

STATEWIDE RETIREMENT PLAN
IRREVOCABLE ELECTION TO PARTICIPATE IN THE DEFERRED RETIREMENT
OPTION PLAN (DROP) AND RESIGNATION FROM EMPLOYMENT

This agreement is made between _____, a Member of the **Statewide Retirement Plan** (“Member”), and _____, the Member’s Employer (“Employer”).

- WHEREAS, Member is an active full-time salaried employee of Employer serving at least one thousand six hundred hours (1600) hours in any calendar year and whose duties are directly involved with the provision of police or fire protection; and
- WHEREAS, Member is covered by the Statewide Retirement Plan (“Plan”) for FPPA Members; and
- WHEREAS, Employer is a municipality in Colorado offering police or fire protection service employing one or more Members or a special district, fire authority or county improvement district in Colorado offering fire protection service employing one or more Members; and
- WHEREAS, pursuant to Colo. Rev. Stat. § 31-31-408, as amended, the Plan was amended to include a Deferred Retirement Option Plan (“DROP”), effective May 17, 1999; 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 from _____ / _____ / _____ [insert DROP entry date] until the Member’s termination of employment, which shall be no later than the fifth anniversary of the DROP entry date.
2. The Member acknowledges that participation in the DROP requires the Member to choose Member’s retirement benefit payment option at the same time the Member elects to participate in the DROP. The Member has completed the Statewide Retirement Plan Retirement Application.
3. During the DROP period, the Member’s otherwise deductible employee contributions (as picked up by the Employer under the terms of the Plan) and the Member’s retirement benefits shall be paid into the DROP account until the end of the specified period of employment, at which time employment shall cease and the Member shall retire from active service. No employer contribution shall be required to fund the DROP.
4. No disbursement of any DROP funds can occur absent the retirement or death of the Member. During the DROP period, the Member shall earn no service credit or additional service-related benefits under the Statewide Retirement Plan. The amount of benefits for retirees who have elected the DROP shall be adjusted to the same extent as benefits for retirees who have not elected the DROP.
5. Once the Member enters the DROP, the Member will self-direct the DROP monies in the DROP account in any investment option offered by FPPA.
6. The DROP assets shall be held in trust for investment purposes as part of the fire and police members’ self-directed investments fund, subject to such rules as may be adopted for the administration of the trust. The Board of Directors of the Fire and Police Pension Association (“FPPA Board”) shall be authorized to charge each account a reasonable fee for the administration of the DROP.
7. The Member acknowledges that it is possible, due to economic or investment factors or a combination of both, that substantial losses could occur in the DROP account. The Employer is not responsible for DROP account performance. Before signing this Agreement, and during the term of this Agreement, the

Member should familiarize himself or herself with any and all regulations and policies adopted by the FPPA Board governing the DROP account. The Member agrees to abide by applicable rules and regulations, as they may be amended from time to time.

8. When the Member terminates employment or reaches the five-year limit for participation in the DROP, the Member shall become a retiree and shall receive, in addition to the retirement benefit and at the retiree's option, either A) a lump sum payment from the retiree's individual DROP account equal to its balance, plus net investment earnings and losses, or B) equal monthly installment payments from the retiree's individual DROP account over a period not to exceed the retiree's life expectancy or the joint life expectancies of the retiree and the retiree's designated beneficiary. Payout options for the DROP account may be more specifically set forth in the rules and regulations of the FPPA Board.
9. The Member acknowledges and agrees that the Member executes this irrevocable election and resignation because of the potential benefits which the Member acknowledges he or she may receive from participation in the DROP, and in consideration of these potential benefits, this Agreement also constitutes the Member's irrevocable resignation from the employ of Employer as of no later than the fifth anniversary of the DROP entry date. The Member may participate in the DROP only once.
10. In exchange for the Employer allowing the Member to elect to participate in the DROP, Member, on behalf of himself or herself, Member's 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 the termination of his or her employment with the Employer and participation in the DROP, including any claims under the Colorado Age Discrimination Statute, Colo. Rev. Stat. § 24-34-402, as amended.
11. The Member acknowledges that Member has received a copy of the DROP amendment to the Plan (DROP amendment). The Member has read the DROP amendment and understands the provisions thereof. The Member understands that participation in the DROP may not be advantageous for every employee. Employer hereby advises the Member in writing to consult with a lawyer before signing this Agreement and Member further agrees that Member has been given the opportunity to review and negotiate the terms of the release and consult with Member's attorney and by signing this Agreement Member acknowledges that Member understands and agrees to the provisions and terms of the same. Member further agrees and understands that in signing this Agreement, Member is releasing Employer from any and all claims Member may have against Employer (except as expressly provided herein), including but not limited to, claims under the Age Discrimination in Employment Act related to Member's participation in the DROP. Member further agrees that Member knowingly and voluntarily is executing this Agreement of Member's own free will. Member understands and agrees that Member is solely responsible for analyzing the tax and other financial and legal consequences of participation in the DROP.
12. Member represents that Member was given at least twenty-one (21) days to consider the Agreement and to determine whether Member wishes to execute the Agreement. Member understands that Member can change his or her mind and revoke Member's signature on this Agreement within seven (7) days after signing it by hand delivering notice of such revocation to the human resource officer of the Employer. Furthermore, Member understands that, unless properly revoked by Member during this seven-day period, the release and waiver above will become effective seven (7) days after Member signs the Agreement. The Agreement shall be null and void if the Member elects to revoke his or her signature and the Member will continue as an active Member of the Plan. Member hereby certifies that Member has read the entire Agreement, and fully understands and approves of the terms and effect of the Agreement, and each of the undersigned approves the terms thereof.
13. The Member acknowledges that the Employer shall enforce the terms of this Agreement, including the

Member’s obligation to cease employment on the date specified herein, unless the Employer and the Member subsequently agree to modify this agreement. Member and Employer further understand, under the terms of the Plan, that if the Member continues to work after the expiration of the DROP period, the DROP account will be forfeited and transferred from the fire and police members’ self-directed investment fund to the fire and police members’ benefit investment fund, and the Member will be awarded service credit for the DROP participation period, subject to Rules and Regulations adopted by FPPA. The Member acknowledges that if the balance in the DROP account at the time of transfer is less than the amount of monthly benefits transferred to the DROP account during the DROP period, the Member is required to make additional contributions in the amount of the difference between the DROP Account Contributions and the amount transferred. The Employer acknowledges that in the event the Employer permits the employment of the Member beyond the expiration of the DROP period, the Employer is required to make employer contributions to the DROP account for the DROP period, plus interest at the rate assessed for late contributions.

- 14. 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.
- 15. The Employer shall promptly provide a copy of this Agreement to the FPPA. Both the Member and Employer knowingly and voluntarily execute this Agreement in accord with the above-described terms this _____ day of _____ [insert date].

EMPLOYER

EMPLOYEE

By: _____
SIGNATURE

By: _____
SIGNATURE

PRINT NAME

PRINT NAME

TITLE

TITLE

ADDRESS

ADDRESS

[Affix both signatures on the same date. Print the name, title and address of each party.]