

San Luis Obispo County
Pension Trust

SLOCPT

Retirement 101

SLO County Pension Trust

805/781-5465

1000 Mill St. San Luis Obispo, CA 93408

SLOPensionTrust.org

So you want to retire... someday

- **How much retirement income will I need?**
- **Social Security?**
- **Do I have other pensions?**
- **My SLO County pension?**
- **What other assets will I need to save?**
- **Savings in Deferred Compensation plan?**
- **Other assets I might have?**
- **Will someone let me live in their garage?**

Retirement Income Needed

- Rule-of-thumb for needed income
 - 70% to 80% of pre-retirement income
- Spending in retirement not steady –
 - Early years – higher spending due to
 - More active lifestyle
 - Healthcare costs if pre-Medicare
 - Middle years – lower and steadier
 - Later years – lower spending, but may increase due to medical costs

How Long Will I be Retired?

- Latest Mortality data on Public Sector
 - Tend to live longer than typical
 - Steady retirement income helps longer lifespan
 - Access to healthcare adds to lifespan
- **Life Expectancy at age 65 –**
 - Miscellaneous Men ~85.5, Women ~88.8
 - Public Safety Men ~85.3, Women ~87.7
- See <http://www.LongevityIllustrator.org/>

Retirement Income Needed

- But – **Everyone is different**
 - No more work paycheck = no more Pension & Social Security contributions to pay!
 - Housing costs – steady? paid-off? increasing?
 - Medical costs (!) –
 - Higher pre-65 and Medicare eligibility
 - Increase with age (e.g., assisted living)
 - Other financial obligations, dependents
 - Lifestyle choices (e.g., travel)
 - Inflation
 - Employment post-retirement

How will you pay for retirement?

- **Social Security**
- **Pension Plans**
 - Defined **Benefit** Retirement Plan(s)
 - County, State, City and/or other employers
- **Savings Plans – Tax-Deferred**
 - Defined **Contribution** Savings Plans
 - Deferred Compensation Plans (457 for governmental)
 - 401(k) or similar plans from other employers
- **Savings – non tax-deferred**
- **Other Assets – (e.g., real estate)**
- **Other income in retirement / part-time work**

Social Security - Costs

- **SLO County participates in Social Security**
 - Not all public sector employers are in SS
 - Teachers, some Public Safety, etc.
 - Beware of your past SS non-participation years
- **Social Security costs**
 - 6.2% of pay from you
 - 6.2% of pay from your employer
- **“Paying now for a better retirement later”**

Social Security - Benefits

- SS benefits a foundation – but not adequate
- Can start at age 62, but benefits higher at full eligibility age or age 70
- Lifetime income – no matter how long you live
- Social Security may replace 20% to 40% of your pay depending on many factors (but everyone is different...)
- Possible SS offsets for other Govt. pensions
 - WEP and GPO reductions - vary depending on your case
 - Related to periods you did not pay into SS
 - Check with SSA for detailed estimate
- Get your personal estimate at www.SSA.gov
- Future classes on Social Security?

What are Pensions?

- **Defined Benefit** (e.g., the SLOCPT)
 - Traditional pension
 - **Retirement benefit paid monthly for life –**
 - **No matter how long you live – age 74, age 87, age 105...**
 - Benefits going **OUT** set by a formula
 - **(years of service X pay X a retirement factor = benefit)**
 - Paid by employer & employee contributions and investments
- **Defined Contribution** (e.g., the Deferred Comp. Plan)
 - A **savings plan** – a way to accumulate assets tax deferred
 - Funds going **IN** are defined
 - Invested by participant
 - Contributed by employee, sometimes with employer “match”

What Pensions might I have?

- **SLO County DB pension plan**
 - Mandatory participation
- **Another public sector DB pension?**
 - Before or after working in SLO County
 - Could be “reciprocal” with SLOCPT if another Calif. system (more on this later)
- **Corporate DB pension?**
- **Union pension?**

Other retirement accounts?

- **SLO Deferred Compensation Plan?**
 - Voluntary participation
- **A previous job's 401(k) or 457 Plan?**
 - Can be a rollover to an IRA or the DC Plan
 - *Don't forget about 'em!!! Lost accounts happen – so keep your address current*
- **Individual Retirement Accounts?**
 - Regular IRA or Roth
 - Funded by you or inherited
- **Other investment and savings accounts**

The Pension Trust

SLOCPT is a “Trust”

- Independent entity administering the Retirement Plan

2,725 Active Members

2,868 Retired Members (retirees, survivors, beneficiaries, disabilities)

489 Deferred Members

6,082 Total Members (at 1/1/19)

Total Assets = \$1.3 billion

Active Employees (at 1/1/19)

Avg. Active Employee Age = 44.7 Avg. Age at Hire = 35.1

Avg. Service = 9.0 years

Tier 1 = 1,250 (46%) Tier 2 = 311 (11%) Tier 3 = 1,164 (43%)

Current Monthly Retiree Payroll: \$8.0 million

Avg. Retiree Benefit approx. = \$33,600/yr

Avg. Retiree Age = 69.3

Avg. Age at Retirement = 59.2 (2018 new retirees avg. 60.1)

80% of Retiree benefits paid in SLO County

Typical pension benefit ~ 1.5x spending in the area

Pension Membership

- Your category in the Retirement Plan depends on:
 - **Class**
 - Miscellaneous
 - Probation
 - Safety (sworn and non-sworn)
 - **Tier** - When you were hired (approx. dates)
 - Tier 1: Hired before 2011
 - Tier 2: Hired 2011-2012 (and some reciprocal)
 - Tier 3: Hired 2013 and later
- Benefit formulas covered later

