



5 Smart Moves for Philadelphia DROP Participants

How to Protect Your Payout, Reduce Taxes, and Build Lifetime Income

1■■ Understand How Your DROP Payout Really Works

Your DROP account is a lump-sum accumulation of pension contributions and interest. Once you retire, you face a critical choice: take cash, roll it over, or annuitize it. **Smart Move:** Avoid immediate taxation by using a *direct rollover to an IRA* or qualified account. This keeps your money tax-deferred until withdrawal and preserves your growth potential.

2■■ Don't Let Taxes Shrink Your Hard-Earned Money

Your DROP payout may push you into a higher tax bracket. Without proper planning, you could lose tens of thousands in taxes. **Smart Move:** Coordinate DROP withdrawals with your pension and Social Security start dates to manage taxable income. **Pro Tip:** Pennsylvania doesn't tax pension income — but the federal government does.

3■■ Turn Your DROP Into a Paycheck for Life

Treat your DROP not as a bonus, but as the foundation for your retirement income. **Smart Move:** Convert your payout into an income-producing portfolio that supports monthly needs. Blend guaranteed income with growth assets to balance security and opportunity.

4■■ Coordinate DROP with Social Security and Your Pension

Aligning DROP with other income sources prevents unnecessary gaps or overlaps. **Smart Move:** Delay Social Security if possible — each year you wait until age 70 increases your benefit by about 8%. Coordinate pension start dates and DROP rollovers for optimal cash

flow.

5■■ Create a Written, Personalized DROP Exit Plan

Too many retirees leave DROP without a written income and tax plan. **Smart Move:** Build a personalized plan that includes investment strategy, timing for withdrawals, and estate planning updates. **Pro Tip:** A fiduciary advisor can test multiple scenarios to ensure your payout supports your lifetime goals.

***■■ Bonus Tip #1: Don't Go It Alone**

DROP decisions are permanent, and mistakes can be costly. Partner with a fiduciary advisor who understands Philadelphia's DROP system and can help coordinate pensions, rollovers, and tax strategies for a confident retirement.

***■■ Bonus Tip #2: How to Navigate a Stock Market Crash**

Market downturns are normal and survivable when you have a structured plan. **Smart Move:** Stay diversified and calm. Avoid panic-selling. Segment your DROP funds into short-term (1–3 years of expenses), mid-term, and long-term investments. Rebalance rather than retreat. Rely on pensions, annuities, and Social Security for stability during volatility. **Pro Tip:** The right allocation helps you withstand downturns while keeping your long-term strategy intact.

■ Next Step:

■ Book Your Free 30-Minute DROP Strategy Session

Let's map out how to make your DROP payout work smarter for you.

[Schedule Now](#)