
COLORADO SPRINGS NEW HIRE
IRREVOCABLE ELECTION TO PARTICIPATE IN THE
DEFERRED RETIREMENT OPTION PLAN (DROP)
AND RESIGNATION FROM EMPLOYMENT

This agreement is made between _____,

a member of the **Colorado Springs New Hire Plan** (“Member”), and the City of Colorado Springs, the Member’s employer (“Employer”).

WHEREAS, Member is an active full-time salaried employee of Employer, whose duties are directly involved with the provision of police protection; and

WHEREAS, Member is covered by the Colorado Springs New Hire Plan (“the Plan”); and

WHEREAS, pursuant to the Colorado Springs New Hire Plan Rules and Regulations, Article VII, the Plan includes a Deferred Retirement Option Plan (DROP); and

WHEREAS, the Member is eligible for retirement under the Plan and desires to participate in the DROP according to its terms and in conformance with the requirements of local, state and federal law.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. The Member hereby irrevocably elects, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment and enter the DROP.
2. The Member acknowledges that the Employer shall enforce the terms of this Agreement. If the Member continues employment with the Employer after the date of the DROP termination, the parties shall comply with the Colorado Springs New Hire Plan Rules and Regulations in effect on the date scheduled for DROP termination.
3. The Member acknowledges and agrees that the Member executes this Agreement and subsequent resignation from employment because of the potential benefits which Member acknowledges he or she may receive from participation in DROP. In consideration of these potential benefits, this Agreement also constitutes the Member’s irrevocable resignation from the employ of the Employer as of a date no later than the date set forth herein. Member acknowledges and understands that Member must cease employment no later than the fifth (5th) anniversary of initial participation in DROP. Disbursement of DROP funds can occur only upon the retirement or death of the Member. During the DROP period, the Member shall earn no additional service credit or additional service-related benefits. The service retirement benefits established at entry into DROP shall be effective for future retirement payments.
4. In exchange for the Employer allowing the Member to elect to participate in the DROP, the Member, on behalf of himself or herself, his or her heirs, executors, administrators, personal representatives and assigns and without any reservations whatsoever, agrees to forever release and waive any claim against the Employer, as of the date this Agreement is signed and executed by the Member, arising out of termination of his or her employment with the Employer and participation in the DROP, under the federal Age Discrimination in Employment Act of 1967, as amended (“ADEA”), and the Colorado Age Discrimination Statute, Section 24-34-402, C.R.S., as amended.
5. The Member acknowledges that he or she has received a copy of the DROP Plan. The Member has read the DROP Plan and understands the provisions thereof. The Member understands that participation in the

DROP may not be advantageous for every employee. The Member acknowledges that he or she has been advised in writing to seek independent legal and/or other professional counsel relative to this Agreement. The Member represents that the member has had ample opportunity to consult with an attorney and other professional advisors of the Member's choice before executing this Agreement. The Member understands and agrees that the Member is solely responsible for analyzing the tax and other financial and legal consequences of participation in the DROP. The Member also acknowledges that he or she was given at least forty-five (45) days within which to consider the terms of this Agreement, and that this Agreement may be revoked at any time within seven (7) days of the date the Member executes this Agreement.

6. The Member understands and agrees that the provisions of the DROP Plan authorize the Fire and Police Pension Association Board to adopt administrative rules and procedures governing DROP. The Member agrees to abide by applicable administrative rules and procedures, as established or amended from time to time.
7. The Member understands that the service retirement benefit will be based on the final eighteen (18) month average salary prior to entering DROP. The service retirement benefit has been calculated in accordance with age, service and final average salary. While participating in DROP, the Member understands that no additional service credit toward retirement will be earned. There are also no further contributions made to the SRA account. The SRA account remains subject to reduction prior to termination of service in the event that the cost of funding plan benefits ever exceeds contributions.
8. This agreement embodies all the representations of the parties relative to the subject matter hereof, and no representations, understandings or agreements in relation to this agreement exist between the parties except as expressly set forth herein.

The period of participation in DROP shall begin on (mo/day/year) _____ / _____ / _____.
(Please note that the effective date must be the beginning of a pay period.)

The period of participation in DROP shall terminate on or before (mo/day/year) _____ / _____ / _____

Both the Member and Employer knowingly and voluntarily execute this agreement in accord with the above-described terms this _____ day of _____ in the year of _____ [insert date].

EMPLOYER

EMPLOYEE

By: _____
SIGNATURE

By: _____
SIGNATURE

PRINT NAME

PRINT NAME

TITLE

TITLE

New Hire FIRE Members Only:

please sign the attached *Addendum For Colorado Springs New Hire Fire DROP*.

**ADDENDUM FOR COLORADO SPRINGS NEW HIRE FIRE
DEFERRED RETIREMENT OPTION PLAN (DROP)**

Acknowledgment of risk related to participation in the New Hire Fire Deferred Retirement Option Plan (DROP).

Acknowledgment of risk related to participation in the New Hire Fire Deferred Retirement Option Plan (DROP).

Changes to the New Hire Fire pension plan were approved at second reading on February 14, 2006 enhancing pension benefits to members and adding provisions for a New Hire Fire Deferred Retirement Option Plan (DROP) with a "Rule of 75".

The City of Colorado Springs has received a legal tax counsel opinion regarding the implementation of DROP prior to the receipt of an Internal Revenue Service (IRS) determination letter stating it is reasonable for the City to implement DROP Ordinance 05-165, thereby expanding DROP to the New Hire Fire Pension Plan.

The member understands and agrees there are potential risks involved should the IRS later determine that the New Hire Fire Pension DROP fails to be approved as a qualified plan. The potential risks include, but are not limited to,

- members who participate in the DROP could be taxed on the DROP funds;
- members could be required to pay Medicare and income taxes on these funds;
- the IRS could impose a monetary penalty on the member; and
- the IRS could require changes to the plan.

By signing below, the member agrees that they will not hold the City or the Pension Fund its Trustees and Administrators financially liable should the IRS determine the New Hire Fire DROP plan is not qualified and the DROP becomes taxable.

Member Signature

_____/_____/_____
Date

Please Print Name