



## Legislation Text

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Expressing Council's intent that, in the event Council enacts legislation revising or curtailing the Deferred Retirement Option Plan ("DROP"), any such legislation will provide all City employees who are eligible to enroll in the DROP by virtue of their age and years of service with a "window of opportunity" to enroll before any changes affecting their eligibility take effect; encouraging those employees who have submitted a Preliminary Application to enroll in the DROP but have not yet finalized their application to reconsider their decision carefully in light of Council's commitment to provide them with an opportunity to apply and enroll in the DROP at a future date; and requesting the Board of Pensions to advise DROP-eligible employees of Council's intention.

WHEREAS, On August 3, 2010, the Mayor announced at a well-publicized press conference that he would be sending legislation to City Council to end Philadelphia's Deferred Retirement Option Plan ("DROP"); and

WHEREAS, The first step in applying for the DROP requires that an employee submit an Initial Application to the Board of Pensions; and

WHEREAS, Immediately after the Mayor's announcement, the Board of Pensions experienced a sharp spike in the number of Initial Applications received, clearly evidencing a concern among City employees that the DROP faced impending extinction. On just the five business days immediately following the Mayor's announcement, the Board of Pensions received a total of 472 applications, as compared to the entire month of August 2009, when 82 applications were submitted. From August 4 through October 12, 2010, the Board of Pensions has received 1,188 Preliminary Applications, and other employees have also requested forms; and

WHEREAS, The decision to enter the DROP is a complicated one that, if made hastily or prematurely in an employee's career, can cause great harm to an employee's financial security. There are advantages and disadvantages to entering the DROP which are different for each employee, depending upon such factors as length of service, salary, age, medical condition, and family circumstances. For example, upon entering the DROP, an employee may continue to work for up to four more years, but those years of service and any raises received during that time do not count in calculating his or her pension. As a result, the employee's annual pension payment will be significantly less than it would have been if he or she had worked for four more years and retired without entering the DROP. Additionally, upon entering the DROP, an employee irrevocably commits to separate from the City. These considerations mean that for some employees, entering the DROP is unwise; and

WHEREAS, Employees who are eligible to enter the DROP by virtue of their age and years of service should not be rushed into entering the program out of fear that the opportunity will be lost, but rather should enter the program only after careful deliberation; now, therefore

*RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,*

THAT in the event Council enacts legislation revising or curtailing the Deferred Retirement Option Plan ("DROP"), any such legislation will provide all City employees who are eligible to enroll in the DROP by virtue of their age and years of service with a "window of opportunity" to enroll before any changes affecting

their eligibility take effect.

RESOLVED FURTHER THAT the Council encourages those employees who have submitted a Preliminary Application to enroll in the DROP but have not yet finalized their application to reconsider their decision carefully in light of Council's commitment to provide them with an opportunity to apply and enroll in the DROP at a future date.

RESOLVED FURTHER THAT the Council requests that the Board of Pensions provide a copy of this Resolution to all DROP-eligible employees upon its adoption, and urges the Board, before accepting a final enrollment document from any employee, to personally advise that employee of this Resolution.