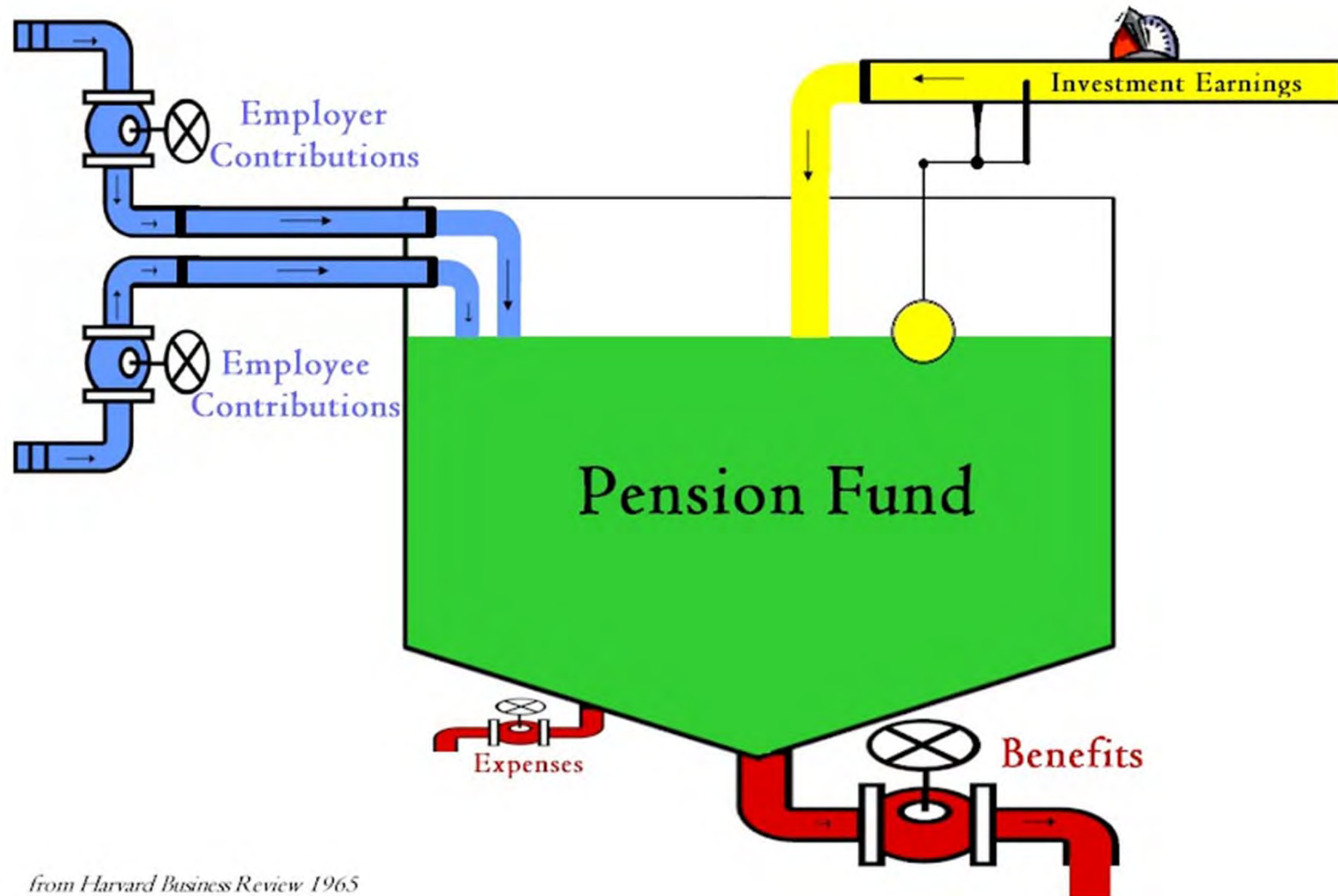
Who sets the pension benefit levels?

- **Pension benefits, like all employee compensation, are determined by the Board of Supervisors**
 - Subject to the collective bargaining processes
- **Pension benefits can be limited by IRS rules or State regulations**
- **Pension Trust Board of Trustees**
 - Administers the Retirement Plan
 - Sets the overall contribution rates to fund the Plan
 - Governs the investment of the Plan's assets
 - 7 Trustees: 3 appointed by Board of Supervisors, 3 elected from employees at large, County Treasurer

Who Pays for the Benefits?

- **Investment earnings** on the pension assets
- **Employer** Contributions
- **Employee** Contributions – based on age at hire
 - Employee paid – pre tax payroll deduction
 - **Employee** contribution paid by employer “pick-up”
 - Depends on bargaining unit and Tier
- **County policy of splitting any increases in required pension contributions is 50/50 with employees**

How Pensions are Funded



from Harvard Business Review 1965

Pension Costs

(2018 Actuarial Valuation – rates as of 1/1/18)

Average pension contribution rates (as % of pay)

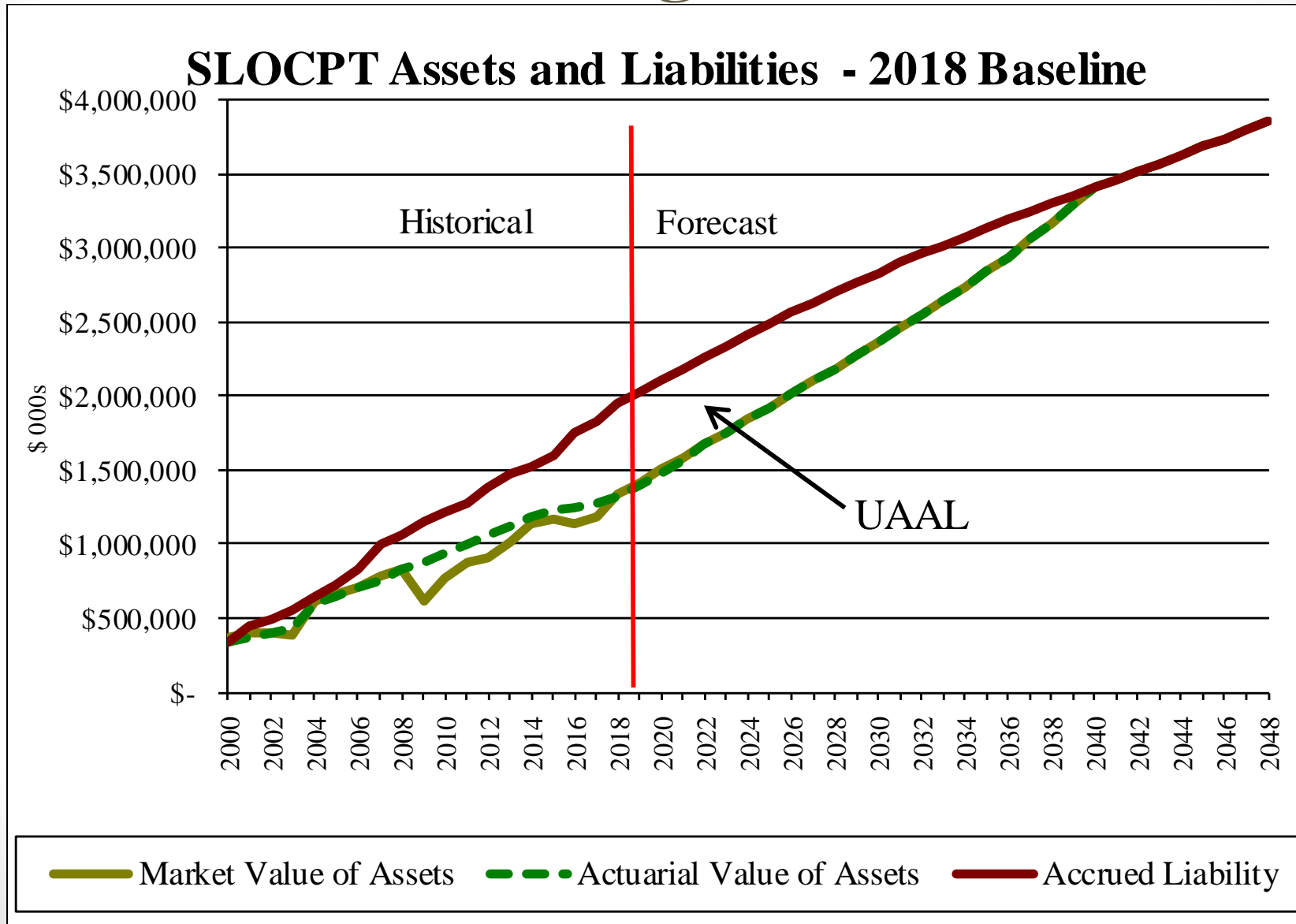
		Tier 1	Tier 2	Tier 3	Combined
Misc.	Employee Employer Total	19% *	12% *	11%	16% <u>24%</u> 40%
Probation	Employee Employer Total	22% *	NA	13%	20% <u>23%</u> 43%
Safety	Employee Employer Total	23% *	18% *	17%	21% <u>37%</u> 58%
Combined	Employee Employer Total	20% *	13% *	12%	16% <u>26%</u> 42%

* Some bargaining units in Tiers 1 & 2 have an Employer Paid Member Contribution (the “pick-up”) for a portion of employee cost

What causes Pension cost increases?

