

## FREQUENTLY ASKED QUESTIONS

### MEMBERS STAYING BEYOND DROP PARTICIPATION PERIOD

(REVISED JULY 2011)

We have had a number of questions regarding members who fail to terminate their employment at the conclusion of the DROP participation period.

Members are obligated to terminate employment at the end of the DROP period, pursuant to the DROP participation agreement and A.R.S. § 38-844.03(B)(5). We cannot give advice regarding your employer's remedies if you fail to terminate as required.

However, certain pension benefit provisions are affected if a PSPRS member fails to terminate employment on completion of the designated DROP period, as provided by A.R.S. § 38-844.03(C):

- The member is not entitled to the interest accumulation on the DROP participation account.
- The DROP participation account is no longer credited with the DROP monthly payment amount.
- The DROP participation account is not paid to the member until the member terminates employment, and is payable at the same time as the pension amount is paid on retirement.
- The member does not acquire any further credited service in the system.

Those members who remain employed after the DROP period ends are still members of PSPRS and therefore, cannot participate in another retirement plan. See A.R.S. §§ 38-842 (15), (20).

If you have any additional questions, please contact our Benefits Department at (602) 255-5575