

“Members who are eligible to participate in the Arkansas Public Employees Retirement System’s DROP program may request a DROP application by contacting APERS Member Services in writing or by phone.”

For more information contact:
**Arkansas Public Employees
Retirement System**

124 W. Capitol Ave. Suite 400
Little Rock, AR 72201

(501) 682-7830 or 1-800-682-7377

www.apers.org

“As much as possible, this brochure has been written in non-technical terms, avoiding the formal language of the retirement laws, rules and regulations. Any conflict between the information contained in this brochure and those retirement laws, rules and regulations must be resolved pursuant to the governing statutes, rules and regulations.

If questions about interpretation arise as a result of the attempt to make the retirement provisions easy to understand, Chapters 2, 4, and parts of 7 of Title 24 of the Arkansas Code Annotated (1987), as amended, must remain the final authority.

The information provided in this brochure is based on the Arkansas Retirement System laws and rules in existence at the time this brochure was published and is subject to future modification based on changes in the law.”

Brochure revised January 2012

Understanding THE DEFERRED RETIREMENT OPTION PLAN

APERS
presents

Understanding the Deferred Retirement Option Plan (DROP)

If you have at least 28 years of actual service, you can participate in the DROP. (Service in a reciprocal system can be counted toward the 28 actual years of service.)

Your retirement benefit is computed as if you retired on the date of DROP participation and you may continue to work for a maximum of 7 years while a percentage of your chosen benefit is deposited into an account that accrues interest.

Every July 1st, once you have been enrolled at least 12 months, you will receive a cost-of-living adjustment (COLA) on your DROP and retirement benefit.

Computing The DROP Benefit

Your DROP benefit will be computed based on the number of years of service you have accrued prior to enrolling in the DROP.

If you have 28 years of service, the DROP benefit amount is 63% of your elected benefit.

The contribution rate is 63% plus ½ of 1% for each month of service over 28 years of service, up to the maximum of 75% for 30 or more years of service.

The Deferred Retirement Option Plan

Working While Enrolled In The DROP

You must work 80 hours or more each month to stay in the DROP (Public school DROP participants are the exception – they must work at least ½ of the hours required for their position). You may change jobs and remain in the DROP, if there is no break in service. You must notify APERS in advance of any changes in employment.

Interest On The DROP Account

The APERS Board of Trustees reviews the current interest rate every February for any recommended changes to become effective July 1st. The Board may adjust the rate of interest if it deems it necessary to maintain actuarial appropriateness.

If a participant does not have contributions to his/her account for all twelve months during the fiscal year, then the interest shall be pro-rated based on the number of months of participation and the balance for those months.

Retiring From The DROP

You must terminate covered employment within 7 years of the effective date of DROP or you will forfeit the balance in your DROP account. There is no minimum participation period. When you exit the DROP, you must file your retirement application and DROP distribution forms (remember you must meet filing deadlines).

The retirement option you chose when you entered the DROP is the same one you elect when you retire unless there has been a change in marital status. If you die while in the DROP, your DROP balance is paid to your beneficiary.

Returning To Work After DROP Participation

Act 38 of 2011, which was signed by the Governor and became effective on Feb. 16, 2011, prohibits members who enroll in APERS' Deferred Retirement Option Plan (DROP) from returning to work for any Arkansas authorized plan after completion of the DROP participation. This Act affects those who enroll in APERS DROP with an effective date of March 1, 2011 and later.

Active Military Duty

If you are called to active duty while participating in the DROP, you should contact APERS in writing to explain your specific circumstances and provide APERS a copy of your orders at the onset of active duty, as well as at the end of the tour of duty.

The DROP Payment

Your DROP payment can be paid:

- Directly to you as a lump sum
- A rollover distribution to a qualified retirement plan
- Monthly lifetime benefit
- A partial lump sum and remainder rolled over to a qualified retirement plan

On lump sum payments, APERS withholds 20% for federal taxes and 5% for state taxes. Lump sum payments under age 55 may be subject to early withdrawal penalties. We suggest you meet with a financial planner or tax professional to discuss personal tax obligations.

Forms & Deadlines

Call APERS to request a DROP application, filing deadlines or with general questions. The forms and information is also available on the APERS website: www.apers.org.