

## College Operating Procedures (COP)



**Procedure Title:** Deferred Retirement Option Program (DROP)  
**Procedure Number:** 05-0604  
**Originating Department:** Office of Human Resources

**Specific Authority:**

Board Policy 6Hx6:5.00  
Florida Statute 1012.81-83  
Florida Administrative Code n/a

**Procedure Actions:** Adopted: 11/21/96; 5/00; 7/1/00; 12/15/04;12/2/08; 02/16/10;  
06/02/10; 11/1/10; 04/04/2025

**Purpose Statement:** To provide guidelines for the College employee in the selection of an alternate payment program for retirement benefits.

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### **Guidelines:**

NOTE: The Deferred Retirement Option Program (DROP) is a Florida Retirement System Program defined in F.S. 1012.81-83. As such, provisions in statute supersede any conflicting policy or procedure.

The DROP program provides an alternative method for payment of retirement benefits for a specified and limited period for members of FRS, TRS, and SCOERS. Under this program, an eligible employee may retire and have FRS benefits accumulate in the FRS Trust Fund, earning interest, while continuing to work for the College. Participation in DROP does not change the condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits and begin receiving FRS monthly retirement benefit (in the same amount determined at retirement, plus annual cost-of-living increases).

#### **I. Eligibility:**

Employees are eligible to participate in the DROP when they are vested and have reached normal retirement age per FRS guidelines. An eligible employee may make an election to participate in DROP up to six (6) months prior to the date of participation.

#### **II. Participation Limit:**

Eligible employees may participate for a maximum of 96 months following enrollment in the DROP. Failure to terminate at the conclusion of the DROP period will result in retroactive cancellation of both retirement and the DROP, and the employee and the College must pay any additional contributions required for FRS service credit.

### **III. DROP Benefits:**

DROP accounts will be distributed when the eligible employee terminates employment from the College in one of three ways: a lump sum cash payment, a direct roll over in to a qualified retirement plan, or a combined partial lump sum cash payment and rollover. All DROP benefit payments are made by the State, not by the College.

### **IV. Limitations & Restrictions:**

#### **A. Death and Disability Benefits-**

The participant's FRS designated beneficiary is eligible to receive all accumulated DROP benefits and, depending on the benefit option selected, monthly FRS benefits. DROP participants are not eligible for FRS disability benefits, and their survivors are not eligible for FRS in-line-of-duty death benefits.

#### **B. Reemployment, Renewed Membership and Health Insurance Subsidy-**

At the conclusion of DROP, DROP participants will begin receiving the Health Insurance Subsidy (HIS) pursuant to statute.

### **V. Annual Leave Payout:**

Annual leave may be paid out at the beginning of the DROP period for inclusion in the calculation of Average Final Compensation as elected by the employee on form PER-057. Annual leave paid at termination (end of DROP period) shall not be counted in the retirement calculation. With respect to annual leave, a DROP participant may elect to:

- Be paid for all accrued annual leave up to a maximum allowable as defined under the Annual Leave program at the time DROP participation begins, and retain any remaining annual leave balance. The annual leave payment will be considered in the Average Final Compensation for retirement benefit calculations. At the end of the DROP participation, the participant will be eligible for payment of annual leave hours that will not exceed the maximum allowable when combined with the hours paid at the start of DROP. Annual leave hours paid at the end of DROP cannot be included in the Average Final Compensation; or
- Be paid for a designated portion of accrued annual leave hours in tenths of an hour increments at the time DROP participation begins, and retain the remaining annual leave balance. The annual leave payment will be considered in the Average Final Compensation for retirement benefit calculations. At the end of the DROP participation, the participant will be eligible for payment of annual leave days that will not exceed the maximum allowable when combined with the amount paid at the start of DROP. Annual leave time paid at the end of DROP cannot be included in the Average Final Compensation; or
- Refuse to be paid for annual leave hours at the start of DROP participation and retain all accrued annual leave hours. Any payment for annual leave after the start of DROP cannot

be included in the Average Final Compensation. The participant will be eligible for annual leave hours at the end of DROP participation up to a maximum allowed.

Employees participating in DROP will continue to accrue leave based upon their length of service.

**VI. Sick Leave:**

Sick leave shall be earned during the DROP period, and unpaid sick leave shall be carried forward until used or paid at termination. All of the leave shall be paid in accordance with the policy for payment of sick leave upon retirement at termination. A DROP participant is not eligible for sick leave payment upon beginning DROP participation.

**Procedures:**

The employee must give written notice of their request to participate in the DROP program to their supervisor, who will forward that notice to Human Resources. It is recommended that the employee give at least three months' notice in order to provide ample time for processing the forms for participation. DROP participation would be effective the month following the receipt of the application by the Florida Retirement System.