



**GET TO KNOW YOUR
401(A) MONEY PURCHASE PLAN**



A **MONEY PURCHASE PLAN** may be your primary source of retirement income or play a key supporting role. The more you know about how it works, the better you can plan for your retirement.

A Retirement Plan You Control

An account in your employer's 401(a) Money Purchase Plan will help you accumulate retirement savings.

- ▶ Your account is funded by contributions made by you and/or your employer.
- ▶ The value of your account fluctuates based on the performance of the investments you select.
- ▶ You don't pay any taxes on the money in your account until you withdraw it.
- ▶ You have flexible withdrawal options upon separation from service.
- ▶ In the event of your death, your designated beneficiaries will receive the money in your account.

Contributions

You and your employer contribute to your account each year based on a set formula, which is generally determined by your employer. See retirement savings contribution limits at www.icmarc.org/contributionlimits.

Vesting

Your ownership in employer contributions to the plan (if applicable) is determined by the plan's vesting schedule.

- ▶ You are always vested (fully own) 100 percent for all contributions you make, as well as any associated earnings.
- ▶ Your ownership of employer contributions is typically based on a vesting schedule in which you have to work a certain a number of years before being vested 100 percent.

Manage Your Investments

- ▶ You control how the money in your account is invested. Review the available investments and consider using the online resources ICMA-RC makes available to help you decide how to invest contributions to your account. On an ongoing basis, you manage the investments in your account and can make changes at any time.

A wide range of investment options is available to help you build a diversified portfolio. And ICMA-RC can help you make your investment decisions through **Guided Pathways®** at www.icmarc.org/guidedpathways.

Access to Your Money

When you leave your employer, you can withdraw vested assets, regardless of the reason and your years of service.

Under certain conditions, based on your employer's plan rules, withdrawals may also be allowed while you're still working.

You have the following flexible withdrawal options for vested assets:

- ▶ Your entire balance
- ▶ Periodic, partial withdrawals as you see fit
- ▶ Installment payments of a certain dollar amount and frequency, such as monthly or quarterly; scheduled withdrawals can be changed at any time.
- ▶ Lifetime income payments

After you reach age 70½ or separate from service, whichever is later, you will be required to withdraw at least a minimum amount from your account each year, per IRS rules.

If plan rules allow, you may also borrow against your vested assets through a loan, subject to IRS rules.

Note: Unlike with 457 plans, withdrawals prior to age 59½ are subject to the IRS 10 percent penalty tax unless an exception, such as separation from service in the year you turn age 55 or later (or age 50 or later for qualifying public safety employees), applies.

Rollovers

After leaving your employer, vested assets can also be transferred — or rolled over — to another eligible retirement plan without being taxed.

Designate Beneficiaries

Make sure to designate a beneficiary or multiple beneficiaries for your account to ensure that assets are distributed according to your wishes in the event of your death.

- ▶ Married participants are generally required to name their spouse as the beneficiary for their account. Your spouse may waive their rights and allow you to name someone else as beneficiary.
- ▶ Failure to designate beneficiaries for your account may result in the money going to your estate, where probate costs, creditor claims and delays may negatively impact your intended beneficiaries.

SERVING THE PUBLIC SECTOR SINCE 1972

Founded in 1972, ICMA-RC is a non-profit independent financial services corporation focused on providing retirement plans and related services for close to a million public sector participant accounts and approximately 9,000 retirement plans. ICMA-RC's mission is to help build retirement security for local and state government employees. The organization's mission is delivered through our RealizeRetirement® approach in which ICMA-RC representatives actively **engage** participants in their retirement programs, help them **build** their asset base toward a stated objective, and help them **realize** their retirement goals through a comprehensive retirement planning strategy. All of ICMA-RC's retirement programs, administrative services, and educational tools have been developed specifically for public sector retirement plan administrators and participants. For more information, visit www.icmarc.org.

- ▶ To learn more about your 401 plan, visit www.icmarc.org/401 or contact your ICMA-RC representative.
- ▶ To manage your account online, log in to your account at www.icmarc.org/login.
- ▶ For more tips and tools to help you realize your retirement, visit www.icmarc.org/education.



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