- **Benefit formula changes**
- **Demographic changes**
 - Mortality – increasing lifespan significantly increases pension costs – *good news / bad news kind of thing...*
- **Funding Assumptions**
 - Expected Investment Return – decreasing - now 7.00%
 - Paying down the projected Unfunded Liability (UAAL)
 - full funding targeted for 2040
- **Investments**
 - 2001 & 2008 market losses – factored in over time
 - SLOCPT invests in a diverse portfolio of stocks, bonds, real estate and other assets

Pension Funding



So, what do I get for all this?

Pension Benefit Formula

- Benefit Formulas set in the Retirement Plan
- Depends on:
 - What **Class**
 - Miscellaneous, Probation, Safety (sworn and non-sworn)
 - What **Tier** - When you were hired (approx. dates)
 - Tier 1: Hired before 2011
 - Tier 2: Hired 2011-2012 and some reciprocal
 - Tier 3: Hired 2013 and later
 - **Years of Service** (Pension Trust Service Credit or PTSCs)
 - **Pensionable Compensation** (highest 1 year or 3 years)
 - **Age at retirement**
 - Some benefit caps (e.g., 90% of final pay for Tier 2)

Pension Benefit Formula

Basic (Unmodified) Benefit – the highest benefit amount
(includes 50% survivor continuance)

Three components:

PTSC (years of paid work & leave)

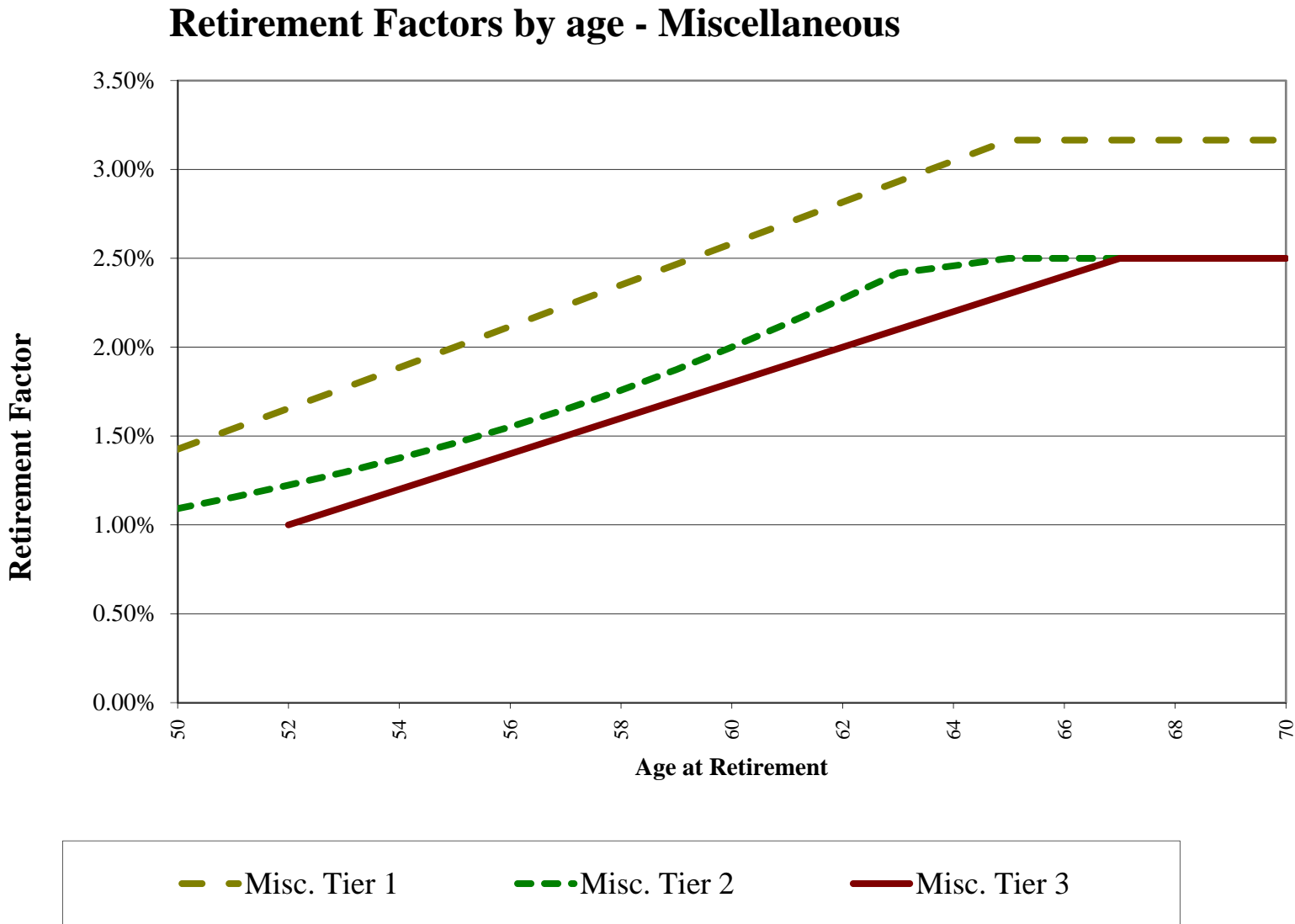
x **Final Average Compensation**
(highest 12 mth or 36 mth avg.)

x **Retirement Factor** - depends on
Class of Member (Misc., Probation, Safety)
Tier 1, Tier 2, or Tier 3
Age at retirement (higher factors with older age)

= **Basic (Unmodified) Benefit**

May be reduced for various survivor continuance benefit options
(e.g., “Option 2” is a 100% survivor continuance)

What are the Retirement Factors?



