

**CHAPTER 21 AND CHAPTER 46
DEFERRED RETIREMENT OPTION PROGRAM (DROP)
PROCEDURES, FACTS, DECISION POINTS & APPLICATION**

**ARLINGTON COUNTY EMPLOYEES' SUPPLEMENTAL RETIREMENT SYSTEM
2100 CLARENDON BOULEVARD – SUITE 511
ARLINGTON, VIRGINIA 22201
TELEPHONES: (703) 228-3500, (800) 818-4910 FAX (703) 228-3265**

The Arlington County Retirement System is a defined benefit plan funded by contributions from both employees and employers. Once you meet the age and service requirements necessary for unreduced retirement benefits you may apply to enter the DROP. We strongly encourage you schedule an appointment with the Human Resources Department to discuss your options at the time of DROP Entry. You may schedule an appointment by calling 703-228-3500, Option 1.

DROP Definition

A DROP is a Deferred Retirement Option Program. It is a voluntary program that provides a way for you to continue to work for the County in your present or a similar, capacity, earn a salary, and receive your retirement benefits at the same time. The portion that you can receive is equal to the monthly retirement benefit you would be eligible for at the time you enter DROP. It is credited to a separate “DROP account” within the 401(a) plan. It is invested in the Stable Value Fund. In addition to your monthly retirement payment you will have access to the accumulated value of your DROP account when you exit the DROP and stop working for the County.

Advantages of Participating in DROP

- Employee contributions to the defined benefit retirement system end.
- The monthly retirement benefit calculated at the time of your entry into DROP is transferred into your DROP account tax deferred.
- You decide what to do with your DROP account balance when you exit the DROP. Distribution options include a lump sum, a direct rollover or an annuity and you are subject to all of the distribution rules that apply to the 401(a) Plan.

Tenure of DROP

The DROP period will last a maximum of three years. You may end your participation in the DROP and retire before the end of three years, but you must give at least 60 days notice to your supervisor and to the Human Resources Department (HRD). Your employment will end as of the date you leave the DROP. Although you are considered retired from the Arlington County Employees Retirement System, you will continue to receive service credit toward health insurance for time period that you are in the DROP. Further there may be additional age-related benefit rules under IRS regulations that you should consider based upon what age you will be when you exit the DROP.

Within 60 days of when your DROP period expires, you must contact Human Resources regarding direct deposit, tax withholding, and the continuation of any health, dental, long term care, and life insurance deductions. When you terminate employment, and leave the DROP, you will begin to receive the monthly retirement benefit from the Defined Benefit Plan that was previously paid into your DROP account minus any applicable taxes, insurance, and other deductions you've elected from your benefit. You will also have access to the accumulated value of your DROP account to be distributed in a manner you elect so you should also contact VOYA regarding the distribution options for your accumulated DROP account.

If you elect to participate in DROP:

- ✓ You stop accruing additional retirement benefits under the Defined Benefit Plan
- ✓ A DROP account in your name is established within the 401(a) plan.

Employment Status

Except for the fact that your monthly retirement benefit is paid into your DROP account, you are considered an active employee performing all the functions of your position. You remain eligible for promotions, pay increases subject to satisfactory performance of your job, and benefits, such as vacation leave and sick leave accrual. DROP participation is not a guarantee of continued employment. You are subject to all the same laws and regulations regarding employment you were subject to prior to entering the DROP. A salary increase while in DROP (e.g., due to a promotion) will not affect your monthly retirement benefits. Your average final salary has already been determined in order to calculate your transfer to the DROP.

Eligibility

Once you qualify for an unreduced (normal) retirement benefit under the Retirement System, you qualify for the DROP. This program is available for both Chapter 21 and Chapter 46 employees.

(Please refer to your Retirement System handbook to determine when you are eligible for unreduced benefits.)

Human Resources verifies eligibility and provides specific benefit information.

