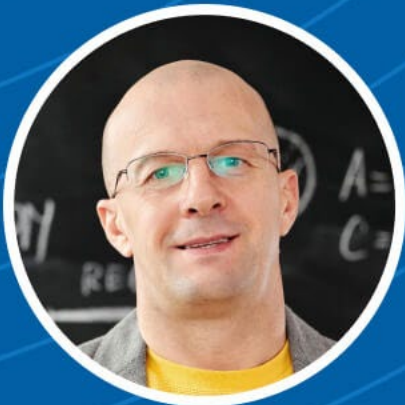
Your DROP entry date must be on the **first of the month** AND it must be the **same date as your ERFC retirement date**.



To have your packet approved, you must:

- Complete all required forms and have them notarized
- Have your supervisor sign the application (ERFC 41A)
- Provide birth documentation for you and your nominated survivor (if applicable)





# Questions?

If you have any questions about your DROP estimate or how to apply, call us at [703-426-3900](tel:703-426-3900) or email us at [erfc Retirement@fcps.edu](mailto:erfc Retirement@fcps.edu) and we'll be happy to help.

