

# 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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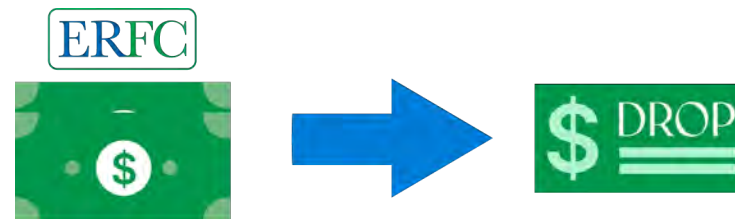
 **Questions?**

# 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 & 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).

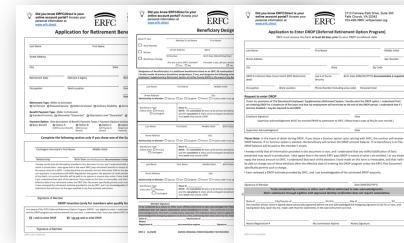
**Please Note:** If your employment with FCPS is terminated or you move to an FCPS position that's not covered by ERFC, you must exit DROP.



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.

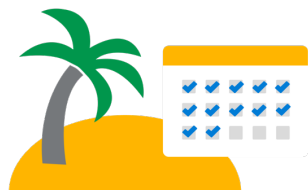


Prior to entering DROP, you must submit ERFC 41A and all required retirement forms and make your ERFC pension payment option election.

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.



When you exit DROP, you must submit all required forms, including an **HR-2** to terminate employment with FCPS and retire.

HR-2

ERFC 41B

ERFC 3

Tax Forms

# How does DROP work? — Program Eligibility

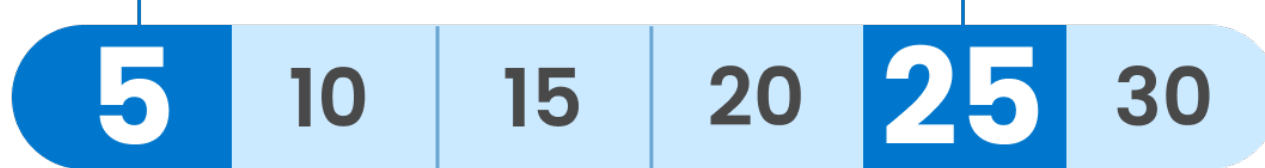


You must be a **Legacy member** (Hire Date: Before July 1, 2001)  
eligible for an **unreduced retirement**:

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

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While in DROP, you'll continue to earn both annual and sick leave at the same rate as if you had not entered DROP. Any sick leave earned during DROP is **“use it or lose it.”** 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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Your retirement benefit will not be re-calculated when you leave 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.ercfc-direct](#)

ERFC  
3110 Fairview Park Drive, Suite 300  
Falls Church, VA 22042  
703-426-3900 | [ercfpension.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-xxx-xxxx) Home Email

Retirement Type: (Refer to Estimate)  
 Full Service  Reduced Service  Deferred Vested  Ordinary Disability  Service-Connected Disability

Benefit Payment Type: (Refer to Estimate)  
 Standard Form  Alternative Disposition  Alternative Lump Sum Payment  Small Pension Benefit

Payment Option: (See description of Benefits Payment Types / Payment Options enclosed)  
 Basic Benefit  Option A  Option B  Option C  Option D  Small Pension Benefit\*  
(50% Survivor Benefit) (50% Survivor Benefit) (25% Payments) (Single Sum Payment) \*Check only if your benefit estimate projects an annuity of \$500 or less per month

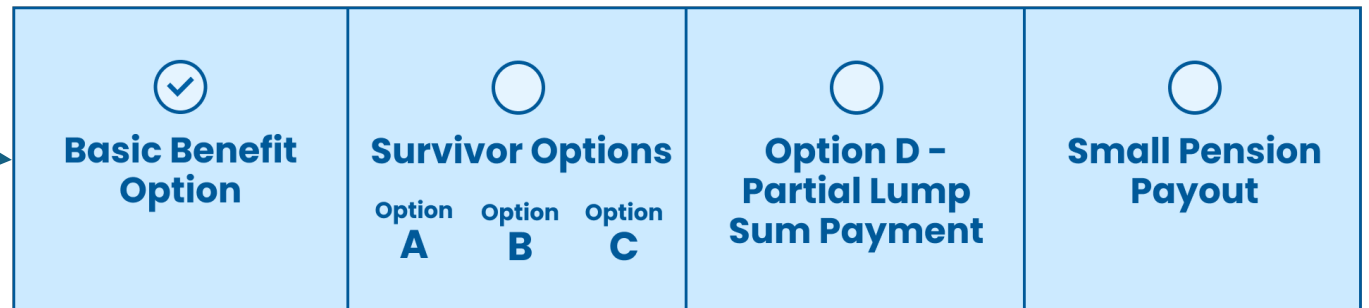
Complete the following section only if you choose one of the Survivor Payment Options (A, B, or C)

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 in excess of what I am entitled to, or my estate will repay the excess amount to ERFC, I understand that any pension amount that totals \$100 or less per month will be paid to me in a one-time, lump sum payment, in accordance with ERFC regulations that govern the payment of small pension amounts. I further understand that in the event of my death, no survivor benefits will be paid to my spouse or anyone else unless I have checked the appropriate box above for Option A, B, or C. I also understand that each of the elections 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 the ERFC Plan Document specifically permits such a change. I have reviewed the retirement estimate provided to me by ERFC, and I am knowledgeable of the estimated benefit amounts and the applicable reductions that will occur at the ages specified in my final estimate calculation.

