

Pension Payment Options in the Deferred Retirement Option Program (DROP)

Upon entering the DROP, the member must select a pension payment option which will be used to calculate their monthly retirement allowances. The monthly pension amount (including cost-of-living adjustments) will be credited to their account for the duration of their participation in the DROP.

The following pension payment options are available to members entering the DROP.

Basic Benefit

This form of payment provides a monthly benefit to you for life. However, when you die, all benefits stop. There are no monthly payments to a beneficiary after your death.

Social Security (Smooth-Out) Option

This form of payment provides an increased monthly benefit prior to age 65. When you reach age 65, your retirement benefit will be reduced by the projected amount of your primary Social Security benefit. The purpose of this option is to provide for a more nearly level total retirement income before and after age 65, taking into account the federal Social Security benefits. There are no monthly payments to a beneficiary after your death. Note: This option is not available for service retirements.

Joint and Survivor Benefit Option

This form of payment provides a reduced benefit during your lifetime. Upon your death, the same amount or a designated fraction (25%, 50%, 75% or 100%), will continue to be paid to a designated beneficiary, if living. Your benefit remains reduced if your beneficiary precedes you in death.

Pop-Up Joint and Survivor Benefit Option

This form of payment provides a benefit reduced more than in the previous option, with the same amount or a designated fraction (25%, 50%, 75% or 100%), continuing after your death to your designated beneficiary. However, if the beneficiary predeceases you, the benefit is increased to the amount you would have received under the Basic Benefit, as if you had not elected an optional form of benefit.

If you elect either the Joint and Survivor Option or the Pop-Up Joint and Survivor Option at retirement, the designated beneficiary does not have to be a spouse or relative. Please be reminded, however, that once your retirement is effective, the designated beneficiary for either of these payment options cannot be changed.

Level Benefit Option

This form of payment provides a level monthly benefit for your lifetime which is less than the basic benefit before age 65 and greater after age 65. This is available only to firefighters and police officers or former vested members who separated from the city prior to March 1, 1997.