Examples

Example – 20 year career Tier 1

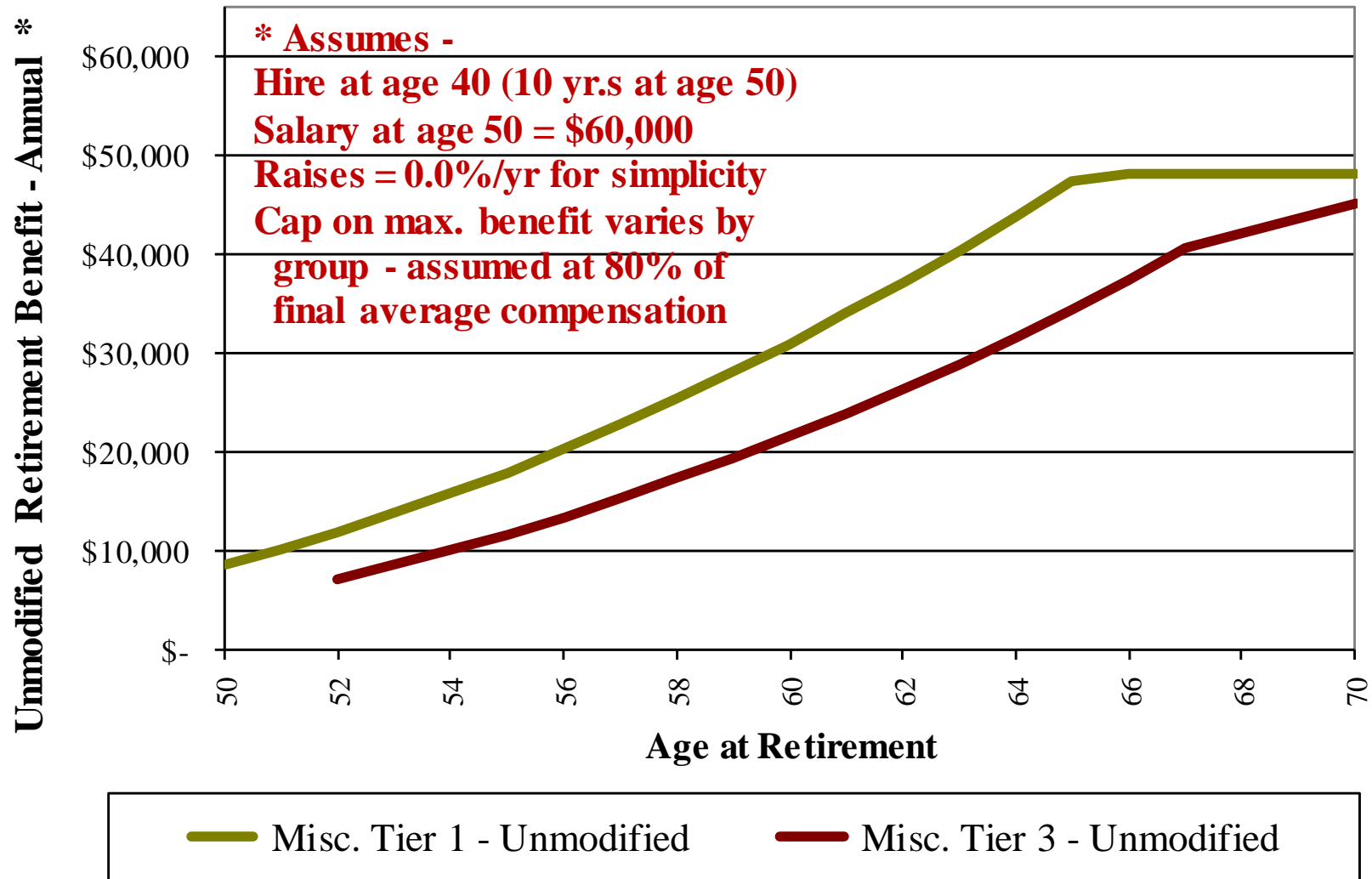
- **Tony is ready to retire, really ready to retire...**
 - **Tier 1**, Miscellaneous category, bargaining unit 01
 - **20** years of service
 - **Age 60**
 - Highest 12 month average salary = \$5,000/month or \$60,000/year
 - Married – spouse age 58, no prior divorces
- **Tony's basic (unmodified) retirement benefit**
 - Step 1: Retirement Factor = 2.583% (at age 60)
 - Step 2: $2.583\% \times 20$ (earned PTSCs) = **51.66%**
 - (less than the 80% cap for this bargaining unit, no reduction)
 - Step 3: $51.66\% \times \$5,000$ (highest monthly 12 month average)
 - = \$2,583/month
 - **Basic Benefit (includes 50% continuance to Eligible Survivor upon Tony's death)**

Example – 20 year career Tier 3

- **Sally is ready to retire**
 - **Tier 3**, Miscellaneous category, bargaining unit 01
 - **20** years of service
 - **Age 60**
 - Highest 36 month average salary = \$5,000/month or \$60,000/year
 - Married – spouse age 58, no prior divorces
- **Sally's basic (unmodified) retirement benefit**
 - Step 1: Retirement Factor = 1.800% (at age 60)
 - Step 2: $1.800\% \times 20$ (earned PTSCs) = **36.00%**
 - Step 3: $36.00\% \times \$5,000$ (highest monthly 36 month average)
 - = **\$1,800/month**
 - **Basic Benefit (includes 50% continuance to Eligible Survivor upon Sally's death)**

Illustration of Pension Benefit

Illustrative Retirement Benefit - Miscellaneous Emp.



Am I eligible to retire?

Eligibility

- Must be vested (accumulation of 5 PTSCs)
- Attained minimum retirement age of 50 (52 for Tier 3), there is no maximum retirement age

What happens if I leave County employment before I'm eligible?

- **Leave before vested:**
 - Refund of your employee contributions and accumulated interest
 - Or – may be eligible for reciprocity if you go to work for another California public agency within 6 months
- **Leave after vested but before retirement age eligibility:**
 - Refund of your employee contributions and accumulated interest
 - Or - Leave funds in Plan – retire when age eligible (may be eligible for reciprocity)

Termination Refunds

- Who?
 - Separated employees with < 5 years typically
 - A good forced saving plan
- How much?
 - All your contributions + interest
 - Example:
 - Miscellaneous Tier 3 member
 - 2 years at \$40k salary
 - Pension Employee contrib. at 11.0% of pay
 - Approx. \$9,300 refund amount

Termination Refunds

- What can I do with my Termination Refund?
 - Pension Contributions are pre-tax from your paycheck – so you can –
 - **Cash out** – not recommended
 - Pay taxes at current rate +
 - 10% tax penalty if under age 59 ½
 - **Rollover to tax-deferred account**
 - Rollover to an IRA or other plan (inc. DC Plan)
 - Taxes stay deferred

What if I came from another public agency?

- **Incoming Reciprocity**
- **You must apply to be eligible!**
- **If you worked for a CalPERS State agency or some Counties –**
 - If there is less than a 6 month gap in service with no overlap
 - If you apply with the new employer
 - If you leave your funds with the prior employer's Plan
- **There can be significant advantages to your total retirement income if you establish reciprocity**

What if I leave for another public agency?

