

City of Williamsport Fraternal Order of Police  
Retirement Planning Considerations Outline  
February 4, 2010

**Deferred Retirement Option Plan (DROP) Summary**

*City of Williamsport Police Pension Plan*

Key Features and Options

Tax Issues

**Tax and Financial Planning Considerations**

Budget

Income: Pension, DROP, 457(b) Plan, VA, employment, investments, other

Expenses: Necessary and discretionary spending

- including retirement goals, emergency fund, and taxes

Coordination with Social Security

Collecting Social Security

Social Security Taxation

Individual Retirement Accounts (IRAs) – Withdrawal Rules

Roth IRA Rollover Opportunity – 2010

**Taxation Summary:**

Pension

Benefits are taxable (IRS)

Deferred Comp

Withdrawals are taxable (IRS)

DROP

Withdrawal is taxable (IRS) unless transferred to IRA

IRAs

Regular IRA is taxable, 10% early withdrawal penalty tax rules

Social Security

Up to 85% taxable

NOTE: This information is necessarily general in nature and is based on current tax laws, which are subject to change. Please seek professional advice regarding *your* situation!