

State of Missouri Deferred Compensation Plan Plan Overview



modeferredcomp.org | 800-392-0925

No matter what kind of retirement you're planning for, you should start planning now. MO Deferred Comp offers state employees a smart, simple way to save for retirement.

Save MORE by Starting EARLY

EMPLOYEE #1 contributes **6% per paycheck** for **15 years** and then stops contributing

Contributes \$28,986 Total

Compounding Period

\$196,417
balance at retirement

EMPLOYEE #2 starts saving **15 years later** than Employee #1 and contributes **6% per paycheck** for **25 years**

Contributes \$50,859 Total

Compounding Period

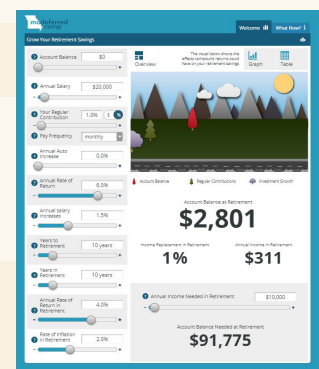
\$128,128
balance at retirement



Assumes a starting balance of \$0 with an annual salary of \$30,000, 6% rate of return and 1% annual salary increases.

MO Deferred Comp Overview

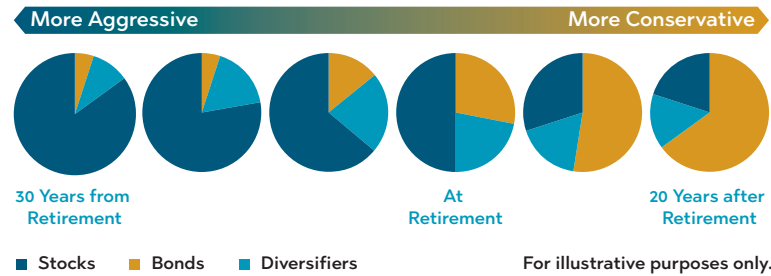
Eligibility and Enrollment	State of Missouri employees are immediately eligible to join the plan upon hire. New permanent full- and part-time employees are automatically enrolled at a 1% contribution each pay period. This is done by payroll deduction. <i>Automatic enrollment excludes universities and previous temporary or seasonal non-benefit eligible employees. If you were newly hired on or after July 1, 2012 and left state employment on or after January 31, 2017, at rehire your contribution will be what was previously on file.</i>
Contributions	<p>Pre-Tax: With pre-tax contributions, each dollar you contribute lowers your taxable income by a dollar. Tax-deferred growth: No taxes are due on investment earnings until you withdraw the money.</p> <p>ROTH: Roth contributions are made after-tax and allow you to benefit from tax-free withdrawals in retirement.</p> <p>Limits: Per the IRS, in 2019 participants under age 50 can contribute up to \$19,000 annually. Participants age 50 and over can contribute an additional \$6,000 and those within three years of their normal retirement age may be able to contribute up to \$38,000 annually.</p>
457 Plan Withdrawal Flexibility	Unlike an IRA, 401(k) plan or 403(b) plan, you can withdraw your money penalty-free at any age once you separate from service.
Tools to Help You	There is a wealth of tools and resources available on www.modeferredcomp.org to help you develop a savings strategy, including the RetirementTrack and Grow Your Retirement Savings calculators. Education specialists are also available to answer your questions and help you understand plan benefits.
Costs & Fees	There is a plan administration fee of \$15 a year (\$3.75 per quarter) and 0.09% of assets charged to each participant account. In addition, each investment option charges an investment management fee for the operation of the fund that is included in the expense ratio.



ENROLL IN THE PLAN: Visit www.modeferredcomp.org or call **800-392-0925** to speak with a Participant Service Representative.

Your Investment Options

MO Deferred Comp has a streamlined investment lineup designed to be simple and affordable, making it easy for you to direct your contributions. The lineup includes 13 custom target date funds, a fixed income cash-like investment option, and a brokerage window. You can choose where to invest your contributions or default to the target date fund based on a retirement age of 65.



1) Missouri Target Date Funds

Designed for participant success, these funds offer an all-in-one investment strategy that automatically shifts over time as you move toward — and through — retirement. They are simple, smart, affordable, maintenance-free, and will stay focused on your retirement goal, even when you're not.

2) Missouri Stable Income Fund

The deferred comp plan offers a fixed-income cash-like investment option for those with a low tolerance for risk. This option seeks to offer protection of principal and the potential for steady growth over time without the daily fluctuations that other investment options may experience.

3) Self-Directed Brokerage (SDB) Account — TD Ameritrade¹

For those who want to take a more active, hands-on approach, you have the option of opening a brokerage account to build your own investment portfolio. There is **no charge** to open a brokerage account, and this option gives you access to most individual stocks and bonds and more than 13,000 mutual funds. A few restrictions do apply:

- Up to 90% of your contributions can be made directly to the brokerage account.
- Following a transfer of funds to the brokerage account, you must maintain at least \$500 in a target date fund and/or the Missouri Stable Income Fund.

You can enroll online within **Account Access** and to review the **TD Ameritrade Fees/Charges** document, visit www.modeferredcomp.org.

¹ Brokerage services are provided by TD Ameritrade, Inc. a registered broker-dealer and member of FINRA/SIPC/NFA. ICMA-RC and TD Ameritrade are separate, unaffiliated companies and not responsible for each other's services or policies. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. Used with permission.

REGISTER FOR AN EVENT: Seminars and one-on-one consultations are held throughout the state covering a variety of topics, including investment basics, retirement planning, asset allocation techniques, and more. Visit www.modeferredcomp.org to find an event near you.

Distributions

You may begin taking distributions from the plan at any time, as permitted by federal regulations:

- If you have separated from state service
- If you have reached age 70½
- If the monies being withdrawn were previously rolled over into the plan
- Upon your death, benefits are paid to your beneficiary(ies)

You may elect to receive: a lump sum or a partial lump sum, payments for a specific time period or for your life expectancy, or monthly, quarterly, semi-annual, or annual periodic payments. 457 plan participants who have separated from service, have an account balance less than \$1,000, and have not made a contribution in two years will receive a mandatory distribution of their account. 401(a) participants who have separated from service and have an account balance less than \$1,000 will receive a mandatory distribution of their account.

In-Service Withdrawals

Withdrawals are permitted under the following circumstances:

- When you experience a qualifying, unforeseeable emergency that causes extreme financial hardship
- If your account balance is \$5,000 or less — You may elect a one-time in-service distribution provided you have not made a deferral during the prior two-year period.

Required Minimum Distributions

IRS Required Minimum Distribution (RMD) Rules dictate that you must begin taking distributions from deferred comp no later than April 1 following the year you reach age 70½.

Tax Consequences and Penalties

All distributions from the plan, with the exception of a rollover to another eligible retirement plan, and excluding some Roth 457 contributions, will be subject to federal and state income taxes. Deferred comp will withhold 20% for federal tax purposes at the time of payment on all payments that cannot be rolled over.

Distributions made prior to age 59½ from your 401(a) state incentive account, may be subject to a 10% early withdrawal penalty, as the 401(a) plan is considered a "qualified" retirement plan under Internal Revenue Code rules. **There is no early withdrawal penalty associated with the 457 component of the MO Deferred Comp Plan.**

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www.modeferredcomp.org · 800-392-0925