❖ Eligibility for Unreduced Benefits – Chapter 46 Members

- Members who are not police officers, firefighters or deputy sheriffs' are eligible to retire with unreduced benefits when they meet one of the following age and service requirements:
 - Age 62 with 5 years of service
 - Rule of 80 (When age + years of service = 80)
 - Completion of 30 years of service
- Police officers, firefighters and deputy sheriffs are eligible to retire with unreduced benefits when they meet one of the following age and service requirements:
 - Age 52 with 5 years of service
 - Completion of 25 years of service

❖ Eligibility for Unreduced Benefits – Chapter 21 Members

- Members who are not police officers, firefighters or deputy sheriffs' are eligible to retire with unreduced benefits when they meet one of the following age and service requirements:
 - Age 60 with 5 years of service
 - Age 57 with 20 years of service
 - Rule of 80 (When age + years of service = 80)
 - Completion of 30 years of service
- Police officers, firefighters and deputy sheriffs are eligible to retire with unreduced benefits when they meet one of the following age and service requirements:
 - Age 50 with 5 years of service
 - Completion of 25 years of service

DROP Application/Processing Timelines

A member may apply for participation in the Deferred Retirement Option Program (DROP) by providing a complete application to the Human Resources at least 45 days prior to entry into the DROP. Your entry date into the DROP must be the first day of a pay period that falls at least 30 days after filing your application. A complete application consists of the following forms:

- ✓ DROP Application with Survivor/Beneficiary Election
- ✓ Election of Vacation & Comp and Sick Leave Benefits Form (Sick Leave payout options available only if hired before January 1, 2001)
- ✓ Optional: Social Security Leveling Election Form (Chapter 46 only)

Upon receipt of a complete application, notification will be sent to the applicant's Department Director, HR Liaison, and the HR Payroll Department. The Human Resources calculates your monthly retirement benefit as if you had retired on the date of your entry into the DROP. Your monthly benefit is credited to a separate "DROP" account and invested as per your investment elections. Your benefit remains unchanged for the duration of the DROP except for any COLAs on your retirement benefit.

Retirement Benefit Options – Decided at the Time of DROP Entry

- ✓ **Basic Benefit:** The basic benefit is determined by your years of service, your age at retirement and your average final salary (average of your 3 highest 26 consecutive pay periods). It is a lifetime benefit and will continue until your death. If you die before all of your members contributions have been paid to you, the remaining funds are paid in a lump-sum to your designated beneficiary. If you choose this option, you cannot change your election after your effective date of retirement.
- ✓ **Joint & Survivor Option:** You may choose to receive a benefit amount lower than the Basic Benefit during your lifetime in order to provide a benefit for your beneficiary after your death. The amount of reduction to your basic benefit depends on your age and the age of your designated beneficiary when your payments begin, and the percentage of your benefit that you want continued to your designated survivor after your death. When you die, the joint & survivor benefits will be payable to your designated beneficiary for life.
 - You may choose to leave 50%, 66 2/3% or 100% of your monthly benefit.
 - Your survivor may be your spouse or any other individual that you designate.
 - If you are married and you elect a beneficiary other than your spouse or you waive the election of a joint & survivor option, you must have the written consent of your spouse at the time of your retirement.
 - If your beneficiary is covered under the County health insurance plan, you must elect a joint & survivor option in order for your beneficiary to continue to receive health insurance benefits should you predecease your beneficiary.
 - You may cancel this option only with the written consent of the person nominated to receive the joint & survivor option. Should the person nominated die, your benefit would revert to the unreduced basic benefit.
- ✓ **Social Security Option (Chapter 46 Members Only):** If you start receiving retirement plan benefits before Social Security retirement benefits begin, you may choose to receive a greater benefit from the plan until either your 62nd birthday or the birthday following your Social Security Normal Retirement Age and a smaller benefit thereafter. This payment option is intended to keep your total monthly retirement income from changing significantly when your Social Security benefits begin.

Options for Leave Payouts When Entering DROP

- ✓ Employees can elect to use an unlimited amount of accumulated sick leave as retirement service credit at DROP election. Balances not used for service credit will be carried forward for use as sick leave while in the DROP. Sick leave will continue to accrue during your DROP period as it would for any other active employee. *Employees hired before January 1, 2001: If you choose to use sick leave for service credit upon entry to DROP leftover sick leave hours and future accrued sick leave cannot be cashed out during the DROP or when exiting the DROP.
- ✓ Employees hired before January 1, 2001 have the option to use unlimited sick leave for retirement service credit upon entry to the DROP or to cash out all or a portion of your sick leave according to County policy upon entering DROP.
- ✓ All employees may elect to have all or a portion of their vacation and compensatory leave paid to them upon entry into the DROP plan. Monies paid out at this time will be used in calculating your retirement benefit—applied towards service credit. Vacation and compensatory leave will continue to accrue during your DROP period as it would for any other active employee.

