
EMPLOYEE GUIDE FOR RETIRING UNDER FRS PENSION PLAN – DROP

DROP ENTRY

1. Determine if the [Deferred Retirement Option Program \(DROP\)](#) is right for you. Generally, vested Pension Plan members may begin DROP participation in the month they reach their normal retirement date based upon age or the month following the month they reach their normal retirement date based upon their years of service. Review FRS publications: [FRS Member Handbook](#), [DROP Guide](#), and [Ready. Set. Retire.](#)
DROP is offered for vested FRS Pension members who have reached their normal retirement date. DROP allows you to effectively retire while delaying your termination. Under this program, you stop earning service credit toward a future benefit and your retirement benefit is calculated at the time your DROP participation begins. While you are in the DROP, your monthly retirement benefits accumulate in the FRS Trust Fund, earning tax-deferred interest, while you continue to work and earn a salary.
2. Your **Member Annual Statements** and your service history, available from your [FRS Online account](#), will help you track when you will reach normal retirement and allow you to project estimates of benefits. Contact the [MyFRS Financial Guidance Line](#) at **1-866-446-9377** or schedule an **appointment [online](#)** to review your retirement account and estimate your income at retirement.
3. When you apply to retire and enroll in DROP, you must choose a termination date. The [DROP Participation Chart](#) page allows you to determine your maximum DROP termination date, based on your DROP begin date. Employment status is not changed by your [DROP participation](#) and participation in the DROP program does not guarantee continued employment.
*When your DROP participation period ends, you **must terminate all employment with all FRS employers** or **forfeit** your DROP benefits. Upon termination, your DROP account is paid to you as a lump sum payment, a rollover to another qualified plan or a combination partial lump sum payment and partial rollover.*
4. If you decide to join DROP, complete the forms included in the [DROP Retirement Forms Packet](#) up to 6 months prior to the date you enter DROP.
To maximize your time in DROP, the Division of Retirement must receive your application by the last working day of the calendar month in which you choose to begin DROP. Do not delay sending in your retirement application, you will not receive any retroactive benefits for any months before your effective date of retirement.
5. Return the completed [application packet](#) to the Benefits Department (benefits@fiu.edu). The packet should include the following forms and document(s):
 - a. [DP-ELE](#) – Notice of Election to Participate in the Deferred Retirement Option Program (DROP) and Resignation of Employment
 - b. [DP-11](#) – Application for Service Retirement and the Deferred Retirement Option Program (DROP)
 - c. [FRS-110](#) – Option Selection for monthly benefit payment
 - d. [SA-1](#) – Spousal Acknowledgement form
 - e. [FST-12](#) – Beneficiary Designation form
 - f. Attach proof of age document(s), for yourself and spouse, and copy of marriage certificate, as applicable.
6. Complete the [Election of Annual Leave Payment for DROP Participants form](#) upon DROP Entry and submit to the Benefits Department (benefits@fiu.edu).
*You have the option to receive a lump-sum payment for your accrued annual leave earned upon entering DROP or defer until separation or DROP end. If you select to receive a lump-sum payment for your accrued annual leave, such accumulated leave payment will be included in the average final compensation for your retirement benefit, payment is subject to applicable tax withholding and mandatory retirement contributions (3%). This annual leave lump-sum payment can be processed tax-deferred toward a 403b or 457 voluntary retirement savings account or cash out. If you elect to wait and receive all or part of such lump sum payment of the allowable hours at the end of your DROP participation and/or termination of employment, any accumulated leave payment made at that time **will not** be included in the calculation of your average final compensation of retirement benefit.*

