

Date: [Insert Date]

To: [Retirement System Name]

Address: [Insert Address]

City, State, Zip: [Insert City, State, Zip]

From: [Employee Full Name]

Employee ID: [Insert ID Number]

Contact Number: [Insert Phone Number]

Subject: Deferred Retirement Option Plan (DROP) Financial Agreement

Dear [Pension Administrator Name or Department],

I, [Employee Full Name], hereby elect to participate in the Deferred Retirement Option Plan (DROP) effective [Start Date]. By signing this agreement, I acknowledge that I have met the eligibility requirements for service retirement and agree to the following financial terms:

- **Retirement Benefit Calculation:** My monthly retirement benefit is calculated as \$[Amount] based on my service credits and final average salary as of [Date].
- **Deposit of Funds:** I understand that my monthly retirement benefits will be deposited into a DROP account maintained by the [System Name] instead of being paid directly to me during my participation period.
- **Participation Period:** I agree to participate in DROP for a period of [Number] years/months, ending no later than [Exit Date].
- **Employment Status:** I understand that I will continue to work for [Employer Name] during this period, but I will no longer accrue additional service credits toward my pension.
- **Interest and Earnings:** My DROP account will accrue interest at a rate of [Percentage]% per annum, as defined by the current plan regulations.
- **Distribution Election:** Upon the termination of my employment on [Exit Date], I elect to receive my DROP account balance via:
 - A single lump-sum payment.
 - A direct rollover to a qualified 401(k), 457(b), or IRA.
 - Monthly annuity payments.

I understand that this agreement is binding and that my decision to enter the DROP program is irrevocable. I have reviewed the tax implications and financial consequences of this decision with my financial advisor.

Sincerely,

[Employee Signature]

[Date Signed]

Witness/Notary:
