



Jacksonville
Police and Fire Pension Fund
Deferred Retirement
Option Program
Presentation

Presentation Outline

- ▶ DROP Basics
- ▶ DROP Eligibility & Participation
- ▶ DROP Enrollment
- ▶ DROP Commencement
- ▶ Pension Calculation, DROP Accumulation, & Interest Rates
- ▶ DROP Distributions
- ▶ Share Plan
- ▶ Survivor & Child Benefits
- ▶ Time Service Connections
- ▶ What to Expect

DROP Basics

- ▶ The Deferred Retirement Option Program (DROP) is an additional retirement benefit that began in 1999.
- ▶ Police Officers and Firefighters enroll during a specified quarterly schedule.
- ▶ Your Pension Base is calculated and locked-in at DROP commencement.
- ▶ Pension is deposited into your individual DROP account until retirement and may be accessed thereafter.
- ▶ Your DROP account accrues interest.

DROP Eligibility & Participation

To Participate in the DROP, you must:

- ▶ be a contributing member of the Police and Fire Pension Fund;
- ▶ have at least 20 and less than 32 years of service at the date of DROP commencement;
- ▶ have been a member of the Fund as of September 30, 2017.

Years of Service at Enrollment	Maximum DROP Participation
20-29	5 Years
30	3 Years
31	2 Years
32+	Not Eligible

Enrollment

- ▶ You must enroll in the DROP in the specified month long window (usually two months before commencement).
- ▶ After submitting your application, you may withdraw your application up until the date of application approval by the Pension Board of Trustees.

DROP Commencement

- ▶ After enrollment and DROP commencement, your pension contributions from your salary will decrease from 10% to 2%. No other changes are made to your pay.
- ▶ After DROP commencement, your Share Plan account balance will be distributed to you in either a lump sum check, or a rollover into another qualified plan.
 - ▶ The Share Plan was created in 2015 as a way for active members to build an additional retirement benefit funded from state premium tax distributions.
 - ▶ Your Share Plan account receives interest equal to the Fiscal Year return of the Fund as a whole (positive or negative), and is credited every January 1.

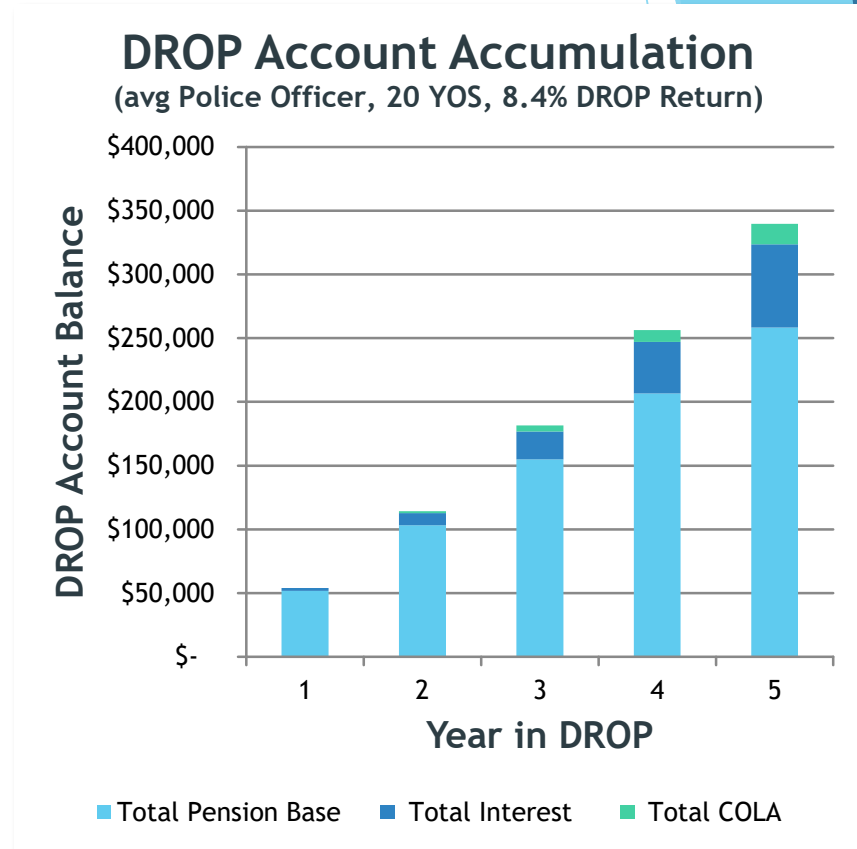
How is your Pension Calculated?

