

## Cooper City, FL Code of Ordinances

**ARTICLE XVI DEFERRED RETIREMENT OPTION PLAN**

(a) Any active general employee may participate in the DROP pursuant to the requirements of this section. All applications for DROP shall be in writing on the form promulgated by the board. Beginning with the first pay period after June 1, 2014, any member who is eligible for normal retirement, as set forth in subsection (a) of Article VII "Service Retirement Benefits," may elect to participate in the DROP in accordance with this section. A member who elects to participate in the DROP may participate in the DROP for a maximum of five (5) years from the date that he/she enters the DROP. (Ord. No. 14-2-3, §2, 2-25-14)

Any member who is participating in the DROP as of June 1, 2014, shall be eligible to participate in the DROP for a continuous period of up to 5 years from the date the member's participation in the DROP began. Members who are participating in the DROP as of June 1, 2014, who wish to extend their DROP for a total of up to 5 years from the date that their participation in the DROP began must notify the board of trustees in writing by July 15, 2014. Failure to timely notify the board of trustees will result in such members not being allowed to extend their DROP for a total of up to 5 years from the date that their participation in the DROP began. (Ord. No. 14-2-3, §2, 2-25-14)

(b) A member electing DROP participation shall execute such forms as the board of trustees shall require. The DROP election shall be effective on the first day of the month following the date of election. Applications must be filed with the board (with a copy to the city) not less than five (5) business days prior to the effective date.

(c) DROP election shall be irrevocable at the time the member executes the applicable forms. Also, members may participate in DROP only once. After DROP participation commences, a member may not rejoin the retirement system as an active member nor shall the member be eligible to receive disability or pre-retirement death benefits from the system.

(d) Upon DROP commencement, both the city and member contributions to the system for the normal cost of benefits shall cease.

(e) For all retirement system purposes, the average monthly earnings and continuous service of a member participating in DROP shall remain as they existed on the date of commencement of participation in the DROP. Service, earnings, or increases in earnings thereafter shall not be recognized by the Retirement System or be used for the calculation or determination of any benefits payable by the retirement system.

Upon commencement of DROP participation, the member will continue to accrue or be paid for sick leave, holiday leave and annual leave in accordance with the terms of the applicable collective bargaining agreement and/or city rules and regulations, as applicable.

(f) Payments shall be made monthly by the retirement system to a member's DROP account in the amount which would be paid had the member separated from the city and commenced normal retirement.

(g) Member accounts shall be credited or debited, as appropriate, with the investment earned/lost at a rate equal to the fund's actual investment return, net of investment and administrative expenses. Accounts may be credited monthly or quarterly at the discretion of the board of trustees. Investment earnings/losses will be posted up to the last date of the members' DROP period. DROP participants by virtue of their participation authorize the retirement board to invest their DROP assets in the same manner as other assets of the pension fund.

Alternatively, DROP participants may elect to self-direct their DROP account using mutual funds offered by the Board of Trustees. DROP participants shall be offered a range of mutual funds to permit diversification among different asset classes. The Board of Trustees shall be responsible for the selection and monitoring of mutual funds offered under the self-directed DROP program. DROP participants shall be responsible for all individual investment decisions and the allocation of DROP funds under the self-directed program. DROP participants shall be required to acknowledge that they have been advised to consult with a financial planner, accountant or other investment professional in selecting self-directed investments which are consistent with their financial needs and risk tolerance. Participants shall also be required to acknowledge that they have been advised to monitor the performance of their self-directed DROP account as they would their personal investment portfolio.

(Ord. No. 03-5-1, §1, 5-13-03)

By participation in the DROP, DROP participants agree to hold the board of trustees, the retirement fund and the City of Cooper City harmless from any liability claims associated with investment losses which may occur in the ordinary course of the investment of assets of the retirement system.

The city and the board of trustees may seek a favorable determination letter from the IRS concerning the retirement plan, including all provisions of the DROP. In the event that the IRS should hold that this section does not meet the "definitely determinable benefit" rule, participant accounts will be credited at a fixed rate based upon the actuarially assumed rate of return as determined by the board of trustees during the period of DROP participation. No member shall receive a DROP payment until actually separated from the city.

(h) To compensate the system for the costs and expenses of administering the DROP, each member's DROP account shall be charged an administrative fee of one-half (1/2) of one percent (1%), which will be deducted from the member's DROP account. The administrative fee may be adjusted on a uniform basis from time to time by the board of trustees.

(i) Upon termination of employment for any reason, DROP participation shall cease and any future retirement benefits shall be paid directly to the member, or in the case of death, to the designated beneficiary.

Payment shall be made from the DROP account no more than ninety (90) days after separation from the city. The form of payment may be altered upon written notice to the board to take effect not more than ninety (90) days from the date of notice. Payment shall be made:

- (1) in a single lump sum;
- (2) in annual installments;
- (3) in equal monthly installments;
- (4) any combination of lump sum and periodic payments; or
- (5) by rollover to another qualified retirement plan.

The board of trustees may accelerate or alter any payment schedule as may be required to comply with the provisions of the Internal Revenue Code Section 401(a)(9) and 415.

No DROP payment may be made in a manner inconsistent with state or federal law.

DROP balances shall continue to be credited or debited with earnings until fully paid to the member.

(j) Should a member die during DROP participation, or before the account balance is paid in full, the member's designated beneficiary shall have the same rights as the member to elect and receive the payout options set forth above.

(k) All benefits payable under this DROP program shall be paid solely from DROP assets. Neither the city nor the board of trustees shall have any liability or duty to pay the member or to furnish the DROP with any funds, securities or assets except to the extent required by applicable law.

(l) In the event an employee sustains an on-the-job injury during DROP participation (or before said participation, but where the employee is still experiencing the effects of said injury when he/she elects DROP participation) and misses time from work, the employee will be subject to applicable provisions of the city's rules and regulations, provided that no such provisions of the rules and regulations conflicts with the requirements of this DROP plan ordinance. The fact that the employee is a DROP participant will not prevent the city from separating the employee from employment or from offering the employee work outside of the employee's normal position. Participation in the DROP is not a guarantee of continued employment.

DROP participants shall not be eligible to apply for nor receive disability retirement. Upon separation all DROP participants will receive normal retirement benefits only.

(m) The provisions of the city's manual of personnel policies will be generally applicable to DROP participants. However, once an employee elects to participate in the DROP, the employee will no longer be eligible for promotion, nor will they be eligible to receive pay for educational reimbursement (other than the cost of training and education necessary to maintain certification).

(n) Once a member reaches the end of their participation in the DROP, they shall be automatically separated from employment with the city.

(o) The deferred retirement option plan will be implemented subject to the state and federal laws. (Ord. No. 2000-1-11, § 2, 1-25-2000)

(p) The term city, for purposes of this Article, shall be interpreted to include the Broward Sheriff's Office for former city employees who were transferred to full time positions within the Broward Sheriff's Office following the transfer of public safety services to the Broward Sheriff's Office. (Ord. No. 2004-08-03, §9, 08-24-04)