

## Distribution of DROP Account

No distributions from a member's DROP account will be made until the member terminates employment. Upon termination, a member should notify the TRS how the member wants to receive the DROP distribution. **DROP accounts cease to accrue interest after 90 days from termination of employment.** A member generally receives DROP distributions within 30 days of receipt of the final contribution to the DROP account.

DROP participants have one of two ways to distribute the funds in their DROP account:

1. Receive a lump-sum payment of the total DROP account balance less the required **20%** federal income tax withholding. No portion of the distribution is subject to state of Alabama income tax.
2. Rollover all or a portion of the account balance to a traditional IRA, another eligible employer retirement plan, a 403(b) Tax Sheltered Annuity, or a governmental 457(b) plan that accepts rollovers. **The RSA-1 Deferred Compensation Plan accepts rollovers from your RSA DROP account.**

Read the [SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS](#) prior to making your selection. Download a [DROP distribution brochure](#) for more information.