Processing Your Monthly Benefit

Retirement benefit payments are paid on the last business day of each month for that month. Members who enter the DROP by the 15th of the month will receive their first retirement payment at the end of that month, prorated for the number of days in DROP during the month. Members retiring after the 15th of the month will receive their first retirement payment at the end of the following month, but will be paid retroactive to their DROP entry date. The first DROP payment is normally an estimate. After all information on salary and leave pay out (if any) prior to entry into the DROP is received, the Human Resources finalizes the monthly retirement benefit and furnishes the applicant with a "Notice of Retirement" showing the method used to calculate the benefit. Any adjustments will be made at this time. This process generally takes two months.

DROP Account Accumulation

During your participation in DROP, your account is credited with:

- ✓ The Defined Benefit Plan monthly benefit that you would have collected had you retired instead of entering the DROP, plus
- ✓ Earnings based on the performance of the Stable Value Fund, plus any Defined Benefit Plan COLA increases that you would have collected if you retired.
- ✓ You are always fully vested in your DROP account balance.

Insurance Benefits

Your group insurance benefits continue during the DROP as they would for any other active employee. You are subject to the same provisions and cost sharing arrangements as any other active employee. When you exit the DROP, you are eligible for continuation of the same group insurance benefits as if you were an active employee retiring on the same date. Your years of service while in the DROP are credited toward your years of service for purposes of calculating your retiree insurance premium.

457 Deferred Compensation Plan

Participation in the DROP has no effect on the 457 Deferred Compensation (DC) Plan. Your actual termination date (when you exit DROP) is your retirement date for 457 DC Plan purposes. You can continue to contribute to the 457 DC Plan while in DROP. You are eligible for catch-up during three consecutive calendar years that you participate in the DROP.

401(a) Plan

Your participation in the DROP has no effect on your participation in the 401(a) Plan. You will continue to receive the contributions you were eligible for prior to entering the DROP.

Disability during DROP

For service-connected disability, you will receive the greater of:

- ✓ Your disability retirement benefit as if you had never elected to participate in the DROP. (Your years of service in the DROP will be added to your years of service for the disability benefit calculation and you forfeit the money in your DROP account.); or
- ✓ Your regular retirement benefit as calculated with years of service up to your DROP entry date along with your DROP account balance.

Death during DROP

For service-connected deaths, your beneficiary will receive the balance in your DROP account (based on the payment option your beneficiary chooses) plus the death benefit he or she would have received had you passed away on the day prior to your participation in the DROP. The benefit includes adjustments for:

- ✓ Sick leave credit not already converted to service credit or a cash pay out according to County regulations.
- ✓ Vacation and Compensatory pay out in addition to extended service time.
- ✓ COLA changes to the amount of your monthly retirement benefit to this date (credited to the DROP plan).
- ✓ The DROP's effect on other benefits
- ✓ Retirement Benefits

Options for Leave Payouts While in the DROP and When Exiting DROP

If sick leave is not used for retirement service credit upon entering DROP, you may elect to have your sick leave paid out once a year while you are in the DROP and upon exit from the DROP.

Any remaining vacation and compensatory leave will be paid upon exit from the DROP and termination from the County.

Beneficiary Designation

Contact VOYA to obtain a form to designate your beneficiary for the DROP account. You may change your beneficiary at any time. If you do not elect a beneficiary for these funds they will become payable to your estate upon your death.

DROP Account Distribution

You may elect to receive your accumulated DROP account in one of the following ways:

- ✓ As a lump sum.
- ✓ As a direct rollover to an individual retirement account (IRA) or another eligible tax-qualified plan.
- ✓ As an annuity. If you elect an annuity, your DROP account continues to be invested according to your investment selection while in the pay out phase.