- ▶ Your Pension Base is calculated by taking the average salary of your past 52 pay periods before the date of DROP commencement and multiplying it by one of the following percentages depending on your years of service:

Years of Service	Pension Benefit
20	60%
21	62%
22	64%
23	66%
24	68%
25	70%
26	72%
27	74%
28	76%
29	78%
30+	80%

DROP Accumulation

- ▶ After DROP commencement, deposits of your pension base are made bi-weekly into your account.
- ▶ Interest is credited monthly.
- ▶ Your pension base is increased by the Cost of Living Adjustment (COLA) percentage of 3% every January 1st. The COLA compounds.



Interest Rates

- ▶ The DROP Interest Rate is a flat 8.4% annual, credited monthly.
- ▶ The COLA Rate is a flat 3.0% annual, credited bi-weekly.

DROP Distributions

You may access your DROP account upon retirement in the following ways:

- ▶ Bi-weekly Distribution
- ▶ Lump Sum, or Partial Lump Sum
- ▶ Direct Rollover into a qualified plan
- ▶ Or any combination of the above

Bi-Weekly Distributions

- ▶ You will select a certain number of years to amortize your DROP account upon retirement.
- ▶ Your Bi-Weekly DROP payment will be included with your Pension Base, COLA, and Supplement.
- ▶ This will be one recurring bi-weekly direct deposit into your bank account.
- ▶ If you are under age 50 at the end of the year you exit the DROP, you will need to consider certain IRS guidelines in order to avoid unnecessary penalties.
- ▶ If you elect to take a bi-weekly distribution and are over 50, you may not modify your distribution. Your only option is to cash out your entire account.
- ▶ If you are under 50, you get one option to modify your distribution at age 59½.

IRC Section 72(t) Life Expectancy

Age (at CYE)	Minimum Life Expectancy	Maximum Life Expectancy
40	43.6	56.4
41	42.7	55.4
42	41.7	54.4
43	40.7	53.4
44	39.8	52.4
45	38.8	51.5
46	37.9	50.5
47	37	49.5
48	36	48.8
49	35.1	47.5
50	N/A	46.5
51	N/A	45.5
52	N/A	44.6
53	N/A	43.6
54	N/A	42.6
55	N/A	41.6
56	N/A	40.7
57	N/A	39.7
58	N/A	38.7
59	N/A	37.8
60	N/A	36.8
61	N/A	35.8
62 and over	N/A	34.9

Lump Sum Distributions



- ▶ 20% will be deducted from the amount you withdraw for taxes regardless of your age.
- ▶ An additional 10% penalty will be deducted if you are under 50 at the end of the year that you withdraw.



Direct Rollover Distributions

- ▶ You may transfer your DROP balance entirely, or partially into another qualified plan upon retirement, such as an IRA or your Empower account.
- ▶ We will not deduct any taxes or apply any penalties on your rollover.



Share Plan

- ▶ All active members have a Share Plan account, which is credited with premium tax revenues and investment earnings or losses (interest) equal to that of the Plan as a whole.
- ▶ If you enter DROP, or retire with 10 years of service or more, your Share Plan account balance will be liquidated and distributed to you in a lump sum check or rollover.
- ▶ As of January 1, 2022, the maximum Share Plan account balance is \$7,686.01.
- ▶ The Police and Fire unions determine the amount credited towards member shares annually.

Survivor & Child Benefits

- ▶ If you die with a spouse, your spouse is entitled to 100% of your DROP money and there are no changes to the program.
- ▶ If you die without a spouse, your remaining DROP balance will be cashed out and written as a check “To the estate of the deceased”. Where the DROP money moves after that point will be determined by your will.
- ▶ Your Pension Base and COLA will be reduced to 75% for survivors. DROP and Supplement are left unchanged.
- ▶ If you die with a surviving spouse and minor children, each child will receive an additional benefit of \$200 per child per month until the child reaches 18 years of age, or 22 years of age if they enter college full-time.
- ▶ If you die with minor children but no surviving spouse, each child will receive the proportionate share of the surviving spouse’s benefit until the child reaches 18 years of age.

Time Service Connections (TSCs)

- ▶ You may purchase a time service connection at the following rates for the amount of time purchased:
 - ▶ Prior Service (up to 5 years) as a Florida State Certified Police Officer or Firefighter: 20% of your monthly pensionable salary at the time of application;
 - ▶ Prior Wartime Military Service (up to 2 years): 20% of your monthly pensionable salary at the time of application;
 - ▶ Prior City of Jacksonville Service: your current pension contribution rate (10%) at the time of application.
- ▶ Save money by applying to purchase time as early as possible!

Additional Considerations

- ▶ You are waiving your right to a disability pension retirement upon DROP enrollment. If you become disabled, incapacitated or cannot work for your department in any capacity, you must leave the DROP.
- ▶ The DROP is irrevocable - unless you become appointed AFTER DROP enrollment. If you enroll in the DROP as an appointed employee, then you may not revoke your membership.
- ▶ After enrolled in the DROP, any subsequent raises, or increases in salary due to promotion do not increase your pension.
- ▶ Only in the event of retro pay will your pension amounts change after DROP enrollment.