- **Outgoing Reciprocity**
- You may be eligible for reciprocal service if you hire on with a CalPERS State agency or some Counties – **You must apply to be eligible!**
 - If there is less than a 6 month gap in service with no overlap
 - If you apply with the new employer
 - If you leave your funds with the SLOCPT Plan
- Not guaranteed – lengthy process between plans
- Reciprocity may shorten your time to become vested in the new employer's plan, it may get you a lower age-at-entry contribution rate, and it **may allow both retirements to be based on your final pay at the new employer**
- **ASK YOUR NEW EMPLOYER**

Other Pension Benefits

- **Disability**
 - See reference pages following
 - A lifetime benefit if you are disabled and can't perform the duties of your job
 - Must apply before separating employment!
- **Survivor Benefit after you are retired**
 - See reference pages following
 - Continues some % of your pension benefit to a surviving spouse or RDP or to a beneficiary you name
- **Death benefits**
 - See next slide
 - **Keep your Beneficiary form up to date!**

Death Benefits

- **NOT YET ELIGIBLE TO RETIRE Active member**
 - **Basic Death Benefit**
 - Return of all contributions and interest **PLUS** 1 ½ months salary for each accumulated PTSC up to 12
 - Payable to your beneficiary or your estate
- **ELIGIBLE TO RETIRE Active member**
 - **Eligible Survivor has choice of:**
 - Basic Death Benefit
 - Option 2 - Monthly Allowance
- **AFTER RETIREMENT**
 - \$1,000 Death Benefit
 - Monthly Surviving Spouse or Beneficiary Continuance Allowance based on the Option selected at retirement

Post Retirement Cost of Living Adjustments

- Depends on the Tier from which you retired
 - Tier 1
 - COLA based on CPI inflation with 3% max and a carryover if inflation is over 3%
 - Tiers 2 & 3
 - COLA based on CPI inflation with 2% max, no carryover
 - Pension COLAs based on 2 year avg. of SF and LA Consumer Price Index (CPI) annual average change
- COLA effective April 1st if retired on or before January 1st of current year

Post Retirement Health Benefits

- **Retirees are eligible to participate in employer sponsored medical, dental & vision plans**
 - Note: must not have more than 120 days between termination date and retirement date to participate in medical coverage
- **Actual premiums paid depend on the plan chosen and Medicare eligibility**
- **Employer covered costs:**
 - \$139/month paid towards your medical premium for Management members (2019 rate)
 - \$136/month paid towards your medical premium for represented members (2019 rate)

Marriage and Divorce

- Community Property
 - **Retirement Benefits and Contribution Balances are Community Property in California**
 - Contact the SLOCPT if you get married to update your beneficiary designation (you need verified spousal consent to name someone other than your spouse)
 - If you are contemplating or going through a divorce you MUST address the disposition of any retirement benefits which were accrued while you were married
 - **DON'T WAIT UNTIL THE WEEK BEFORE YOU RETIRE TO ADDRESS THIS MATTER...it WILL delay your retirement**

So, what else can I do to improve my retirement?

- Strong social connections
- Family relations
- Having a purpose
- Volunteering
- Staying fit and active
- Good healthcare
- **Save more money now**

Deferred Compensation Plan

- **Voluntary**
- **Tax-Deferred savings**
 - “457 Plan” - similar to a 401(k)
- **Defined Contribution plan**
 - Participant chooses investment funds
- **IRS limits on annual contributions**
- **Withdrawals available post-employment**
 - Taxable at that point
- **No employer “match” generally**
 - July 2019 – small match for unrepresented employees

Deferred Compensation Plan

- SLO County Deferred Compensation Plan also open to Courts, APCD, LAFCO
- **Nationwide**
 - Administers the DC Plan
 - Provides investment funds
 - Representatives on-site 100 days/year
 - www.sanluisobispo457.com
 - 877/677-3678



RETIREMENT 101

What's your plan?





Nationwide®

Investing involves market risk, including possible loss of principal. No investment strategy — including asset allocation and diversification — can guarantee a profit or avoid loss, especially in a down market. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

Under current law, tax-deferred contributions will be taxed as ordinary income at withdrawal.

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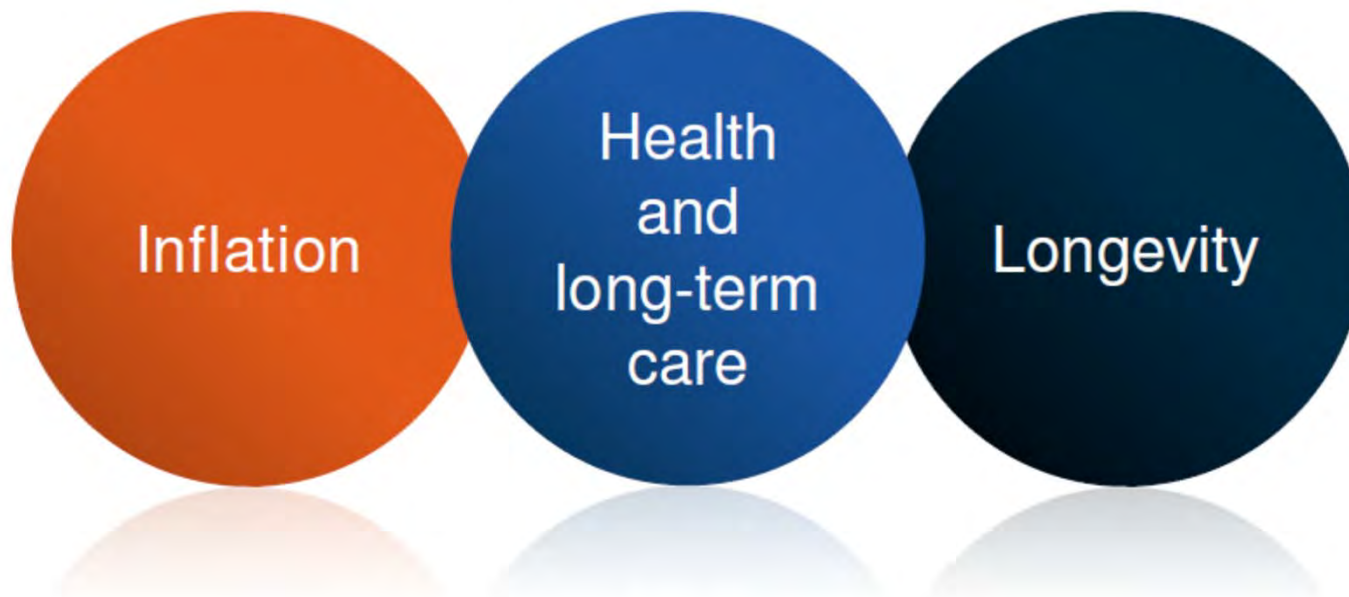
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Will you have **enough money** to last through retirement?

The three major *costs in retirement*:



Will you have **enough money**
to last through retirement?

The three major *sources of retirement income*:

Pension

Social
Security

Personal
Savings

What's your plan?