Before you decide whether to take your DROP benefit as a lump sum, direct rollover or annuity, be sure to carefully consider any potential tax consequences. Tax laws are complicated and may change. We recommend and encourage you to seek the advice of a tax professional to determine what is best for you and how you will be impacted. Distributions can be obtained by contacting VOYA at 800-584-6001.

Reemployment after DROP

If you elect to participate in DROP, you agree to leave County employment within three years. However, under certain circumstances, you may be reemployed in a short-term temporary assignment. If this occurs, you will be paid at a rate appropriate to the assignment, not a rate based on your pre-retirement pay. Also, you will not be eligible for employee benefits and will not contribute to the retirement system.

NOTE: If you opt to receive any cash payment for your leave, please consider deferring a portion or all of the payment into your 457 deferred compensation plan in order to defer paying a portion of the taxes on the payment. If you're within 3 years of your normal retirement date, you may be eligible to contribute more than the normal annual maximum into your 457 plan. Please consult with a member of the Human Resources Benefits team to take advantage of this option.

ENTERING DROP – DECISION POINTS FOR COMPLETING PAPERWORK

This checklist is designed to help you make the critical decisions needed prior to entering the DROP program. In addition to resources available online, Human Resources Benefits staff are available to assist you with completing this paperwork and may be reached in person, by email, and by phone.

- DROP Application Part A. Member Information**
 - Enter all of your personal information.
 - Leave the DROP Entry date/exit date fields blank. We will fill that in. *Note: Determine that you are ready to enter DROP. Because you must be ready to terminate employment with the County no more than 3 years from date of entry ensure that you understand your DROP entry date. Please ensure that your paperwork is received no later than 45 days from the date you intend to enter DROP.

- DROP Application Part B. Payment Options (Must Pick One Option)**
 - Basic Benefit: This is a single life payment that will continue for your lifetime; OR
 - Joint and Survivor (J&S): The plan offers a joint and survivor (J&S) benefit designed to provide continuous benefits and insurance coverage to one J&S beneficiary in the event of your death. Typically, the J&S beneficiary is a spouse however monetary benefits may be continued for anyone you select as the J&S beneficiary. This option does reduce your single life monthly benefit. The reduction to this benefit is based upon your J&S beneficiary's age and the level of J&S benefit you choose. The plan offers three levels:
 - 50% J&S: provides continuation of 50% of your monthly benefit payment plus benefits coverage continuation for a beneficiary
 - 66% J&S: provides continuation of 66% of your monthly benefit payment plus benefits coverage continuation for a beneficiary
 - 100% J&S: provides continuation of 100% of your monthly benefit payment plus benefits coverage continuation for a beneficiary

**The J&S benefit can be "popped" back up to a single life benefit if the J&S beneficiary predeceases the payee, upon divorce, or anytime following written notarized request by both parties. The benefit "pops" up following the notification and is not retroactive to date of retirement.

- DROP Application Part C. Survivor/Beneficiary Information**
 - If you chose the Basic Benefit this section designates who would like to receive any remaining "lump sum payout" of any remaining accumulated balance of your contributions toward the pension plan.
 - If you chose one of the J&S Survivor Options, please list the designated J&S beneficiary's information here.

- DROP Application Part D. Certification**
 - Member Signature – Must read and sign acknowledging you understand the options available to you. MUST be notarized.
 - Spouse Signature – Must be signed by spouse and notarized ONLY if the Member is taking the Basic Benefit Option, therefore not providing the J&S benefit to the spouse.

- Social Security Leveling (Chapter 46 members only)**
 - What it is: DROP entrants receiving retirement plan benefits before Social Security benefits begin may choose to receive a greater benefit from the plan until either age 62 or your birthday following your Social Security Normal Retirement Age, whichever you select, and a smaller benefit thereafter.
 - If you are electing to take this please complete and sign this form, you must enter your anticipated Social Security benefit payment and date you will start collecting the Social Security benefit. In addition please provide your most recent statement from Social Security.
 - If you are not taking this option, sign the form that you are waiving this option.