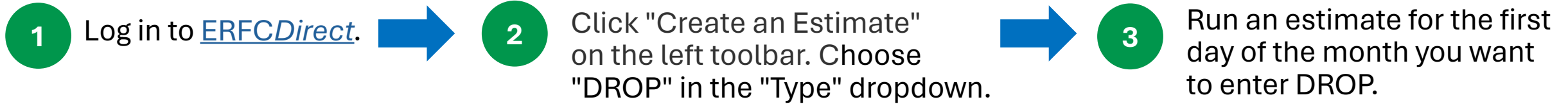
Signature of Member Date (MM/DD/YYYY)  
DROP Intention (only for members who qualify for an unreduced benefit)  
I am aware of the FCPS Deferred Retirement Option Program (DROP). I am eligible to enter. I understand that this decision is irrevocable on or after my retirement date and the DROP program can only be entered into one time. I understand that I must also submit ERFC Form 41A to ERFC. Check only one box   
 I wish to enter DROP  I do not wish to enter DROP  
Signature of Member Date (MM/DD/YYYY)

ERFC-22D 3/28/2014



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  
Park Church, VA 22064-4522  
703.425.5000 | [info@erfc.org](mailto:info@erfc.org)

Member Status: Active  
Member ID: 42502041261318 FM  
Beneficiary Name: Doe, Johnny T  
Beneficiary Date of Birth: 11/19/1974

Estimate Created: 4/25/2024 1:12  
Retirement Date: 12/1/2030  
Beneficiary Age at Retirement: 55.00

Membership Date: 09/2000  
Member's Date of Birth: 11/19/1974  
Full Social Security Date: 12/1/2002

3-Year Average Salary: \$90.0  
Member Contribution: \$91.4

Basic Benefit Option  
Age 55 to Full SS Age  
Full Social Security Age

Option A: 100% Survivor  
Age 55 to Full SS Age  
Full Social Security Age

Option B: 50% Survivor  
Age 55 to Full SS Age  
Full Social Security Age

Option B: Potential to Survivor  
Age 55 to Full SS Age  
Full Social Security Age

Option C: 120 Payments Certain  
Age 55 to Full SS Age  
Full Social Security Age

Option D: Partial Lump Sum  
Age 55 to Full SS Age  
Full Social Security Age  
Lump Sum Amount: \$17,422.43

The Level Lifetime Benefit is based on the date, whichever occurs first. No Change

This is only an estimate of your monthly retirement benefit. The actual amount of your monthly benefit will be determined by the Board of Trustees at the time you begin receiving your retirement benefits. The amount of your monthly benefit may differ from the estimate shown here due to the Board of Trustees' actions and the amount of contributions to the ERFC account. No other will.

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,689.72	\$20,746.20
2	\$1,749.69	\$42,866.12
3	\$1,802.16	\$66,509.63
4	\$1,856.25	\$91,758.87
5	\$1,911.54	\$118,691.70

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,443.91	\$17,634.25
2	\$1,487.23	\$35,436.11
3	\$1,531.84	\$56,532.94
4	\$1,577.79	\$77,992.83
5	\$1,625.13	\$103,867.17

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,245.84	\$18,879.09
2	\$1,292.27	\$39,006.28
3	\$1,339.99	\$60,523.90
4	\$1,388.19	\$83,498.91
5	\$1,739.86	\$108,009.57

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$926.68	\$11,241.85
2	\$956.54	\$23,534.62
3	\$985.24	\$36,360.36
4	\$1,014.80	\$50,162.95
5	\$1,045.24	\$64,887.91

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$994.25	\$12,142.83
2	\$1,024.06	\$25,089.27
3	\$1,054.80	\$38,927.62
4	\$1,086.44	\$53,704.52
5	\$1,119.03	\$69,469.12

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,048.67	\$12,209.66
2	\$1,080.34	\$25,467.53
3	\$1,112.75	\$41,066.13
4	\$1,146.18	\$58,054.66
5	\$1,180.51	\$76,385.96

Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,014.40	\$20,448.93
2	\$1,041.83	\$44,379.21
3	\$1,073.08	\$69,211.85
4	\$1,105.27	\$95,008.10
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		
Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,698.72	\$20,746.20
2	\$1,749.69	\$42,866.12
3	\$1,802.18	\$66,509.63
4	\$1,856.25	\$91,756.87
5	\$1,911.94	\$118,691.70

