

February 21, 2011

**MEMORANDUM #011-15HR**

**TO: Agency Administrators**

**FROM: Bobbie Chappell**

**VIA: Rip Colvin, Executive Director**

**RE: Follow-up Questions and Answers - JAC FRS Workshop**

**1. Is there an exception to the FRS Re-employment Provisions for Elected Officials? What if the Elected Official is currently in the DROP?**

An Elected Official, participating in DROP, does have the option to postpone his termination from DROP until the end of the current term or any successively held term. If the Elected Official's termination requirement is extended under this provision, they are ineligible for renewed membership and may not receive their Pension benefit or DROP accumulation until they terminate from the elected office. If an Elected Official's DROP participation begins on July 1, 2010 or after, the account will no longer earn interest after the original DROP participation date has ended.

Elected Officials are required to adhere to the termination requirements and re-employment limitations. There are currently no exceptions to these provisions.

The termination requirements and reemployment limitations with FRS-participating employers are:

"If you return to work during the first **six calendar months** of your retirement, or after your DROP termination date, you **are not** retired. Your retirement application is **voided** and all retirement benefits, including any funds accumulated during your DROP participation, must be repaid by you to the FRS Trust Fund. This restriction applies even if the particular position you hold is not covered by the FRS. This restriction also applies to employment with the same employer, if your agency withdrew from the FRS effective January 1, 1996 for newly hired employees. You cannot become a "newly hired" employee until after you meet the definition of termination by remaining unemployed for six calendar months."

"You may not receive both a salary and a retirement benefit in the same month during the 7th through 12th calendar months of your retirement or after your DROP

termination date. There are no exceptions to this re-employment limitation during this period. This restriction applies even if the particular position you hold is not covered by the FRS. You must inform us if you work for an FRS employer during the reemployment limitation period.” (Publication, After you Retire, DMS)

**2. What are the eligibility requirements for the Senior Management Optional Annuity Program? Can an employee filling in for an Elected Official (death, left office early) join the Senior Management Optional Annuity Program?**

Elected Officials who decide to withdraw from the Elected Officers Class and join the Senior Management Class, have the option to enroll in the Senior Management Optional Annuity Program within 90 days of joining the SMSC. This eligibility is applicable to anyone filling in for the Elected Official in the case of early termination or death. This also applies to anyone who has prior FRS service through another agency. The eligibility requirement for the SMSOAP is that the member is filling an Elected Officer position.

**3. Can an employee “cancel” or “void” DROP? What is the process for “voiding” DROP?**

You may only “cancel” DROP participation during the first month of DROP participation. This must occur by the end of the month in which you enter DROP. By cancelling DROP, you are essentially withdrawing your DROP application.

If your employer agrees to rescind your original DROP termination date, and your work the month after DROP would have ended, you have “voided” your DROP participation. If you know this is likely to occur, you and the employer will need to submit the DP-VOID form. Once this form is submitted, your retirement membership will be re-established as if you never participated in DROP. Your employer will be required to pay the difference in any retirement contributions needed to reestablish your retirement credit.

**4. Can you change your option selection while in DROP?**

Once you enter DROP you are considered “retired” and cannot change retirement options, add service credit, or change the type of retirement you retire under.

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