- **Leave Election Form**
 - Determine if you want any of your Vacation or Comp Leave to be paid out (it will increase your service credit in the retirement plan).
 - Determine if you need to convert Sick leave to service credit or if you want it to be paid out, if eligible.
 - If you are electing a leave payout of sick, vacation, or comp leave decide whether you want this paid to you (and taxed) or if you want it to be tax-deferred to the 457 plan.
 - Having Leave Paid to You: Leave payouts can place you into different tax bracket due to the amount being paid. You have an option to elect a flat 22% tax on the Federal tax amount. Please initial form where indicated to elect this option. This option does not apply to your Social Security, Medicare, and state taxes.
 - Deferring Pre-tax to the 457: You may tax defer (federal and state tax only) all or a portion of your payment to the 457 plan. Make sure that you know your maximum contributions for the tax year and you elect to use the applicable catch-up provisions as needed.

- **Meeting with the Benefits Team**
 - Questions or Appointments:
 - Email: benefits@arlingtonva.us
 - Phone: 703-228-3500
 - Drop Off:
 - In person/mail: Human Resources Benefits Team, 2100 Clarendon Blvd, Suite 511, Arlington, VA 22201

- **Meeting with the ING Representative**
 - Make an appointment to meet with VOYA by calling 703-228-3470
 - Can help with a review of your current 457 and 401(a) accounts, deeper understanding of the DROP account accumulation and distribution options, redirecting your defined pension deduction to the 457, and more

CHAPTER 21 AND CHAPTER 46 DEFERRED RETIREMENT OPTION PROGRAM APPLICATION

ARLINGTON COUNTY EMPLOYEES' SUPPLEMENTAL RETIREMENT SYSTEM

2100 CLARENDON BOULEVARD – SUITE 511

ARLINGTON, VIRGINIA 22201

TELEPHONES: (703) 228-3500 (800) 818-4910 FAX (703) 228-3265

Part A. Member Information			
1. Name (First) (MI) (Last) (Jr./Sr.)		2. Birth Date (mm/dd/yy)	
3. Employee Number:		4. Daytime Phone Number	
5. Address (Street) (City) (State) (Zip)			
6. Department & Supervisor's Name		7. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single	
8. DROP Entry Date (must be first day of a pay period)		9. DROP Exit Date	

Part B. Payment Options			
<input type="checkbox"/> Chapter 46: <input type="checkbox"/> Option 1: 1/3/09 Enhanced Formula <input type="checkbox"/> Option 2: Frozen benefit as of 1/3/09 plus Enhanced Formula since 1/3/09	<input type="checkbox"/> Basic Benefit (Single Life)	OR	Survivor Option <input type="checkbox"/> 50% Survivor Option <input type="checkbox"/> 66 2/3% Survivor Option <input type="checkbox"/> 100% Survivor Option
<input type="checkbox"/> Chapter 21			

Under the provisions of the Arlington County Code as a retiring member you can elect a reduced monthly retirement benefit during your lifetime in order to provide a joint & survivorship continuance benefit to your beneficiary following your death. You may choose to leave 50%, 66 2/3%, or 100% of the monthly benefit you were receiving when you died. This survivor annuity is payable for life. The amount of reduction to your benefit depends on your age and the age of your nominated beneficiary when payments begin, and on the percentage of your benefit that you want continued after your death. If your nominated beneficiary should die before you, your benefit would be increased to the monthly benefit you would have received if you had not elected an optional joint & survivorship benefit.

Your election of a survivor option also affects health and/or dental coverage for your dependents. If you have elected to continue health and/or dental coverage for your dependents and have elected a survivor option, your dependents may continue the coverage as long they are receiving a retirement benefit. If you do not elect a survivor option, your dependents will be eligible for COBRA continuation insurance for 36 months following your death. There is no County subsidy for COBRA coverage, so your dependents would be responsible for both their portion and the County's portion of the premium, plus a 2% administrative fee.

If you elect the basic benefit, your designated beneficiary is entitled to only the amount of your accumulated contributions reduced by the amount of any retirement allowance received by you during your lifetime and your dependents will not be able to continue health and or dental coverage beyond the COBRA period of 36 months.

