

# Chattanooga Fire and Police Pension Fund

## Deferred Retirement Option Provision Payment Policy

### GENERAL INFORMATION

This Deferred Retirement Option Provision Payment Policy has been updated and restated as of October 4, 2018 for the benefit of sworn members ("Members") of the Chattanooga Fire and Police Pension Fund.

### SCOPE OF THIS POLICY

This Deferred Retirement Option Provision (or "DROP") payment policy reflects the relevant policy parameters, objectives and constraints of the Chattanooga Fire and Police Pension Fund (or "Fund") regarding payment of the DROP lump sum amounts.

### OBJECTIVES OF THE DEFERRED RETIREMENT OPTION PROVISION

The DROP is an optional form of payment of a portion of the earned benefit that enables Members to receive a portion of the accrued retirement benefit paid in a lump sum payment shortly after retirement, in exchange for working longer than required and taking a reduction in the monthly benefit. Members may decline the DROP option and receive a monthly pension benefit based on total years of service.

### PURPOSE OF THE DROP PAYMENT POLICY

This Policy is adopted by the Board of Trustees of the Fund to:

1. Define and assign the responsibilities of all parties involved;
2. Establish guidelines for the payment of DROP lump sum benefits;
3. Insure that the Fund is administered in the interest of all participants of the Fund; and
4. Reduce the impact that large cash withdrawals can have on the Fund's cash flow and investment objectives.

### DROP BENEFIT PAYMENT GUIDELINES

This policy is effective July 1, 2011. Any member retiring on or after this date, who is eligible and who elects to receive a DROP lump sum payment in accordance with Chapter 2, Article III, Division 18, sections 2-422 and 2-423 of the Chattanooga City Code, will be eligible to have the DROP lump sum payments paid from the Fund on the following schedule:

DATE OF TERMINATION	DROP PAYMENT PERIOD
January 1 through March 31	April 15 to June 30
April 1 through June 30	July 15 to September 30
July 1 through September 30	October 15 to December 31
October 1 through December 31	January 15 to March 31

It shall be presumed that the DROP payments will be made on the last day of the DROP Payment Period. However, if based on objective criteria related to cash flow, the Investment Consultant advises the Fund Administrator that the DROP payments owed for that DROP Payment Period can be paid earlier, then the Fund Administrator shall pay the DROP payments on an earlier date within the DROP Payment Period

## ASSIGNMENT OF RESPONSIBILITY

In order to be eligible to receive a DROP payment in accordance with the schedule set forth above, it shall be the responsibility of each retiring Member to notify the Fund Staff of his/ her intent to retire no later than the last day of the quarter in which the Member retires. If a Member fails to notify the Fund Staff of his/her retirement until the subsequent quarter, then the DROP benefit payment will be treated as if the retirement actually occurred in the subsequent quarter.

The Board of Trustees shall have the responsibility to review and revise this policy as deemed necessary.

This Deferred Retirement Option Provision Payment Policy is effective on the 4<sup>th</sup> day of October, 2018, by the Board of Trustees whose signatures appear below.



Charlie Thomason, President



Mark Coffman, Secretary



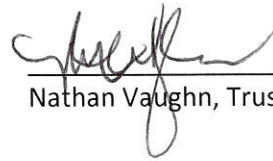
Joe Shaw, Vice President



Phillip McClain, Trustee



Chris Hopkins, Trustee



Nathan Vaughn, Trustee



Kelly Simmons, Trustee