DROP EXIT

1. The Division of Retirement (DOR) will mail a DROP exit packet 90 days prior to the last day of employment (DROP end date). The following forms will be enclosed:
 - a. **DP-TERM** – DROP Termination Notification is required to verify your employment termination. Please obtain a notarized signature and return this form to FIU Benefits Administration at benefits@fiu.edu.
 - b. **DP-PAYT** – DROP selected payout method is required to select the method of payment of your accumulated DROP Benefits. Please follow instructions on the form and return ***directly to the Division of Retirement.***
2. Employee must notify supervisor/department if ending DROP early. If you decide to terminate your employment earlier than your scheduled DROP termination date on your initial DROP application, **please contact the Division of Retirement at 844-377-1888 (toll-free) or 850-907-6500 to report your new DROP termination date.**
3. Courtesy notification to supervisor/department of retirement (DROP end date) and complete the separation process. **Note:** [Separation from Employment/Transfer Clearance Form](#) is required for all employees separating employment, and it needs to be completed by the department.
4. Employee is required to return all university property issued during their tenure and to settle all outstanding debts and accounts with the university prior to their last day.
5. Termination date is reported by the employer to People First and the Division of Retirement.
6. After your DROP termination date, you must terminate ALL employment with FRS employers (including third-party and OPS appointments, courtesy appointments, paid or unpaid).
7. To be officially defined as a State of Florida retiree, you must receive a distribution from your Pension account. This distribution will make you eligible to convert your active health and life insurance from a State employee to State retiree.
8. Retirement benefits are payable on the last state business day of each month, see [payment schedule](#). Please be advised that you must establish **Direct Deposit** with the Division of Retirement. Use your secure [FRS Online](#) account to enroll in direct deposit. Enrollment and changes are generally completed in 7-10 business days.
9. The Division of Retirement will mail a packet of material to you at the end of your first month of retirement which will include the following forms, to complete and return directly to the Division of Retirement:
 - a. [Withholding Certificate for Pension Payments Form \(W-4P\)](#) and
 - b. [Health Insurance Subsidy Certification Form \(HIS-1\)](#).
10. Access your benefit and tax statements through [FRS Online Services](#).

REEMPLOYMENT RULES

As a DROP retiree, **termination requirements** and **reemployment limitations** apply beginning in the calendar month following your DROP termination date. Returning to FRS employment within 12 calendar months of becoming a Pension Plan retiree may void your retirement and require you to repay retirement benefits received.

The reemployment laws are very complex and returning to work for an FRS-participating employer after you've retired may have **significant financial consequences**. Before retiring or returning to work for an FRS-participating employer, **we strongly recommend you call the MyFRS Financial Guidance Line at 1-866-446-9377**. For more details, review [Reemployment Rules for Pension Plan Members](#).

LEAVE ACCRUAL PAYOUT

[Separation from Employment/Transfer Clearance Form](#) is required for all employees separating employment, and it needs to be completed by the department. Your leave payout will be processed in accordance with FIU Leave policies and regulations. Only 12-month employees are eligible to receive payment for unused accrued vacation leave balance up to the lifetime maximum payout. Sick leave accruals may be eligible for payout. Please contact the [Payroll Department](#) for confirmation.

Your annual leave lump-sum payment can be processed as taxable income or tax-deferred through payroll deduction into one of the [403\(b\) and/or 457 voluntary retirement accounts](#) offered at FIU. Should you be interested in tax-deferring, please take the appropriate action(s) below prior to your last day of employment. Otherwise, your payout will be automatically processed as cash distribution and direct deposited into the account on file. Please note that cash distributions are subject to federal tax withholdings.

- I. Contact your [403\(b\) and/or 457 provider company](#) and follow necessary steps for a tax-deferred payout. **Important note:** Ensure your account is open and ready to receive contributions.
- II. To have your leave accrual payout tax-deferred towards a **403(b) voluntary account**, you will need to complete a new **Retirement Voluntary Contribution Form**, indicating the amount you wish to defer toward your 403(b) voluntary plan. This form is available via *Panther Soft Self-Service (MyFIU)* through the following path: *Main menu > Employee Resources > Employee Forms > Benefits Forms > Retirement Voluntary Contribution*. Once submitted electronically, it will be routed to our queue for processing.
- III. Contributions to your 403(b) voluntary plan do not count towards the **457 Deferred Compensation limits**. Thus, if in addition you wish to have a special supplemental payout, you can establish a 457 Deferred Compensation account with one of the authorized [investment providers](#) and request a special supplemental payout for upcoming leave accrual payout.

STATE HEALTH INSURANCE AND MEDICARE A/B

If you are enrolled in a [State Health Insurance Plan](#), your coverage will end **the last day of the month after your retirement date**. For example, if your retirement (termination) date is June 7, your coverage ends July 31.

People First will mail a [State Group Insurance Benefits Package for New Retirees](#) two weeks following your termination. If you do not receive it within this timeframe, please contact the People First Service Center at 1-866-663-4735 for assistance.

Upon retirement, if you were enrolled in employee health and life coverage, People First will automatically enroll you in your current health plan's retiree coverage and the \$2,500 retiree life insurance coverage, unless you make an active change within 60 calendar days from your last day worked.

Your action is required and time sensitive, you will need to either accept or decline coverage by returning [the retiree packet](#) to People First. Please note, if you do not continue health and life insurance coverage at the time of retirement, you will not be allowed to enroll in state health or life insurance at a later date.

Contact the [Social Security Administration](#) at 1-800-772-1213 to discuss your Social Security benefits and to complete your **Medicare A/B enrollment**. Medicare enrollment may be done upon retirement or at any time while eligible and active with FIU. While employed, the State's insurance through FIU is "primary", hence the employee is not obligated to sign up and pay for Medicare, which would be considered "secondary".

Please be advised it is your responsibility to ensure Medicare A/B is your Primary Health Insurance when you retire. Neither our office nor the State interface with the Social Security Administration to provide employment and retirement details. Please contact [SHINE](#) (Florida Department of Elder Affairs) at 1-800-963-5337 for additional information on coverage options. Please note that this is a free, unbiased, and confidential counseling assistance to Medicare beneficiaries, their families, and caregiver.

FLEXIBLE SPENDING ACCOUNT

If you are currently enrolled in the Flexible Spending Account, you can continue this plan after retirement and into **the end of the year in which you are retiring** pending you pay the remaining pledged contributions at your time of termination.

You have the option to issue a check or designate part of your leave cash-out. Contact **People First at 1-866-663-4735** and complete the [form](#) prior to your termination date. A copy of the form should also be submitted to the FIU Benefits office at benefits@fiu.edu, no later than the date of termination, if you wish to allocate your leave cash-out funds to pay the balance.

BASIC TERM LIFE

Upon retirement, choose either the \$2,500 or the \$10,000 benefit. Please be advised you will be automatically enrolled into \$2,500 retiree life insurance coverage, unless you make an active change within sixty (60) calendar days from your last day worked. Learn more about changes in your coverage when you retire [here](#).

GABOR SUPPLEMENTAL PLANS (NON-STATE)

For questions on the policy(s), you may contact [Gabor Financial Solutions](#) directly via email at info@gaborfs.com or call their Toll-Free line at [\(800\) 330-6115](tel:(800)330-6115).

FIU 403(B) & 457 VOLUNTARY SAVINGS PLANS

Once employment has terminated, you may take a distribution from your voluntary retirement account(s). You can contact your [provider company](#) directly at any time, to discuss investment and distribution options.

FIU RETIREE ASSOCIATION

As a member of the FIU Retiree Association, you can expand your horizons through a variety of discount programs that provide access to some of the university's best arts, entertainment, and athletic events. There's a rich array of programming available to our university's retirees. Obtain your [FIU Retiree OneCard](#) or contact 305-348-0101.

CONTACT & ADDRESS UPDATES

Prior to retiring, make sure to update your contact and address information. Changes must be processed via [My.FIU.edu](#).

FIU EMAIL ACCESS

Login access is through panthermail.fiu.edu. If you need assistance logging in, please contact the Division of Information Technology Customer Support Center at 305-348-2284.

FORM W-2 TAX STATEMENT ACCESS

Update your consent to receive W-2/W2-c forms electronically or in the mail. If you consented to receive your [W-2 document electronically](#), you will need to log into [My.FIU.edu](#) and download/print out the W-2 at your convenience. Employees who have separated from FIU, retain limited access to Employee Self Service for two (2) years after their last date of employment. If you need assistance logging in to the system, please contact the Division of Information Technology Customer Support Center at 305-348-2284.

If you prefer to receive a paper W-2 form in the mail, you must submit a withdrawal of consent form through [MyFIU](#) (log in to Panther Soft Self-service and navigate to *Payroll > W-2/W2c Consent*). Employees can change their option and withdraw consent to online delivery by un-checking the consent check box and clicking the "Submit" button. Changes will be applied to statements not yet issued.