

**BOARD OF TRUSTEES**

**SUNRISE GENERAL EMPLOYEES' RETIREMENT PLAN**

**ADMINISTRATIVE RULE GOVERNING DISTRIBUTION OF  
DROP ACCOUNT**

- 1) Sections 11-53(h)(10) and 11-59b(3)(f) of the City Code provides that following a DROP participant's termination of City employment or death, the member, or designated beneficiary, may submit a written election on a form approved by the Board to receive the entire DROP account balance. These Code Sections also provide that the DROP account be distributed in a cash lump sum, unless the member elects to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the member. The City Code authorizes the Board of Trustees to adopt any rules necessary for the administration of the DROP Plan. Accordingly, this administrative rule shall address the procedure to be employed for distribution of the DROP account by the Retirement Plan to the member.
- 2) The Plan Administrator shall send a notice to all DROP members along with their DROP statements advising members to contact the Administrator at least 60 days prior to separation from service to request a DROP account distribution application. The employee/retiree must complete the application for distribution of the DROP account balance. On the application, the member shall choose the desired payment option; either a full lump sum distribution, rollover to a qualified retirement plan, or partial lump sum distribution.
- 3) Once the application is completed, the Retirement Plan actuary shall compute the DROP account balance that is subject to distribution. The actuary's calculation shall be forwarded to the Plan Administrator for review and approval. The Plan Administrator shall then forward the calculation to the City of Sunrise Finance Department for review and approval. All DROP account distributions shall be placed on the Board of Trustees' agenda for approval and/or ratification at the next regularly scheduled meeting.
- 4) If the member or designated beneficiary does not submit a written election to receive a distribution of the DROP account balance following termination of City employment or death, the DROP account shall be maintained but shall not earn interest.
- 5) If the employee/retiree is to receive a direct lump sum amount of their DROP account, the check may be either hand delivered or sent by certified mail/return receipt requested. The Plan Administrator shall note in their files the method of delivery. Should the employee/retiree choose to rollover all or a portion of their DROP account balance, the check must be sent directly to the financial institution receiving the rollover. The check may not be given to the employee/retiree.

- 6) If a DROP participant dies before his or her DROP account is distributed, the participant's designated beneficiary shall have the same rights as the participant with respect to the distribution of the DROP account. If the member has not designated a beneficiary, the DROP account balance shall be paid to the member's estate.
- 7) The Board of Trustees reserves the right to amend this Administrative Rule from time to time as it deems appropriate. The Board shall retain the right to exercise its discretion in interpreting this Rule and in resolving any disputes that may arise hereunder.

This Rule was considered and adopted by the Board of Trustees at a public hearing, following proper notice, on February 23, 2005. The Administrative Rule was amended by vote of the Trustees on October 24, 2007.