

# AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND

## DEFERRED RETIREMENT OPTION PLAN (DROP) APPLICATION AND ELECTION

NAME: \_\_\_\_\_

SOCIAL SECURITY #: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_  
Street, City, State, Zip

### BY SIGNING THIS APPLICATION AND ELECTION, I ACKNOWLEDGE THE FOLLOWING:

- I have read and understand the provisions of Article 6243e.1, Vernon's Texas Civil Statutes (the Act governing the Fund), which provide for the Deferred Retirement Option Plan (DROP) available to members of the Austin Firefighters Relief and Retirement Fund (Fund).
- I have read and understand the policy and procedure for DROP participation, as adopted by the Board of Trustees of the Fund (Board).
- I have had the opportunity to meet with the Fund's administrative staff and ask them questions regarding the operation of DROP and its effect on my benefits under the Fund, and any potential benefit that my survivors may receive under the Fund.
- I have had the opportunity to seek advice from a professional tax advisor, and understand that the administrative staff of the Fund, although providing some general information, cannot and has not rendered legal advice to me on the effect DROP will or may have on the taxation of any benefit I may receive under the Fund, or any potential benefit that my survivors may receive under the Fund.
- In electing to participate in DROP, I have not relied upon information provided by the Fund's administrative staff. My decision to elect to participate in DROP is based solely on my understanding of the program as provided in the Act governing the Fund and in the policy and procedure for DROP, as adopted by the Board.
- I meet the eligibility requirements of DROP as set forth in the Act governing the Fund.
- I understand that my retirement annuity as calculated under the terms of the Act governing the Fund will be determined as of the effective date of my participation in DROP. I also understand that as a consequence of my election to participate in DROP, I will forgo any otherwise applicable improvements in my retirement pension, including, but not limited to, improvements attributable to age, rank, increase in pay, or years of service with the fire department that occurred or accrued after the effective date of my DROP participation.
- I understand that my retirement annuity and my DROP benefits are subject to the provisions of Article 9.03 of the Act governing the Fund (the Internal Revenue Code Section 415 limitations).
- I understand that the DROP Application and Election will be deemed not received if incomplete.

Initial here: \_\_\_\_\_

Name \_\_\_\_\_

SSN \_\_\_\_\_

**EFFECT OF ELECTION TO PARTICIPATE**

I understand that my election to participate in DROP is irrevocable, and that subject to the rules of DROP participation set forth in the Act governing the Fund, I will receive a retirement annuity upon my leaving employment with the City of Austin as a firefighter with the City of Austin, based on:

Years of credited service: \_\_\_\_\_

Average monthly compensation: \_\_\_\_\_

Percentage used in calculations: \_\_\_\_\_

I further understand that my election to participate in DROP will continue should I once again become employed by the City of Austin as a firefighter.

**DROP DISTRIBUTION OPTIONS**

I understand that all distributions from a DROP account (that have not been previously taxed) are subject to a mandatory twenty percent (20%) withholding for federal income tax unless the withdrawal is transferred directly by the Fund to an Individual Retirement Account (IRA), an Individual Retirement Annuity, or a qualified trust.

I understand that no DROP distribution shall be made to any participant who has not attained age fifty-nine and one-half (59½) at the time of distribution unless either:

- a. the participant had attained age fifty (50) prior to terminating covered employment; or
- b. the distribution is made in the form of a rollover to an individual retirement account.

I understand that, to the extent permissible under federal tax laws, payment of a DROP benefit can be made in the following forms:

- a. a single-payment distribution made at a time selected by the DROP participant, but not later than April 1 of the year after the participant attains 70½ years of age; or
- b. in not more than four payments, which may be equal or unequal (as the DROP participant may determine), all of which must occur not later than April 1 of the year after the DROP participant attains 70½ years of age.

**EFFECTIVE DATE OF PARTICIPATION**

I understand that my participation in DROP is effective retroactively to the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, provided it has been approved by the Fund's Board of Trustees.

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Print or Type Name of Participant

Name \_\_\_\_\_

SSN \_\_\_\_\_

**DROP DISTRIBUTION ELECTION FORM**

\_\_\_\_\_ **ROLLOVER.** I choose to have my lump sum DROP account balance rolled over into an eligible qualified plan or IRA. No federal income tax will be withheld. The name and address of the plan/IRA is completed below.

\_\_\_\_\_ **PARTIAL ROLLOVER.** I choose to have \$\_\_\_\_\_ of my lump sum drop account balance rolled over into another qualified plan or IRA. No federal income tax will be withheld from this portion. The remaining balance of my lump sum DROP account will remain in the pension fund. The name and address of the plan/IRA is completed below.

\_\_\_\_\_ **LUMP SUM DIRECT DISTRIBUTION TO PARTICIPANT.** I choose to have my lump sum made payable to me. Please withhold 20% for federal income tax.

\_\_\_\_\_ **PARTIAL DISTRIBUTION TO PARTICIPANT.** I choose to have a partial payment made payable to me. Please withhold the 20% for federal income tax on this partial payment. The remaining balance of my lump sum DROP account balance will remain in the pension fund until further instructions are given.

\_\_\_\_\_ **SERIES OF PARTIAL DISTRIBUTIONS TO PARTICIPANT.** I choose to have a series of payments made payable to me. Please withhold the 20% for federal income tax on each of these. These payments should be made on: \_\_\_\_\_

\_\_\_\_\_ **LEAVING DROP IN PENSION FUND .** I Choose to leave my DROP account balance in the pension fund to accrue 5% interest compounded monthly. (This accrues, but is not paid).

**For transfer to IRA or qualified plan:**

Name of IRA or plan and account number: \_\_\_\_\_

Address (Street, City, State, Zip):

\_\_\_\_\_

\_\_\_\_\_  
DROP Participant's Signature

\_\_\_\_\_  
Date of Signature

SWORN AND SUBSCRIBED TO BEFORE ME, this \_\_\_ day of \_\_\_\_\_, \_\_\_\_

(SEAL)

\_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, Texas

\_\_\_\_\_  
Pension Office Staff's Signature

\_\_\_\_\_  
Date Accepted

Name \_\_\_\_\_

SSN \_\_\_\_\_

**BENEFICIARY DESIGNATION FOR DROP PAYMENTS**

I wish to designate the following person to be my beneficiary. I understand that if I do not designate a beneficiary and I am married, my spouse will automatically be my beneficiary provided that my spouse survives me. If I am unmarried and do not designate a beneficiary, my beneficiary will be determined according to the laws of the state in which I live, which I understand may be a more costly process for my heirs.

Beneficiary Name: \_\_\_\_\_

Relationship: \_\_\_\_\_

Beneficiary's Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Social Security No.: \_\_\_\_\_

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Contingent Beneficiary Name: \_\_\_\_\_

Relationship: \_\_\_\_\_

Contingent Beneficiary's Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Social Security No.: \_\_\_\_\_

This beneficiary election will continue to be effective unless I submit (and the Fund's Administrative Office receives) a new beneficiary designation on a form adopted by the Board.

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Print or Type Name of Participant

**SPOUSE'S ACKNOWLEDGEMENT**

As the spouse of the member listed above, I understand that I have not been named as beneficiary to receive the member's DROP benefits in the event of my spouse's death. (Your signature must be witnessed by a notary public.)

Spouse's Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Notary's Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Notary Seal