For Human Resources Department Use

___ Application scanned ___ Leave Form to Payroll ___ Insurance Form to H&W team ___ Email to Dept

Process for Retiree Payroll Month of: _____

Recalculation needed for inclusion of leave payout? Y/N ___ Recalculation completed

DROP Entered in PRISM: Y / N

Other Notes:

Part C. Survivor/Beneficiary Information

1. Name (First) (MI) (Last) (Jr./Sr.)	2. Birth Date (mm/dd/yy)
3. Social Security Number	4. Relationship <input type="checkbox"/> Spouse <input type="checkbox"/> Other _____
5. Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	

PART D. CERTIFICATION

Member Certification

Under the provisions of the Arlington County Retirement System Ordinance, I hereby apply for retirement.

I have reviewed each area of this form and made informed decisions regarding my choices, including understanding how (and whether) the applicable healthcare cap (\$960 per month for employees leaving employment before January 14, 2012 and \$600 per month for employees leaving employment after January 15, 2012) affects me and my individual situation. I understand that I have the option between receiving a monthly benefit calculated under a frozen benefit as of 1/3/09 plus the enhanced benefit for service after 1/3/09 OR the enhanced benefit for all years of service and I have made my irrevocable election of the benefit payment as applicable.

I understand that the maximum participation in the DROP is three years. I understand that my status with the Retirement System is that of a retiree once I begin participation in the DROP and that my retirement benefit will be calculated based on my years of service and my average final salary at the time I enter the DROP. My status as an employee continues as an active employee for all other County-sponsored programs. My monthly retirement benefit will be credited to a separate "DROP account" within the System. If I end my participation in the DROP and retire before the end of three years, I must give at least a 60-day notice to my supervisor and to Human Resources. Three months prior to my DROP expiring, I must contact the Human Resources regarding direct deposit, tax withholding, and the continuation of any health, dental and/or life insurance benefits. I must also contact VOYA regarding the distribution options for my accumulated DROP account.

I understand I may be eligible to be rehired by the County; however, I must have a bona-fide break in service of at least 30-days. I certify I have not had discussions with County staff regarding re-employment.

I certify that I am not currently under a Qualified Domestic Relations Order (QDRO) or I have provided such document along with this application I have been advised of the optional benefits available to me. I understand that by electing a joint & survivor option, my basic benefit will be reduced in order to provide a benefit for my beneficiary after my death and that if I wish to rescind the joint & survivor election I must receive the written consent of the person nominated to receive the benefit. I further understand that if I am married at the time of retirement and I have not made this election for my spouse or I have elected a beneficiary other than my spouse, this application must have the written consent of my spouse.

Member Signature _____ **Date** _____

TO BE COMPLETED BY NOTARY:

County Of _____ **State Of** _____

On this (dd) _____ **day of (mm)** _____, **(yy)** _____, **the member whose name is signed above, personally appeared before me and acknowledged the foregoing signature to be his/hers.**

My commission expires _____ **Notary Signature** _____

Spouse Certification

I the undersigned spouse of the above retiring member have read and understand the retirement payout options available. I understand that my spouse has selected a retirement option which **does not** provide a lifetime annuity for me in the event he/she predeceases me. I voluntarily and under my own free will consent to this election and hereby absolve the Retirement System of any liability under the survivorship option provisions of the Arlington County Retirement Code.

Spouse Signature _____ **Date** _____

TO BE COMPLETED BY NOTARY:

County Of _____ **State Of** _____

On this (dd) _____ **day of (mm)** _____, **(yy)** _____, **the member's spouse whose name is signed above, personally appeared before me and acknowledged the foregoing signature to be his/hers.**

My commission expires _____ **Notary Signature** _____

Election of Leave Benefits

ARLINGTON COUNTY EMPLOYEES' SUPPLEMENTAL RETIREMENT SYSTEM

Telephone: (703) 228-3500 Fax: (703) 228-3265

To schedule an appointment with Benefits staff, please schedule via AC Source: **Pay & Benefits Tab>Retirement>Schedule Retirement Appointment**

NAME	EMPLOYEE #	DEPARTMENT	EXTENSION #
HOME EMAIL ADDRESS	HOME PHONE#		
	CELL PHONE #		

Reason for Leave Payout

___ Entering DROP ___ DROP Mid-Year ___ Leaving DROP ___ Retirement ___ Separation from Employment (non-retirement)

Effective Date: _____

This form must be received no less than 30 days prior to your entry into the DROP, exit from the DROP, Service Retirement, or for leave payouts while in DROP and must accompany any applicable retirement paperwork. In the event that you are separating from employment with the County (as opposed to retiring) this form must be received no later than the Friday prior to your termination date.

