

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT TRUST FUND

DROP Interest Crediting Post-Retirement

When a DROP member separates from active service and leaves their DROP account on deposit with the Town of Jupiter (the Town) Police Officers' Retirement Trust Fund (the Fund), the account will continue to accrue earnings as described below.

After separation of service, police officers may leave their DROP accounts in the Fund until the minimum required distribution date as provided in the Internal Revenue Code. DROP accounts, post-retirement, shall be credited with interest with a minimum of 2% per year with a maximum 1% below the assumed rate of return on Fund assets, provided, however, that in any year that the Fund has a rate of return of less than 0%, credited earnings shall be reduced to 0% until the Fund earnings below 2% have been offset by positive earnings.

For purposes of determining when Fund earnings below 2% have been offset by positive earnings, accounts will be tracked individually with the net fund return and with a 2% annual return. If the Fund has a rate of return less than 0% in the prior year but the Fund earnings below 2% have been offset by positive earnings in the current year, the account will be credited with earnings as described to be credited post-retirement, but by no more than the amount that cumulative Fund earnings below 2% have been offset by positive earnings.

The Chart below provides an example of an account that started with a balance of \$100,000. For this example, the Fund earned -5% in year 2 and then earned 4.6% each year thereafter. In year 5, the fund has made enough positive earnings to offset the negative return plus a small amount. At that point, interest crediting as described for post-retirement resumes at a minimum of 2% per year with a maximum 1% below the assumed rate of return on Fund assets, unless the Fund has a rate of return of less than 0% where the process begins again.