Individual savings plans:

- IRA
- Roth IRA
- Personal savings

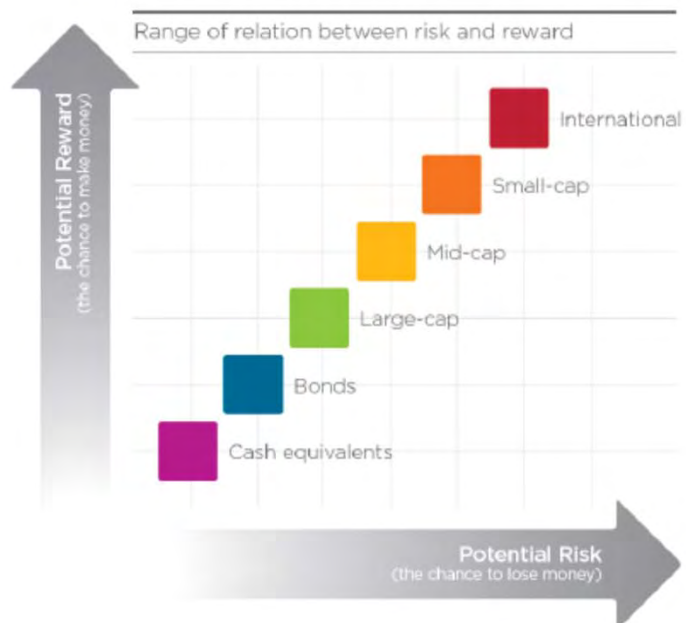


Employer savings plans:

- 457(b)
- 403(b)
- 401(k)

How does a 457(b) plan work?

Investing over the long term



Why start now?

Because time lets you invest less while potentially earning more.



This illustration is a hypothetical compounding calculation assuming a 7% annual rate of return. It is not intended to serve as a projection or prediction of the investment results of any specific investment. Investments are not guaranteed. Depending on your underlying investments, your return may be higher or lower. Interest compounded annually based on beginning-year contributions. No taxes or fees are reflected in this example, which would lower the results displayed. Source: Nationwide Financial® (2008).

Tools to help you decide how to **get started**



My
Health Care
Estimator



Peer
Comparison
Tool



Paycheck
Impact
Calculator




Asset
Allocation
Tool

Figure out how to get where you want to be

Click onto My Interactive Retirement Planner.

You are heading in the right direction



Needs work Doing well ?

Enter additional information for you and/or your spouse to complete your retirement picture.

[Use My Interactive Retirement PlannerSM](#)

Do you have questions about your retirement readiness? Call 1-888-401-5272

Your Potential Retirement Income

Projected income **includes** your investments and estimated **pension** benefits but not any potential Social Security income.

Gap \$1,519/mo	
\$7,246/mo Projected income ?	\$8,764/mo Desired income ?

[Disclosure & Assumptions](#)

Questions



Information on Your Pension Account

- **General Information**

- www.SLOPensionTrust.org

- If within Employer network (at your workstation)— may be able to set up username/password to view your account information and to use a “Retirement Estimator”

- *Coming in 2019 – new Member Portal online*

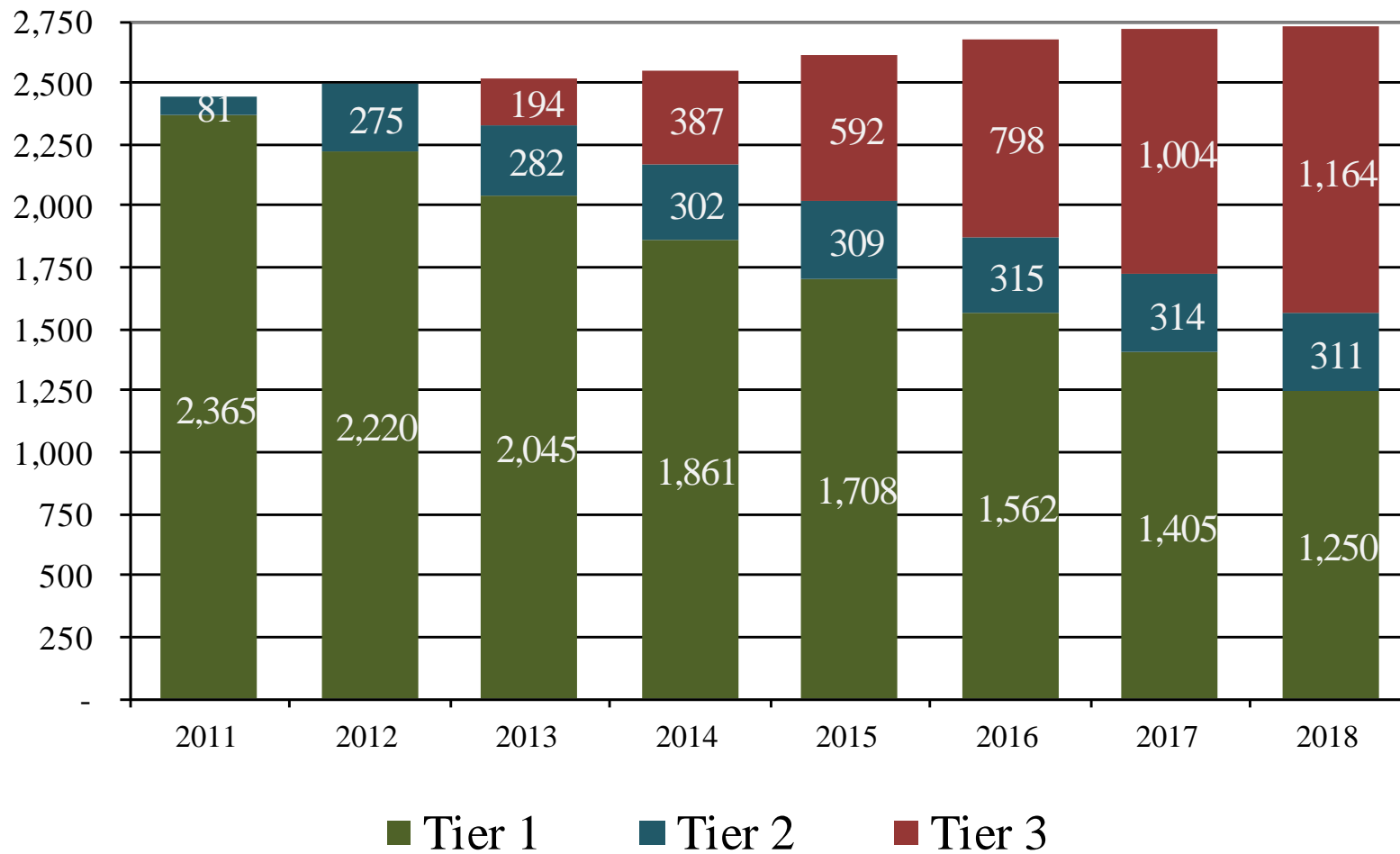
- SLOCPT@co.slo.ca.us
- 805/781-5465
- Call to request a retirement estimate and counseling
- Call to request new beneficiary forms, etc.
- Change of address – please change in payroll (ESS for the County) system

- **Keep your beneficiaries up to date!**

Reference Items

SLOCPT Members (12/31/2018 data)

SLO Retirement Plan - Active Employees and Tier



What are the Benefit Formulas?