I hereby make the following election regarding my accrued, unused leave:

Vacation Leave: Number of Hours to Cash In: _____ Hours*

Comp Leave: Number of Hours to Cash In: _____ Hours*

** Upon Separation from Employment or Retirement, 100% of unused vacation and comp hours are automatically paid to the employee. If you are requesting payout for either of these reasons, you may put "all" for the Number of Hours to Cash In.*

Sick Leave:

a. Hours to convert to service credit: _____ The conversion of any sick leave as retirement service credit when entering the DROP precludes payout of any sick leave balance when exiting the DROP.

OR

b. Hours to be paid in cash: _____ (Only available to those who were hired before 1/1/01 AND who did not elect service credit for their sick leave upon DROP entry.) Enter the gross amount of sick hours. Payroll will reduce your sick leave balance by this amount and calculate the amount to be paid to you. The amount paid to you will be 30% of the balance of the hours above 100 listed above. For example: If you enter 400 hours, the County will subtract 100 hours, then pay you for 30% of the 300 hours remaining. If you have been paid for sick leave previously, the County will not subtract 100 hours again, but will pay you for 30% of the hours listed above.

I would like my leave paid in the following manner:

\$ _____ deposited to my regular bank account(s) after applicable taxes are withheld

\$ _____ deposited to my 457 plan on a pre-tax basis (FICA taxes are withheld)

\$ _____ deposited to my 457 plan on a post-tax basis (i.e. Roth 457)

\$ _____ deposited to my 401(a) plan on an after-tax basis

Note: The above election will override any current contribution elections to the 457 or 401 plan for your leave payout check.

For DROP participants: If you have elected to have some of the pay deposited to the 457 or 401(a) plans, would you like your contributions adjusted, if necessary, to ensure you receive a pay check close to your normal bi-weekly pay?

Circle One:

Yes No

Additional Clarifying Notes:

Benefits Staff Assisting with Form:

Please check one of the boxes below. If no box is checked and funds are being deposited to the 457 plan, the maximum amount to be deposited will be the lesser of the employee's dollar election above or the current calendar year's IRS maximum contribution for which you are eligible.

Using Age 50 Catch-up Provision

(For use if you are turning age 50 anytime this calendar year)

Using Retirement Catch-up Provision

(Must qualify to use, attach completed Catch-up Worksheet)

IMPORTANT:

I hereby make the elections above regarding my accrued leave balances. In making these elections, **I have read and understand the guidelines indicated on the reverse side of this document.** In addition, I understand that all payouts are subject to **7.65% FICA (Social Security/Medicare) withholding and applicable federal and state taxes.** The applicable defined benefit deduction will be applied to my vacation/comp leave payout unless I am currently enrolled in DROP or have greater than 30 years of service in the retirement system.

Please initial this box if 22% Federal tax withholding is requested. When an employer makes a lump sum payment apart from regular wages, Federal Income Taxes can be withheld from that payment at a flat 22% rate, which may be higher than my current tax rate. I hereby request that Arlington County withhold Federal Income Taxes from my lump sum payout at that 22% rate. In making this request, I realize that should my total earnings place me in a higher (than 22%) tax bracket, **I may be liable for additional taxes when I file my annual tax return for the applicable tax year.** This tax election applies to funds received as cash not funds placed in the 457.

Signature: _____

Date: _____

PLEASE READ BEFORE SIGNING THIS FORM

Sick Leave Election

I understand that:

- I can use an unlimited amount of sick leave toward my retirement service credit.
- If hired prior to January 1, 2001, I have the option to cash out my sick leave balance according to county policy.
- If I elect to cash out my sick leave balance, I can receive my payout as cash or defer it into my 457 or 401(a) plan. (Contact Human Resources Benefits Unit at least 30 days prior to your retirement to discuss this option)
- **I cannot change this election once it is made.**
- The County makes no representation that retirement service credit is a greater or lesser benefit than the cash payment.