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

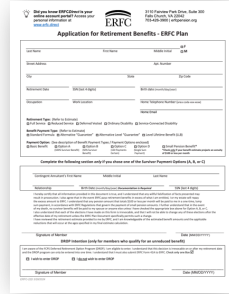
Option A: 100% Survivor - Standard		
Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,443.91	\$17,634.25
2	\$1,487.23	\$36,436.11
3	\$1,531.84	\$56,532.94
4	\$1,577.79	\$77,992.83
5	\$1,625.13	\$100,887.17

Option A: 100% Survivor - Level Lifetime		
Year	DROP Monthly Benefit	DROP Acct Balance
1	\$928.68	\$11,341.85
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

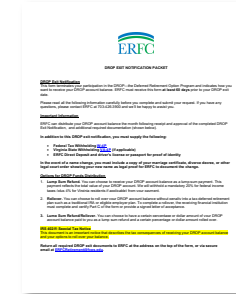
Option B: 50% Survivor - Standard		
Year	DROP Monthly Benefit	DROP Acct Balance
1	\$1,545.84	\$18,879.09
2	\$1,592.22	\$39,008.25
3	\$1,639.99	\$60,523.90
4	\$1,689.19	\$83,498.91
5	\$1,739.86	\$108,009.57

Option B: 50% Survivor - Level Lifetime		
Year	DROP Monthly Benefit	DROP Acct Balance
1	\$994.25	\$12,142.63
2	\$1,024.08	\$25,089.27
3	\$1,054.80	\$38,927.62
4	\$1,086.44	\$53,704.52
5	\$1,119.03	\$69,469.12

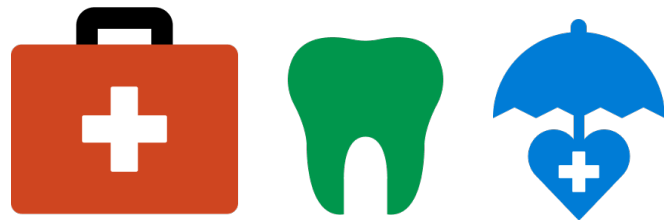
# How does DROP work? — What happens when I exit DROP?



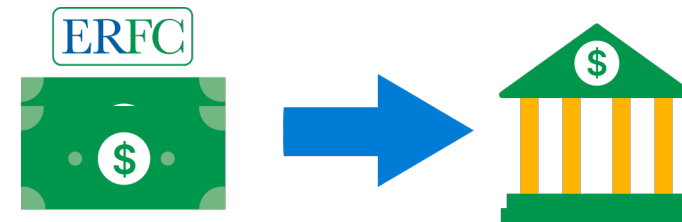
After five years (or sooner), you'll submit an **HR-2** to ERFC to terminate employment with FCPS and retire.



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



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



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



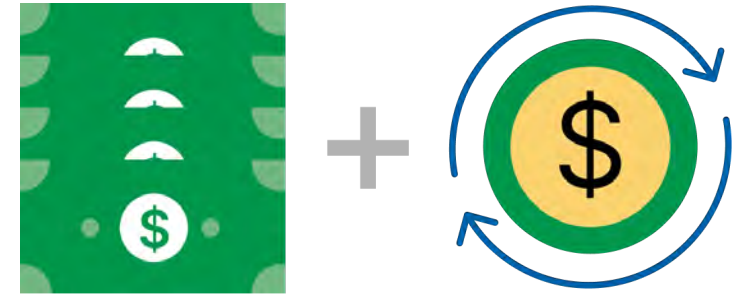
**You'll have the option to receive your DROP account balance one of three ways:**



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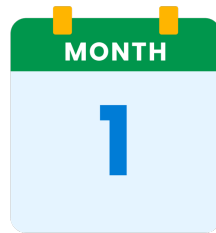
- ✓ You're retired only for purposes of the ERFC retirement plan.
  - Salary increases during DROP have no impact on future pension amounts. Your retirement benefit will not be re-calculated when you exit DROP.
  - During DROP, your ERFC pension benefit will receive annual retiree COLA increases.
  -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

**(The 60-day requirement will be waived for those wishing to enter DROP on July 1 or August 1, 2024.)**



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

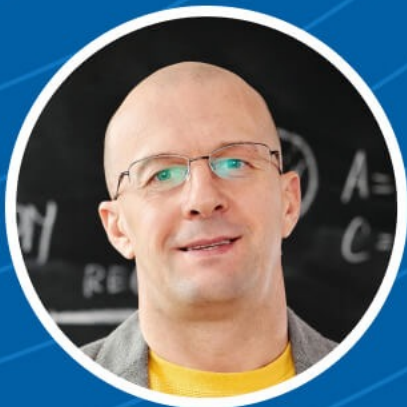


Approval of your packet requires:

- Completion of all required forms
- Your supervisor's signature on the application (ERFC 41A)
- Required 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 [erfcritirement@fcps.edu](mailto:erfcritirement@fcps.edu) and we'll be happy to help.

