City of Milwaukee
Deferred Compensation Plan
Financial independence. It starts today.

City of Milwaukee Deferred Compensation Plan Newsletter

First Quarter 2019

Three ways to save and invest your tax refund

You may be among the millions of people who will receive a federal income tax refund in 2019.

Think about what you did with last year's tax refund if you got one. Did you splurge and have nothing to show for it later?

With this year's refund, instead of spending it, you could:
- Set up or add to an emergency fund to cover unexpected expenses.
- Pay down credit card debt or student loans.
- Divide it up to accomplish several objectives at the same time.

While getting a refund is good, it still means that the IRS had your money all year. Wouldn't it be better to have that money working for you the whole time instead? Consider putting more of your pre-tax pay into your Milwaukee Deferred Compensation Plan account this year. It's money you didn't miss when it was with the IRS anyway.

If you aren't getting a refund this year, saving more to your retirement account could help change that. Every dollar you contribute on a pre-tax basis can reduce your current taxable income by a dollar. As your contributions go up, the income you report to the IRS can go down. That can help you owe less at tax time and maybe even get something back from Uncle Sam.

Saving more from your paycheck for retirement is a convenient, automatic way to pay yourself first and lower your tax bill. Log into your account today and review your current savings rate.

Consider making your child's future education costs a priority

Saving early can help you later

If you're like many parents, you want your child to go to college. Paying for their education, however, can be a huge financial burden. As tuition costs climb each year, saving early is an important step for parents. Fortunately, there are some college savings plans you can take advantage of that will help you save for your child's education.

Invest in your child's future

It's difficult to think ahead to high school graduation when your child is still young, but it really helps to get into smart savings habits early. The more time you give yourself to save, the better prepared you and your child will be. One of the smartest ways to save for education expenses is by putting your money in a 529 College Savings plan.

A 529 plan is a college savings account that has many benefits. Earnings on contributions are not subject to federal income tax and generally not subject to state income tax when used for the qualified education expenses of the designated beneficiary, such as tuition, fees, books, as well as room and board at an eligible education institution and tuition at elementary or secondary schools. Contributions to a 529 plan, however, are not tax-deductible. Think about it. Money that has the potential to grow over time may reduce the need to borrow and pay interest on education loans.

Did you know?

ABLE Accounts

If an unexpected life event such as a diagnosed disability occurs to your child, you now are able to move funds under the 529 college savings plan to an Achieving a Better Life Experience (ABLE) account. The ABLE Financial Planning Act, a law signed to help those parents, allows a rollover from a 529 college savings plan to an ABLE account where an individual is the beneficiary of both accounts (or if a family member, as defined under the Internal Revenue Code, is the beneficiary of the 529 account).

If you haven't already started saving for your child's future education, the longer you put off planning for education expenses, the more of a challenge this goal may become.

Nothing contained herein should be construed as (i) an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. An investor's or a designated beneficiary's home state may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program. You should consider this before investing. The tax information herein is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor. Investments in 529 plans are subject to investment risks, including the loss of the principal amount invested, and may not be appropriate for all investors. Earnings component of non-qualified withdrawals may be subject to federal and state taxes and the additional federal 10% tax.

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Shook up by market

Don't panic. The ups and downs of the stock market aren't as unusual as they may seem

The market can be volatile and that makes trying to time the market very risky. Research and history shows that you're betting against the odds when attempting to accurately time when to get in and out. It's similar to a gambler that feels he has somehow figured out how to "beat the house." For market timing to pay off, an investor has to correctly predict when the market will go up **AND** when it will go down – or vice versa. If you're wrong about the timing of one of these events, you could lose. Even the best day-traders see very mixed results. Are you really willing to gamble with your retirement funds?

In contrast, you may be tempted to sell off your assets after watching the market go down one day, then up the next. Resisting the urge to react to volatility, however, may allow you to benefit when it recovers. Instead, consider worrying more about the factors you can control, like how much you are saving. And consider putting more of your attention toward constructing a portfolio that reflects your risk tolerance and your long term retirement planning strategy.

If you'd like guidance in understanding more about how to determine your risk tolerance, consider scheduling a one-on-one appointment with a local Voya representative (and earn Healhy Rewards Points!).

Accessing Your Account

Log on to **www.milwaukeedcp.com**

Call **844-360-MDCP** (6327)

Use our online scheduling tool at **www.milwaukeedcp.com** or call **414-286-5541** to book a one-on-one appointment with a local Voya representative.

Name a beneficiary

Check the beneficiary designations for your account at least once a year. If there's been a change in your personal situation, such as a marriage, divorce, birth of a child or a death, you may need to change your beneficiary to reflect your current wishes.

Your beneficiary is the person or individuals who would receive your account balance in the event of your death. Keep in mind that naming an entity other than an individual as your beneficiary may have implications on the IRS required minimum distribution payments to beneficiaries.

You can review and make changes to your beneficiary information any time. Log into your account and select Personal Information, then select Add/Edit Beneficiary.

Combining your retirement savings

Does this sound familiar? You've changed jobs a few times, and still have money in your former employers' retirement plans. So what do you do? You can't contribute to those plans anymore because you don't work for the employer, but you still need to keep track of your accounts.

It might be easier to organize everything in one place, especially if you like the investment options and other features of your current Milwaukee Deferred Compensation Plan. It saves on time, too, when you only have to go to one place to see your entire retirement picture!

Possible benefits from consolidating your retirement savings into your current employer's plan may include:

- A clearer picture of your retirement savings and investments
- The simplicity and convenience of managing one account using one website and toll free phone number
- The possibility of saving on fees by combining separate accounts into one

Taking into account your personal situation, you may want to consider your options, such as: keeping your assets where they are; withdrawing your assets (taxes are generally due upon withdrawal and any applicable tax penalties that may apply): or you may choose to rollover your eligible retirement accounts assets to an employer-sponsored retirement plan that accepts rollovers, or to another eligible vehicle.

Is a rollover right for you? Find out by using the complimentary service your plan makes available to you.

Call the Account Consolidation Team* toll free **866-865-2660** or send an email to **ACT@voya.com.** The team will work with you from beginning to end on consolidating your retirement assets. They can also walk you through your choices, including comparing fees, investments and other plan features. There's no cost, no pressure and no obligation. When you make your decision to begin the consolidation process, the Account Consolidation Team will contact your former employer or other retirement account provider and streamline the paperwork.

Carefully consider the potential differences and/or similarities between the various qualified retirement accounts before making investment related decisions. Also, please consider the investment objectives, risks, charges and expenses of the investment options carefully before investing.

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