DROP Example

An average 20-year police officer enrolling in the DROP can expect after 5 years of DROP participation (figures approx.):

- ▶ \$338,522 final DROP account balance
- ▶ \$1,246.89 bi-weekly DROP payment (if taken over 25 years at 8.4% interest).

Pension Summary

Pension Base	\$1,987.04
COLA	316.48
Supplement	46.15
DROP	1,247.89
Bi-Weekly Total	\$3,596.56
Annual Total	\$93,510.68

Time Service Retirement Total Annual Pension Benefit

Rank	Years of Service at Retirement										
	20	21	22	23	24	25	26	27	28	29	30
Police Officer	52,863	54,645	56,427	58,209	59,992	61,774	63,556	65,338	67,120	68,902	70,684
Police Sergeant	61,907	63,991	66,074	68,158	70,241	72,325	74,408	76,492	78,576	80,659	82,743
Police Lieutenant	72,521	74,958	77,396	79,833	82,270	84,708	87,145	89,582	92,020	94,457	96,895
Firefighter	43,141	44,599	46,057	47,515	48,973	50,431	51,889	53,347	54,805	56,263	57,721
Engineer	49,412	51,079	52,747	54,414	56,081	57,748	59,415	61,082	62,749	64,416	66,083
Lieutenant	56,674	58,583	60,492	62,401	64,310	66,219	68,128	70,038	71,947	73,856	75,765
Captain	64,990	67,176	69,362	71,549	73,735	75,921	78,108	80,294	82,480	84,667	86,853
District Chief Rescue	75,694	78,237	80,780	83,323	85,866	88,409	90,952	93,496	96,039	98,582	101,125

Benefits shown are calculated on base salary only, no incentives were included. Values shown are the annual total pension base and supplement for the first year of retirement, not including COLA.

DROP

Total Ending DROP Balance

Rank	Years of Service at DROP Enrollment										
	20	21	22	23	24	25	26	27	28	29	30
Police Officer	338,522	349,806	361,090	372,374	383,658	394,942	406,226	417,510	428,794	440,078	451,362
Police Sergeant	397,782	411,041	424,300	437,560	450,819	464,079	477,338	490,597	503,857	517,116	530,376
Police Lieutenant	467,329	482,907	498,484	514,062	529,640	545,217	560,795	576,373	591,950	607,528	623,106
Firefighter	274,814	283,975	293,135	302,296	311,456	320,617	329,777	338,938	348,098	357,259	366,419
Engineer	315,911	326,441	336,971	347,502	358,032	368,562	379,093	389,623	400,154	410,684	421,214
Lieutenant	363,490	375,606	387,723	399,839	411,956	424,072	436,188	448,305	460,421	472,537	484,654
Captain	417,982	431,914	445,847	459,780	473,712	487,645	501,578	515,511	529,443	543,376	557,309
District Chief Rescue	488,118	504,389	520,660	536,930	553,201	569,471	585,742	602,013	618,283	634,554	650,825

Benefits shown are calculated on base salary only, no incentives were included. January 2026 DROP class assumed.

DROP

Total Annual Pension & DROP

Rank	Years of Service at DROP Enrollment										
	20	21	22	23	24	25	26	27	28	29	30
Police Officer	93,511	96,648	99,785	102,922	106,059	109,196	112,333	115,470	118,607	121,744	124,881
Police Sergeant	109,670	113,346	117,022	120,697	124,373	128,049	131,725	135,400	139,076	142,752	146,427
Police Lieutenant	128,635	132,943	137,251	141,559	145,867	150,174	154,482	158,790	163,098	167,406	171,714
Firefighter	76,139	78,697	81,255	83,813	86,371	88,928	91,486	94,044	96,602	99,160	101,718
Engineer	87,345	90,277	93,208	96,140	99,071	102,003	104,934	107,866	110,797	113,729	116,660
Lieutenant	100,320	103,684	107,048	110,412	113,775	117,139	120,503	123,867	127,231	130,595	133,959
Captain	115,179	119,038	122,897	126,757	130,616	134,475	138,334	142,194	146,053	149,912	153,772
District Chief Rescue	134,304	138,801	143,298	147,795	152,291	156,788	161,285	165,782	170,279	174,775	179,272

Benefits shown are calculated on base salary only, no incentives were included. January 2026 DROP class assumed. Values shown are the annual total pension base, supplement, 5-year COLA, and 25-year DROP amortization for the first year of retirement.

For DROP Enrollment, contact:

Lynn West, Pension Benefits Specialist

904.255.8964

LynnWest@coj.net

Helpful Links

Police and Fire Pension Fund Website

jaxpfpf.coj.net

DROP Information, FAQs, and Commencement Dates

<https://www.coj.net/departments/police-fire-pension-fund/drop>