

BOYNTON BEACH POLICE OFFICERS' PENSION FUND

STATEMENT OF POLICY REGARDING DROP

WHEREAS, the Boynton Beach Police Officers' Pension Fund ("Plan") provides for Deferred Retirement Option Plan ("DROP") benefits;

WHEREAS, the Board of Trustees of the Plan ("Trustees") desire to adopt a Statement of Policy regarding the DROP distributions of these benefits;

NOW, THEREFORE, it is hereby resolved that the following Statement of Policy Regarding DROP is hereby adopted.

I. DISTRIBUTION METHODS

- A. Lump sum - If the lump sum method of distribution is selected then the entire account balance will be paid. The full amount, or a portion thereof, will be paid to the Retirant or can be rolled over to another qualified plan, at the discretion of the Retirant. The payout/rollover can be made in any amount of the Retirant's choosing but the full amount must be taken from the plan. Any amounts paid directly to a Retirant will have a 20% withholding deduction and may be subject to other taxes and/or penalties.
- B. Three Installments - If this method is chosen, the account balance will be paid out to the Retirant in three equal annual payments paid over a three year period. These amounts may be paid directly to the Retirant or can be rolled over to another eligible retirement plan, at the discretion of the Retirant. Any amount paid directly to a Retirant will have a 20% withholding deduction and may be subject to other taxes and/or penalties.

C. Monthly installments - If a Retirant chooses monthly installments, then the account balance will be paid out on a monthly basis. The following rules will apply to this method of distribution:

1. For Retirants who are under age 50 when the monthly installments begin, the Retirant may choose any amount provided the amount of the payment is within the minimum and maximum as determined in accordance with the attached annuity tables. For Retirants under age 50 when the installment payments begin, the amount chosen cannot be modified before the Retirant attains age 59½ or within 5 years from the date of the first payment, whichever occurs last. If the amount of the payment is above the maximum, the Retirant can be subject to additional taxes and/or penalties. At age 70½, the monthly installment shall be paid at a rate which meets the minimum distribution rules of Internal Revenue Code §401(a)(9).
2. For Retirants who are older than age, 50 upon separation from service, the amount of the monthly benefit or the method of payment (for example, from monthly to lump sum) can be changed on an annual basis during the open enrollment period. For Retirants who are older than age 50 when the installment payments begin, the amount of the monthly payment can be reduced to zero unless the payee has reached age 70½. The open enrollment period will be the month of August. Additionally, during the open enrollment period only, a member may request a partial lump sum withdrawal and still

continue to receive the monthly payments.

3. A 20% withholding tax applies to all payments paid directly to a Retirant.
4. If there are less than 15 times the monthly installment at the start of the fiscal year, then the remaining balance will be paid in a lump sum.


II. GENERAL CONSIDERATIONS


- A. A Retirant may defer election of payment until age 70½. Any account balances accumulated in the DROP will participate in earnings according to the Retirant's election of earnings/losses method. Amounts that are rolled over from another qualified plan are not eligible to earn the fixed rate but will participate in the earnings/ losses of the pension fund as a whole.
- B. Final distributions from DROP accounts invested in the variable rate will be subject to a 10% hold back to account for the crediting of interest. Final disbursements of DROP accounts will be made once the DROP statements for the prior quarter have been distributed.
- C. Participants and Retirants may designate beneficiaries to receive any balances in the DROP account upon their death. In the absence of such designation, the benefit will be paid to the Retirant's estate.
- D. Lump sum payments in excess of \$50,000.00 will be paid as soon as administratively possible but no later than 60 days after the date of approval by the Board of Trustees.
- E. Participants and Retirants may take a distribution or make an eligible rollover distribution for purposes of compliance with a court ordered distribution


outside of the time frames and distribution methods provided for in this Policy, subject to the provisions of Sec. 18-174(d) of the Plan providing that the rights and benefits under the plan are not subject to legal process.

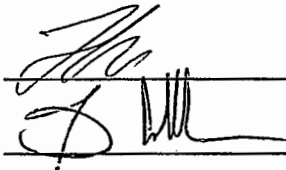
IN WITNESS WHEREOF the Board of Trustees has adopted this STATEMENT OF POLICY REGARDING DROP DISTRIBUTIONS this 7th day of December, 2010

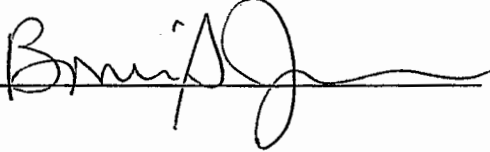
TRUSTEES









Witnessed by: 

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November 30, 2010