Miscellaneous Employees

Tier 1: 2.0% at 55 (age 50 = 1.426%, age 65 = 3.165%)

Retirement Factor x earned PTSCs

x highest consecutive 12 month average monthly compensation

80%, 90%, or 100% of final compensation cap depending on BU

Tier 2: 2.0% at 60 (age 50 = 1.092%, age 65 = 2.500%)

Retirement Factor x earned PTSCs

x highest consecutive 36 month average monthly compensation

90% of final compensation cap

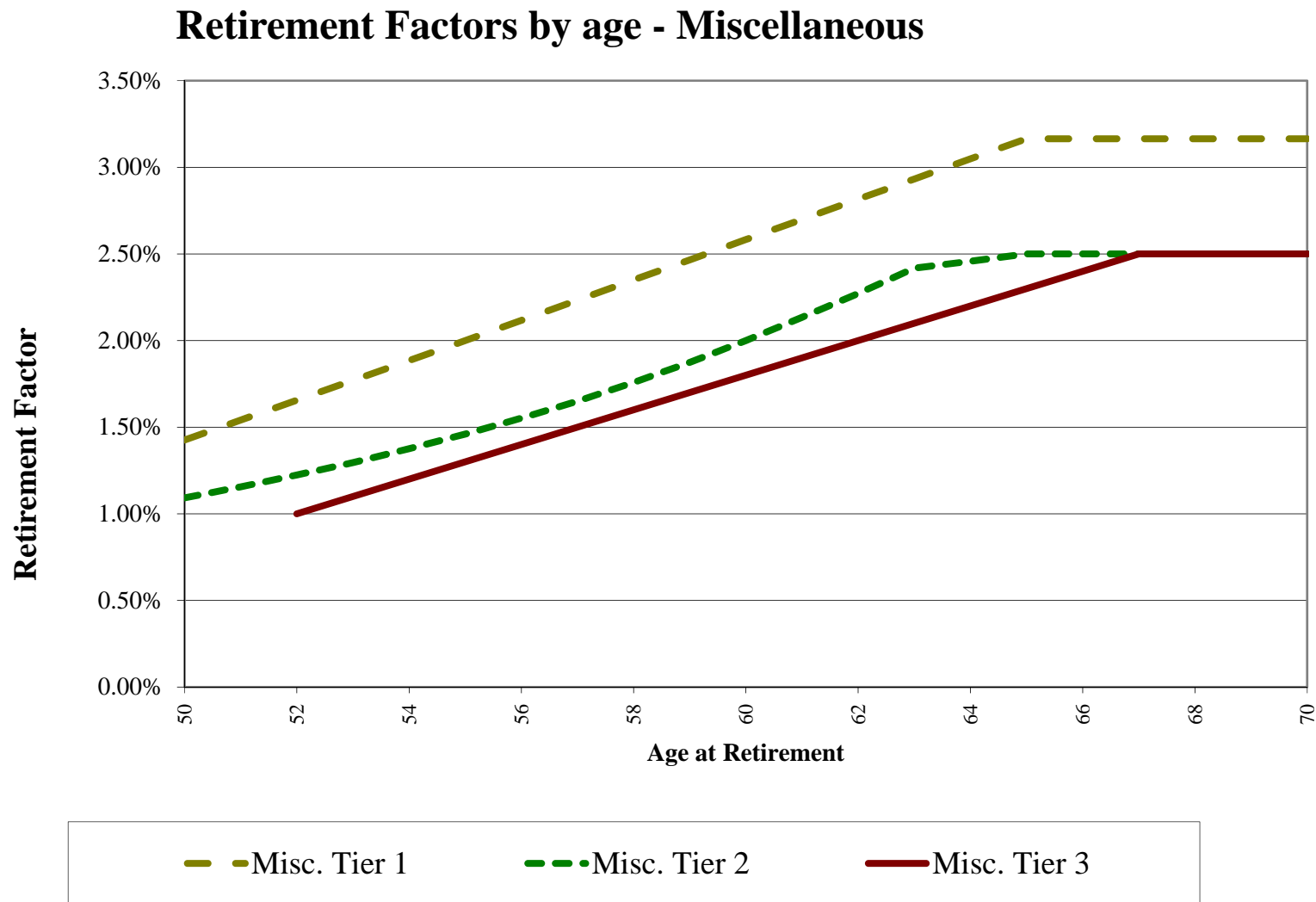
Tier 3: 2.0% at 62 (age 52 = 1.000%, age 67 = 2.500%)

Retirement Factor x earned PTSCs

x highest consecutive 36 month average monthly compensation

up to maximum state mandated compensation limit (about \$117k for 2015)

Retirement Factors- Miscellaneous



What are the Benefit Formulas?

Probation Employees

Tier 1: 2.3% at 50 (age 50 = 2.300%, age 55 = 3.000%)

Retirement Factor x earned PTSCs

x highest consecutive 12 month average monthly compensation

90% of final compensation cap

Tier 2: Not Implemented

Tier 3: 2.0% at 50 (age 55 = 2.500%, age 57 = 2.700%)

Retirement Factor x earned PTSCs

x highest consecutive 36 month average monthly compensation

up to maximum state mandated compensation limit (about \$117k for 2015)

Retirement Factors- Probation



What are the Benefit Formulas?

Safety Employees (Sworn officers)

Tier 1: 3.0% at 50 (all ages = 3.000%)

Retirement Factor x earned PTSCs
x highest consecutive 12 month average monthly compensation
90% of final compensation cap

