



# Nearing retirement or leaving City employment?

## Get to know your options

By participating in the City of Milwaukee Deferred Compensation Plan (“the Plan”), you’ve taken an important step in preparing for retirement.

If you’re nearing retirement or ending your employment with the City, it’s also important for you to understand the Plan’s distribution options. Making an informed choice can help you avoid receiving your payments in a method you don’t want, or from paying income taxes earlier than you might have to.

### Deciding which option is right for you

When you retire, or leave City employment, you have options for your Deferred Compensation Plan balance. You may:

Option	Description	Tax Implications
<b>Keep it in the Plan</b>	You can keep your balance in the Plan until you turn age 70 ½ when you are required to begin to take Required Minimum Distributions. Your savings continue to be invested and potentially grow tax deferred.	Since your money remains in the Plan, you do not have to pay any taxes until you begin to withdraw the money.
<b>Rollover to a new plan or IRA</b>	You may elect to move your Deferred Compensation Plan balance to a new employer’s plan or IRA.	A direct rollover maintains the tax-deferred status of your account, which preserves more of your savings. It also eliminates mandatory withholding of federal and state taxes that would apply if the account is paid directly to you. <small>Note: if rolled to another retirement plan or IRA, a 10% early withdrawal penalty may apply to distributions taken prior to age 59½.</small>
<b>Take a lump sum</b>	You may elect to withdraw your entire Plan balance at one time.	Lump-sum payouts are subject to a 20% federal withholding, which is taken out before the money is paid to you. Since money is taxable in the year received, you may owe additional taxes above the amount withheld.
<b>Take installment payments</b>	You may elect to receive a set dollar amount, or to have your account paid out over a certain period of time. Installment payments may be paid monthly, quarterly, semi-annually, or annually, and allow you to gradually draw on your retirement savings.	You will owe taxes on the amount you withdraw. Money you keep in the Plan remains in a tax-deferred status.
<b>Periodic distributions</b>	Once retired, you don’t have to withdraw all of your money. You can take what you need and leave the rest invested in the Plan to continue to potentially grow tax deferred.	You will owe taxes on the amount you withdraw. Money you keep in the Plan remains in a tax-deferred status.

## Keeping your money in the Plan

When you leave employment with the City of Milwaukee, you do not have to take your money out of the Plan. You can leave your money in your account until you turn age 70½, which is when you will be required to take Required Minimum Distributions. Keeping your money in the Deferred Compensation Plan may provide you with the flexibility to draw on your savings when needed during retirement.

- **Continued Tax Deferred Growth.** As long as your money remains in your account, it stays tax-deferred.
- **Lower Fees.** The Plan offers lower administrative fees and investment options that are competitively priced when compared to many other funds. Lower investment fees let you keep more of your retirement money working for you.
- **Flexibility to withdraw when needed.** The Plan offers a variety of distribution options, including lump sum, specific dollar amount or periodic installments.
- **Plan Oversight.** The funds in the program are monitored by the Deferred Compensation Board and an independent investment consultant.
- **Continued access to the Plan's tools and services.** By keeping money invested in the Deferred Compensation Plan, you will continue to have access to the Plan's robust planning tools, local advisor staff and helpful phone-based representatives.
- **There is no 10% early withdrawal penalty.** Unlike certain other retirement plans or IRAs, there is no 10% early withdrawal penalty for distributions taken prior to age 59½.

**What you do with your retirement money is a major financial decision. Retirement plan distributions are complex, so before you take any action, schedule an appointment with a local representative to address any questions you have on the options available, or consult with a professional financial advisor.**



If you have any questions, please call **844-360-MDCP** (844-360-6327) to speak with a Customer Service Representative Monday–Friday from 7 a.m.–7 p.m. CT or visit [www.milwaukeedcp.com](http://www.milwaukeedcp.com), where you can also book an in-person appointment with a local Voya representative via the online scheduling tool. A representative can also assist you with scheduling a one-on-one consultation with a local Plan representative.

To access your account online, go to [www.milwaukeedcp.com](http://www.milwaukeedcp.com).

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