




## RETIREMENT BOARD POLICY AND REFERENCE MANUAL

<b>SUBJECT:</b> ELIGIBILITY FOR SERVICE-CONNECTED DISABILITY RETIREMENT FOR DROP PARTICIPANTS	<b>Section:</b> 2-51 <b>Date Adopted/Revised:</b> 09/08/2021 <i>(Policy effective 1/1/2022)</i>
<b>SYSTEM(S):</b> JOINT	<b>Approved:</b>  Retirement Administrator

### PURPOSE

The purpose of this policy is to establish eligibility guidelines for a DROP participant to be awarded a service-connected disability retirement. Pursuant to opinions of the Boards' Legal Counsel, this policy is necessary to (1) harmonize the provisions of the Fresno Municipal Code which, on the one hand, permit service-connected disability retirements while in DROP and which, on the other hand, require that the disability be the basis for the service-connected disability retirement. This policy also reflects (1) the written opinion of the Boards' Legal Counsel that the completion of ten years in DROP renders a member ineligible to be awarded a service-connected disability retirement and (2) the written guidance from the Systems' outside tax counsel as to compliance with applicable IRS regulations on this topic.

### POLICY

An application for a service-connected disability retirement filed prior to or after DROP entry will be processed pursuant to the following guidelines.

**1. DROP Participant Who Separates from City Service on or Prior to the End of the Ninth Year in DROP**

A DROP participant who separates from City service on or prior to the end of the participant's ninth year in DROP and who files an application for a service-connected disability retirement either before or after the date of separation shall have that application processed in the normal fashion.

**2. DROP Participant Who Separates from City Service During the First Six Months of the Tenth Year in DROP**

A DROP participant who separates from City service during the first sixth months of the participant's tenth year in DROP and who files an application for a service-connected disability retirement either before or after the date of separation shall have that application processed in the normal fashion, provided that one of the following two conditions is satisfied: (1) the participant shows that he or she has suffered a specific incapacitating event during that six-month period or (2) the participant shows that his or her pain levels have increased to such a level that he or she cannot tolerate working any longer.

**3. DROP Participant Who Separates from City Service During the Last Six Months of the Tenth Year in DROP**

A DROP participant who separates from City service during the last sixth months of the participant's tenth year in DROP and who files an application for a service-connected disability retirement either before or after the date of separation shall have that application processed only if the participant shows that he or she has suffered a specific incapacitating event during that six-month period.

**4. DROP Participant Who Separates from City Service After the Completion of Ten Years in DROP**

A DROP participant who completes ten years in DROP is not eligible to be awarded a service-connected disability retirement, and an application received from such a participant will not be processed.

**5. Retention of Board Discretion**

The Boards recognize that there may be unusual circumstances under which it would be appropriate to modify or waive the guidelines set forth in this policy. A DROP participant will bear the burden of persuading the Board that unusual circumstances exist.

The Boards further recognize that, depending upon the nature of the specific incapacitating event, it may not be possible for the DROP participant to separate from City service within the time period specified in this policy. The Boards may waive that requirement upon an adequate showing by the participant.

**6. Application to Non-Service-Connected Disability Retirements**

This policy and the guidelines set forth herein apply to a DROP participant who applies for a non-service-connected disability retirement.

**7. Transition Rule and Effective Date**

In light of the period of time the DROP program has been in effect and in light of the decisions that some DROP participants may have made in the absence of policy on this issue, this policy shall become effective on January 1, 2022.

**8. Notification to DROP Participants of This Policy**

Reasonable efforts shall be made by retirement staff to notify current DROP participants of this policy, including its January 1, 2022 effective date, and to thereafter notify individuals of this policy as part of the election process to participate in DROP.

**9. Date of Adoption of Policy**

This policy was adopted by the Retirement Boards at a meeting held on September 8, 2021.

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1. *Adopted 9/8/2021, effective 1/1/2022*