



JIM STRICKLAND

MAYOR

HUMAN RESOURCES DIVISION

## CITY OF MEMPHIS

### DEFERRED RETIREMENT OPTIONAL PLAN (DROP) LIMITED SUSPENSION/2017 DROP FREEZE

#### FREQUENTLY ASKED QUESTIONS (FAQ)

*Memphis City Council adopted an ordinance on June 20, 2017 authorizing a DROP Limited Suspension, also known as a DROP Freeze. Continue reading to find out more about this program.*

#### **Who is eligible to participate in the 2017 DROP Freeze?**

Any employee in the DROP as of June 20, 2017 is eligible to participate in the 2017 DROP Freeze. Employees participating in the 2015 DROP Freeze are able to participate in the 2017 DROP Freeze, effectively extending their DROP Freeze.

#### **How does a DROP Freeze work?**

First, let's discuss how the DROP program works. If an employee participates in the DROP program, the employee stops contributing to the pension plan, and their pension benefit is calculated as of the DROP date. From there, the City begins putting pension payments into a DROP account on behalf of the employee. DROP participation is for up to 3 years.

The DROP Freeze allows an employee currently in the DROP program to "freeze" their participation. This means that the employee begins contributing to the pension plan again and the City stops making contributions to the DROP account. The City also resumes making the employer contributions to the pension plan. When an employee exits the freeze, the City recalculates the employee's pension benefit and the employee finishes their time in the DROP or immediately retires.

#### **How long do I have to decide to participate?**

Eligible employees have from June 21, 2017 to July 14, 2017 to enroll in the DROP Freeze.

#### **How long can I participate in the 2017 DROP Freeze?**

Participants in the 2017 DROP Freeze will be able to continue in the Freeze for up to 3 years from their freeze effective date, which is July 14, 2017.

#### **Can I exit the 2017 DROP Freeze early?**

Yes. Participants are able to exit the DROP Freeze at any time.

#### **What happens when I exit the 2017 DROP Freeze?**

Upon exiting the Freeze, participants re-enter the DROP and their retirement benefit is recalculated.



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**How do I sign up to participate in the 2017 DROP Freeze?**

Complete the 2017 DROP Freeze Limited Suspension Form and return it to the Benefits office at [benefitsquestions@memphistn.gov](mailto:benefitsquestions@memphistn.gov) by July 14, 2017.

**Who can I contact with additional questions about the DROP Freeze?**

Contact City of Memphis HR at [benefitsquestions@memphistn.gov](mailto:benefitsquestions@memphistn.gov) or 901-636-6800.