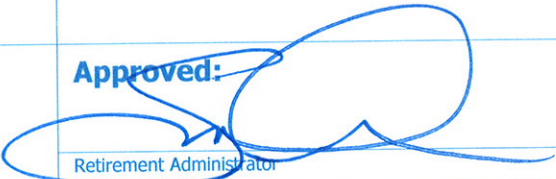




## RETIREMENT BOARD POLICY AND REFERENCE MANUAL

<b>SUBJECT:</b> DEFERRED RETIREMENT OPTION PROGRAM (DROP) COORDINATION ISSUES BETWEEN RETIREMENT SYSTEMS	<b>Section:</b> 2-34 <b>Date Adopted/Revised:</b> 11/16/2009
<b>SYSTEM(S):</b> JOINT	<b>Approved:</b>  Retirement Administrator

### PURPOSE

The purpose of this policy statement is for the Retirement Boards in the exercise of their discretion under Municipal Code sections 3-305(a) and 3-353(i)(2) in the case of the Fire and Police System and under Municipal Code section 3-505(a) and 3-566(i)(2) in the case of the Employees System to clarify the Boards' intent and set forth reasonable rules and regulations concerning any employee who participates in the Deferred Retirement Option Program ("DROP") in one system and who then transfers to a permanent position in the other City of Fresno Retirement System.

### POLICY

It is the policy of the Retirement Boards to treat any employee who participates in DROP in one retirement system and who then transfers to a permanent position in the other retirement system as if the employee's DROP account in the prior system had been frozen, consistent with the intent of Municipal code Sections 3-329 and 3-536 of not enhancing the retirement benefit in the prior system. Fresno Municipal Code Sections 3-329 and 3-536 provide for a limited, narrow membership in the prior system and an active membership in the new system. The heading of both sections refers to "deferred benefits upon entering excluded classification". Under these provisions a member ceases to make contributions and ceases to accrue service credits in the prior system.

To implement this policy, the Boards adopt the following rules and regulations effective the date of the transfer to the other retirement system:

1. Participation in the Prior System

- a. The employee's DROP account in the prior system will be frozen as of the effective date of the transfer to the other system.
- b. Monthly DROP amounts shall cease to be credited in the employee's DROP account as of the month following the effective date of the transfer to the other system.
- c. Interest shall cease to be credited to the employee's DROP account as of the effective date of the transfer to the other system.
- d. Cost of Living Adjustments ("COLA") shall cease to be made to the employee's DROP account as of the effective date of the transfer to the other system.
- e. The employee's ten-year period of DROP participation shall be suspended as of the effective date of the transfer to the other system.
- f. If the employee dies while in the new retirement system, the death shall be treated as a post-retirement death in the system with the employee's DROP account.

2. Participation in the New Retirement System

- a. The employee shall commence paying employee pension contributions in the new retirement system and shall accrue service credits in the new retirement system as of the effective date of the transfer.
- b. If the employee becomes disabled while in the new retirement system, the amount of the employee's disability benefit shall be the greater of either the monthly amount previously deposited in the employee's DROP account or the benefit from the new retirement system.
- c. If the employee dies while in the new retirement system, the member shall be entitled to the available death benefit options in the new retirement system.

3. Procedural Requirements

An employee subject to this policy shall be counseled concerning the consequences of a transfer between systems and shall be given a copy of this policy.