Ordinance No. 5549

An Ordinance to Amend Article 5, Section 4-28-22.
Deferred Retirement Option Plan (DROP)

ARTICLE 5. DROP PROGRAM

Sec. 4-28-22. Deferred retirement option plan (DROP).

A.

DROP overview. Except as provided in subsection F of this section, an eligible employee (as defined in subsection B of this section), who has made the election described in subsection C of this section, will participate in the program and receive the benefit described in subsection D of this section, and receives distributions in the form described in subsection E of this section.

B.

Definition.

Beginning July 1, 2014 *Eligible Employee* shall mean (1) any employee ("Grandfathered Employee") who is a participant, who has attained his or her normal retirement date and has at least 25 years of service on July 1, 2014 or (2) any commissioned police officer or firefighter employee ("Non-Grandfathered Employee") who is a participant, who has attained his or her normal retirement date and has at least 25 years of service on or after July 1, 2014.

C.

Election.

1. Grandfathered Employee.

An Eligible Grandfathered Employee can make an irrevocable election to participate in the DROP program (as described in subsection D of this section), during December, March, June, or September, by completing an election form to participate in the DROP program for a maximum one-year, two-year, or three-year period beginning on the effective date of the election, and agreeing to retire no later than the end of his or her one-, two-, or three-year period of participation in the DROP program. The December election is effective on the next January 15; the March election is effective on the next April 15, the June election is effective on the next July 15; and the September election is effective on the next October 15.

2. Non-Grandfathered Employee.

An Eligible Non-Grandfathered Employee can make an irrevocable election to participate in the DROP program (as described in subsection D of this section),

during December, March, June, or September, by completing an election form to participate in the DROP program for a maximum one-year period beginning on the effective date of the election, and agreeing to retire no later than the end of his or her one-year period of participation in the DROP program. The December election is effective on the next January 15; the March election is effective on the next April 15, the June election is effective on the next July 15; and the September election is effective on the next October 15.

D.

Participation and benefits. During the one-year, two-year, or three-year period elected by the employee:

1. The employee's contributions and the city's contributions to the plan shall cease as of the effective date;

2. No additional years of service or compensation shall be considered (with the exception of possible ad hoc benefit increases granted by the city), so the employee's benefit under the plan is frozen (or fixed) as of the date his or her election is effective;

3. The employee's frozen benefit shall be calculated as though the employee retired on the effective date of his or her election, and a DROP account shall be established for such eligible employee; and

4. A DROP account shall be established for each electing employee. The DROP account shall be a recordkeeping account for the benefit of electing participants, which beginning on the effective date of the electing participant's election, shall be credited with an amount equal to the monthly pension benefit the electing participant would receive had he or she retired and begun receiving payments on the effective date.

   Interest shall be credited each calendar quarter on the average monthly balance in the DROP account during such quarter based on 25 percent of the 90-day Treasury bill yield published in the last Wall Street Journal of such quarter.

E.

Distribution from DROP program. As soon as is administratively feasible after the employee has ceased to participate in the DROP program, the city will begin to pay the employee his or her monthly benefit, and also, pay the employee in a

lump-sum the balance in his or her DROP account as of the end of the last quarter. The lump-sum payment of the DROP account may be rolled-over at the participant's direction.

F.

Exceptions and limitations. In the event an employee who has elected to participate in the DROP program becomes disabled or dies in the line of duty as defined in section 4-4-1(27), 4-28-12(A) or 4-28-16, the participant's election shall be retroactively revoked and such participant or beneficiary shall be eligible for line of duty disability retirement or death benefits as defined in section 4-28-12(A) or 4-28-16 as if the DROP program had never been elected.

Jim Strickland
Chairman