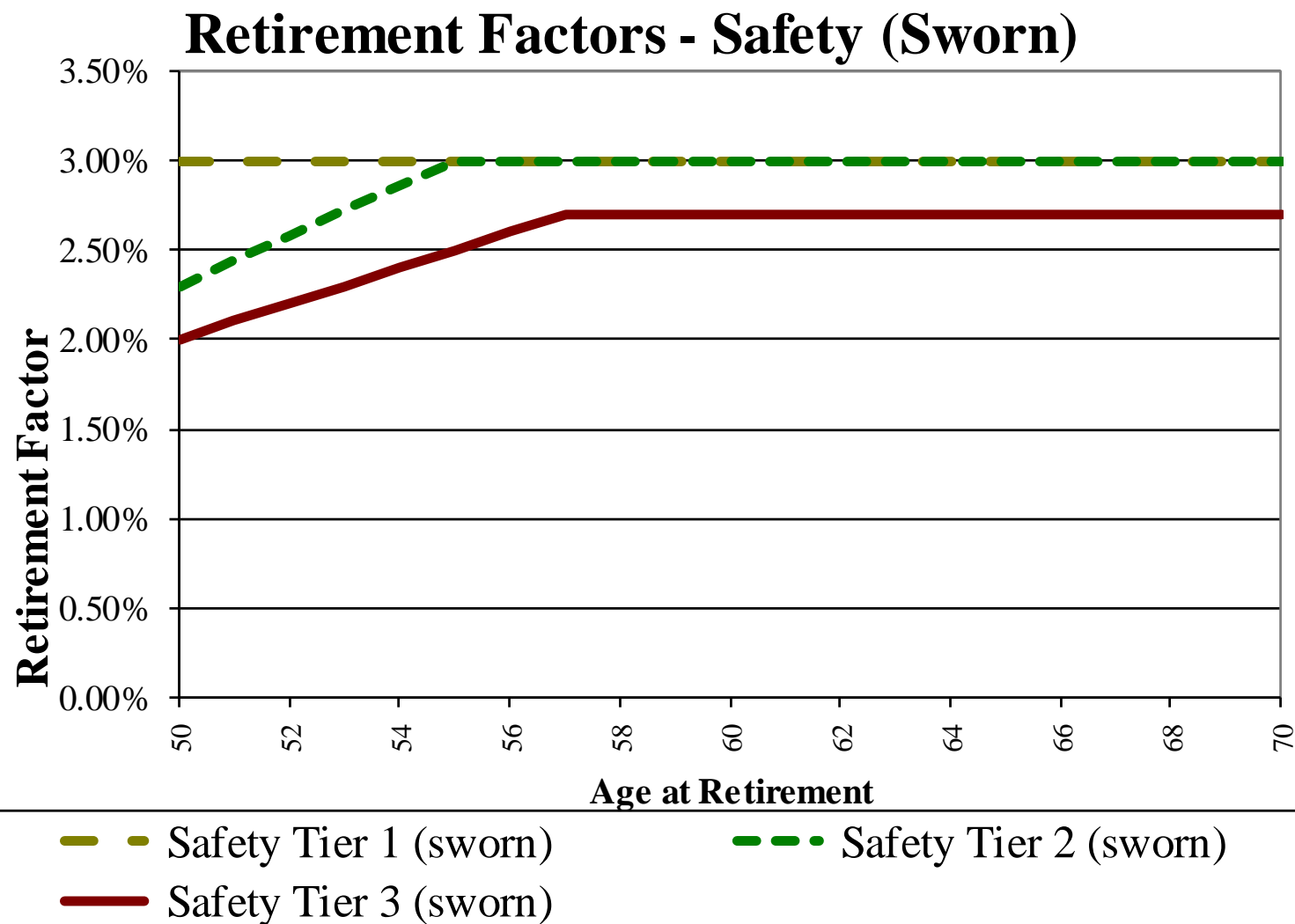
Tier 2: 2.3% at 50 (age 50 = 2.300%, age 55 = 3.000%)

Retirement Factor x earned PTSCs
x highest consecutive 36 month average monthly compensation
90% of final compensation cap

Tier 3: 2.0% at 50 (age 55 = 2.500%, age 57 = 2.700%)

Retirement Factor x earned PTSCs
x highest consecutive 36 month average monthly compensation
up to maximum state mandated compensation limit (about \$117k for 2015)

Retirement Factors-Safety (Sworn)



What are the Benefit Formulas?

Safety Employees (Non-Sworn)

Tier 1: 2.3% at 50 (age 50 = 2.300%, age 55 = 3.00%)

Retirement Factor x earned PTSCs
x highest consecutive 12 month average monthly compensation
90% of final compensation cap

Tier 2: 2.0% at 50 (age 50 = 2.000%, age 55 = 2.700%)

Retirement Factor x earned PTSCs
x highest consecutive 36 month average monthly compensation
90% of final compensation cap

Tier 3: 2.0% at 50 (age 55 = 2.500%, age 57 = 2.700%)

Retirement Factor x earned PTSCs
x highest consecutive 36 month average monthly compensation
up to maximum state mandated compensation limit (about \$117k for 2015)

Retirement Factors- Safety (Non-Sworn)



What if I come from another public agency?

- **Incoming Reciprocity**
- You may be eligible for reciprocal service if you hire on with SLO County from a CalPERS State agency or some Counties – **You must apply to be eligible!**
 - If there is less than a 6 month gap in service with no overlap
 - If you apply with the new employer
 - If you leave your funds with the prior employer's Plan
- Not guaranteed – lengthy process between plans
- Reciprocity may shorten your time to become vested in the SLO plan, it may get you a lower age-at-entry contribution rate, and it **may allow both retirements to be based on your final pay at SLO.**
- **Incoming Reciprocal Members go in the Tier in place on 12/31/12 – Tier 2 in most cases – PEPRA requirement**

What if I leave for another public agency?

- **Outgoing Reciprocity**
- You may be eligible for reciprocal service if you hire on with a CalPERS State agency or some Counties – **You must apply to be eligible!**
 - If there is less than a 6 month gap in service with no overlap
 - If you apply with the new employer
 - If you leave your funds with the SLOCPT Plan
- Not guaranteed – lengthy process between plans
- Reciprocity may shorten your time to become vested in the new employer's plan, it may get you a lower age-at-entry contribution rate, and it **may allow both retirements to be based on your final pay at the new employer**
- **ASK YOUR NEW EMPLOYER**

Disability Benefits

- Two types of Disability
 - **Ordinary Disability** – for any reason
 - **Industrial Disability** –only for Public Safety and Probation – higher level of benefit for Service-Connected disability. No “heart presumption” like some other systems.
- Disability Eligibility
 - Vested in the Plan for ordinary disability
 - Vesting not required for industrial disability
 - Permanently unable to perform your job duties
 - Burden of proof is on the Member
 - All Retirement Options are available for Disability Retirement
- **MUST APPLY FOR DISABILITY BEFORE QUITTING OR RETIRING**

Survivor Benefits (in retirement)

Eligible Survivor:

- Spouse or Registered Domestic Partner (RDP)
- Married/registered for at least 1 year at retirement
- If no Spouse or RDP, a Beneficiary can be named for all Options but the basic unmodified allowance or Option 1 continuance

Options (irrevocable choice at point of retirement):

- **Basic (Unmodified) Allowance** – provides for a 50% continuance benefit to Eligible Survivor – This is the highest benefit option
- **Option 1** – reduced monthly allowance for your lifetime and either:
 - Eligible Survivor: 50% continuance of reduced benefit, + return of any contributions remaining (start with $\frac{1}{2}$ employee accrual balance at retirement, reduced with each of your monthly benefit payments).
 - OR -
 - Beneficiary: return of any contributions remaining (start with entire employee accrual balance at retirement, reduced with each of your monthly benefit payments).
- **Option 2** – reduced monthly allowance for your lifetime and continuing 100% continuance benefit to Eligible Survivor or Beneficiary.
- **Option 3** – reduced monthly allowance for your lifetime and a monthly allowance to your Eligible Survivor or Beneficiary of $\frac{1}{2}$ to approximately $\frac{2}{3}$ of your allowance.
- **Options to coordinate with SS** – pre-age 62

Deferred Retirement Option Program (DROP)

- Available only to Tier 1 Members (certain BUs excluded)
- An alternative way of taking pension benefit while still working
- Irrevocable commitment to retire
 - 6 month minimum, 5 year maximum
- Monthly Pension Benefit paid into a separate investment account while still working
 - You chose investments just like the Deferred Comp Plan
 - No access to funds accumulated until official retirement
- Payroll pension contribution deductions cease when you enter DROP
- Once retired, can take accumulated DROP balance in lump sum or periodic payments