

## Member Question to the HMEPS Financial Counselor

Dear HMEPS Financial Counselor,

**Q:** I recently retired from the City at age 54 with a DROP account, and am subject to the IRS 10% early withdrawal penalty if I take money out before I turn 59 ½. But my 457 Deferred Compensation Plan has no such early withdrawal penalty. Can I roll over my DROP money into my 457 Plan and avoid this penalty?

**A:** No. While you can roll over the DROP funds into your 457 Plan, those dollars will be accounted for separately from your other 457 contributions and the 10% withdrawal penalty will still apply.

If you have questions for the HMEPS Financial Counselor, please call 713-595-0100.