

I.A.F.F 140 MONTHLY FINANCIAL
BULLETIN

July 2010

The Drop Plan..Top 10 facts not fiction!

This month's news letter will try to explain the Deferred Retirement Plan or DROP on your service pension.

1. The drop plan can be taken if you have a normal service pension and 25 years of credited service.
2. It can be taken in 1,2,3 years worth of you pension benefit paid to you up front in a lump sum when you retire.
3. It can be rolled over into an individual IRA without paying taxes. Monies taken in income will be taxed at your tax rate when withdrawn.
4. You can combine the DROP with your ING, 457, money with no tax consequences into an individual IRA. Resulting in a larger investment sum.
5. Despite popular rumors it is not a loan that has to be paid back.
6. If you elect the DROP, you will receive a lump-sum payment and smaller monthly benefit checks.
7. It gives you an emergency cash fund to draw on when needed. You can also draw money from your IRA as needed.
8. **IT IS NOT FOR EVERYONE.** If you have need for a full pension or have large amount of debt, the DROP may not be in your best interest.

9. Depending on your ING, 457 amount combining both the Drop and your ING 457 can provide you with a substantial investment base for you and your family's future.

10. You should sit down with your investment advisor to find out if the DROP is a good fit for your retirement.

So that is the top ten facts about the DROP plan. If you need more information you should contact Michelle Halen at the Union Hall to get contact information for the Union's investment advisor and make an appointment to discuss your options. It also a great idea to contact our advisor prior to planning your retirement. His services are provided free to all members through the Union. It is best to take the time to plan in advance for your retirement. It is not time to try and go it alone.