DROP Sick Leave Election

I understand that:

- I may elect to use an unlimited amount of my accumulated sick leave as retirement service credit upon my entry into the DROP.
- If I use any sick leave as retirement service credit, I am not eligible for payout of any sick leave balance when I exit the DROP.
- Sick leave balances not used for service credit will be carried forward for my use while in the DROP.
- If hired before January 1, 2001, I have the option to cash out all or a portion of my sick leave balance according to county policy and if I do so, I may not use any sick leave for service credit.
- If I elect to cash out my sick leave balance, I can receive my payout as cash or defer it into my 457 or 401 plan. ***Contact the Human Resources Benefits Unit to discuss this option before making the election.*
- **I may request sick leave to be paid out once a calendar year while in the DROP.**
- I will continue accruing additional sick leave while in the DROP.
- **I may not change this election once it is made.**
- The County makes no representation that service credit is a greater or lesser benefit than the cash payment.

DROP Vacation/Comp Leave Election

I understand that:

- I may elect to have all or a portion of my vacation and compensatory leave paid to me **only upon my entry into or exit from the DROP.**
- If I elect to cash out my vacation and compensatory leave balance, I can receive my payout as cash or defer it into my 457 plan. **Contact the Human Resources Benefits Unit to discuss this option.*
- Any vacation and compensatory leave I elect to have paid to me upon my entry into the DROP will be applied as retirement service credit.
- If I forego a cash payout of my unused vacation and compensatory leave upon my entry into the DROP I will not receive retirement service credit at a later date.
- Any unpaid vacation and compensatory leave will be carried forward for my use while in the DROP and will be paid to me upon my exit from the DROP.
- I will continue accruing vacation and compensatory leave while in the DROP.
- **I may not change this election once it is made.**

For Internal Human Resources Use Only

- _____ Reviewed in-person with Benefits Team Member Initials:_____ Date: ___/___/_____
- _____ Received by Benefits Team Member, Follow-up Required Initials:_____ Date: ___/___/_____
- _____ Age 50 Catch-up Element added in PRISM if needed Initials:_____ Date: ___/___/_____
- _____ Retirement Catch-up Element added in PRISM if needed Initials:_____ Date: ___/___/_____
- _____ Forwarded to Payroll for Processing Initials:_____ Date: ___/___/_____
- _____ Forwarded for PensionGold Processing Initials:_____ Date: ___/___/_____
- _____ Processed in PensionGold, if applicable Initials:_____ Date: ___/___/_____
- _____ Processed by Payroll Initials:_____ Date: ___/___/_____

Additional Notes:

CHAPTER 46 ONLY - SOCIAL SECURITY LEVELING OPTION ELECTION FORM

**ARLINGTON COUNTY EMPLOYEES' SUPPLEMENTAL RETIREMENT SYSTEM
2100 CLARENDON BOULEVARD – SUITE 511
ARLINGTON, VIRGINIA 22201
TELEPHONES: (703) 228-3500 (800) 818-4910 FAX (703) 228-3265**

1. NAME (Last) (First) (Middle)	2. EMPLOYEE NUMBER:	
3. STREET ADDRESS		
4. CITY	5. STATE	6. ZIP CODE

**ELECTION OF SOCIAL SECURITY OPTION
(Chapter 46 Employees Only)**

Any member covered by Chapter 46 who elects to retire on a normal or early service retirement may elect to receive an increased retirement allowance until either age 62 or the birthday following your Social Security Normal Retirement Age, and a decreased retirement allowance thereafter.

Under the provisions of the Arlington County Retirement System Ordinance, I hereby apply for the Social Security Leveling Option and elect to receive an increased retirement allowance until (check one):

Age 62 or **Birthday following Social Security Normal Retirement Age**

and a decreased retirement allowance thereafter.

My estimated monthly Social Security benefit at that time is: \$_____.
(A copy of the estimate from Social Security Administration must be attached.)

SIGNATURE

DATE

SOCIAL SECURITY LEVELING WAIVER

I have been advised of the Social Security leveling option available to me and do hereby request and elect to receive the regular allowance payable to me during my lifetime.

Signature _____ Date _____