

# POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

## DROP PLAN INVESTMENT ELECTION FORM

All DROP participants are given an opportunity to have their DROP accounts invested along with the Pension Fund and be credited with the same net earnings (or losses) experienced by the Fund as a whole. Alternatively, they may choose to have their DROP Accounts invested in an Employee-Directed Option (money market fund).

The Retirement Board, with the assistance of its Consultant, has selected a money market fund to offer DROP Participants who are electing the Employee-Directed Option. Information about this money market fund is attached or available from Graystone Consulting, the Plan's Investment Consultant. In accordance with Florida Statutes, our consultant will generally monitor this fund and report to the Board periodically.

I understand this election decision is reviewable once per calendar year. I hereby make the following election:

\_\_\_\_\_ **Fund Rate Option.** I wish to have my DROP Account invested without distinction along with the rest of the Pension Fund. I understand that my Account will be credited with the same earnings (or loss) rate as experienced by the Pension Fund as a whole, net of investment and administrative expenses.

\_\_\_\_\_ **Employee-Directed Option (money market fund).** I hereby request my DROP Account to be invested in the money market fund provided by the Plan. I understand this may take up to 90 days to implement during which I must be placed under the Fund Rate Option.

I understand that if I do not make my decision and return a fully completed DROP Election Form to the Plan Administrator, I will be deemed to have elected the Fund Rate Option and cannot choose the Employee-Directed Option until next calendar year. I understand that whichever Option I choose today: (1) the decision is irrevocable for the rest of this calendar year; (2) I will have to wait until next year to change to the other Option; and (3) in the future, I can only change my Option once each calendar year.

I have reviewed all material made available to me (Investment Sheet and Fund prospectuses). I have reviewed and understand information regarding expenses presented on the reverse side this form. I understand how the Fund Rate Option and the Employee-Directed Option work.

I understand that I am making an important investment decision and that I should consult with my own advisers for guidance on this decision.

Any transfers necessary to implement the Employee-Directed Option for my DROP Account will commence as soon as practicable following the submission to the Plan Administrator of this fully executed DROP Plan Election Form and any other documents needed. I understand that, if I elect the Employee-Directed Option, any DROP Account I have will be transferred and invested in a two-step process: (1) A portion (90%) of my current DROP Account will be transferred and invested according to my instructions and (2) The balance will be transferred and invested as soon as practicable following the crediting of earnings (or losses) for the last calendar quarter. The current Fund Rate method credits earnings for a calendar quarter on only one certain day each quarter -- as of the last day of the quarter -- to any/all Accounts with a balance remaining on that day. Accordingly, there will be no credit (or charge) for earnings (or losses) on the balance or on the last quarter's earnings for the time between the end of the last calendar quarter and the time of the final transfer of the balance.

Participant's Name (Print): \_\_\_\_\_

RETURN FULLY COMPLETED FORM TO:  
2335 East Atlantic Boulevard, Suite 400  
Pompano Beach, Florida 33062

Participant's Social Security No.: \* \_\_\_\_\_

Participant's Signature: \_\_\_\_\_

ACCEPTED BY:

Date: \_\_\_\_\_ Phone No: \_\_\_\_\_

Plan Administrator: \_\_\_\_\_

Plan Administrator: Phone: 954-782-4161

Mailing Address:\*\* \_\_\_\_\_

Date: \_\_\_\_\_

\* See **Collection of Social Security Number Statement of Disclosure** – Attachment 1-A

\*\* Used by the Plan solely for mailing quarterly statements or other plan information.

## FEES AND EXPENSES

The expense charged to an Account with the Fund Rate Option continues to be 0.75% per year. This expense is intended to cover both the *investment-related* expenses and the *administrative* expenses of the Fund Rate Option.

The expenses for the Employee-Directed Option consist of an “expense ratio” charged by the fund company for the *investment-related* expenses. They usually charge a piece of this fee each day before calculating the day’s Net Asset Value, or closing price. This way, the rates of investment return published and credited by mutual funds are always net of this expense ratio. So there is no separate charge for the investment-related expenses.

The money market fund option available to the DROP Plan participants is the Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio. As of December 31, 2018, this fund had an expense ratio of 0.45%, a 7-Day Current Yield of 1.97%, and a 30-Day Effective Yield of 1.93%. These statistics were obtained from the fund’s December 31, 2018 Fact Sheet.

**Note: Past performance is no guarantee of future results. Maximum Fees shown may be reduced by commissions (but no lower than Minimum Fees).**