

**LCTCS CENTRALIZED PEOPLESOFT PAYROLL  
MEMORANDUM  
#2008-05**

TO: All PeopleSoft Users

FROM: Lura A. Kamiya  
LCTCS Human Resources Director

DATE: January 3, 2008

RE: Annual Reminder: Retirement DROP Status

**Entering DROP**

When an employee elects to enter DROP (Deferred Retirement Option Plan) you must first insert an effective dated row in PeopleSoft and terminate the regular retirement plan, then insert another effective-dated row and change the retirement plan option election from the regular retirement plan to the DROP retirement plan code that is appropriate. Often this status change occurs in the middle of a pay period. PeopleSoft does not pro-rate a retirement plan change made in the middle of a pay period.

You must prepare a one-time deduction request form for payroll to cover the period from the beginning of the payroll period through the last day of regular retirement plan coverage in order for the required retirement plan (both employee and employer) contributions to be made for that pay period.

**Ending DROP**

DROP participation cannot exceed three years, however, it may be shorter than three years. The DROP window begins on the date the employee first becomes eligible to retire and ends no later than 3 years and 60 days from that date. The extra 60 days allows time for members to have service credit certified by their employers.

Upon the end of DROP, the employee must elect to either remain in employment or retire. The agency and the employee receive notification from the retirement system that DROP is ending and the need for submission of paperwork notifying the retirement system of the employee's election.

Should the employee elect to continue employment, rather than retiring, contributions must begin again to the retirement plan beginning with the day following the end of DROP participation. An effective dated row must first be entered in PeopleSoft to terminate the DROP plan and then another effective dated row inserted to begin the election to return to the regular retirement plan entered with the appropriate retirement plan code.

Often this change occurs in the middle of the pay period and PeopleSoft will not pro-rate elections made in the middle of a pay period. In this case, you must prepare a one-time deduction request form for payroll to cover the period from the beginning of the return to the regular retirement plan through the end of the pay period.

### **Questions Regarding DROP**

Any questions you may have regarding employee election of DROP, how DROP works or employees remaining in employment after DROP, should be directed to the retirement system.