



Did you know that you can roll your Global Pension Settlement (“GPS”) into your Milwaukee Deferred Compensation Plan (“MDCP”) account?

If you are eligible to receive a Global Pension Settlement, the City of Milwaukee allows you to invest any portion of it in your MDCP account. This “rollover” maintains the tax deferred status of your GPS, while providing the opportunity to invest in professionally managed institutional investments monitored by the City’s Deferred Compensation Plan Board and its Investment Advisor. Please carefully consider the benefits of existing and potentially new retirement accounts and any differences in features. Consult your own legal and tax advisors regarding your situation.

To roll your GPS into your MDCP account, please take the following actions (note: you will need to complete and submit two forms for this to occur, as detailed below: (1) the "**Payment Election Form**," which needs to be partially completed by MDCP, but returned to the ERS, and (2) the "**MDCP Global Pension Settlement Rollover Contribution Form**," which needs to be returned to the MDCP):

1. Schedule an appointment with your pension counselor at ERS by calling 414-286-3557. Be sure to tell them that you will be requesting a rollover of your GPS into Deferred Compensation.
2. Go to the pension office, 789 N. Water St. (3rd floor), for your appointment where you will receive a **Payment Election Form**.
3. The section under the **Payment Election Form** labeled "For Traditional IRA or other Qualified Plan Direct Rollovers..." will need to be completed and signed by a Voya representative or MDCP staff member. To obtain this information from the MDCP, submit the **Payment Election Form** in one of two ways: 1) scan and email the partially filled form to DEFCON@milwaukee.gov (MDCP will sign and submit the form to ERS on your behalf, and will copy you for your records) or 2) call 414-286-5541 to schedule a brief appointment with a Voya representative or MDCP staff member.
4. Acquire the **MDCP Global Pension Settlement Rollover Contribution Form** either from the ERS, online at www.milwaukeedcp.com (under "Plan Information"-->"Forms") or by requesting the form from a Voya representative or MDCP staff. Complete the hardcopy form, and submit it in one of the following ways: 1) submit it directly to the MDCP staff in City Hall, Room 404, 2) scan and email the completed form to DEFCON@milwaukee.gov or 3) submit it to Voya according to the instructions provided on the form.

If you need any assistance with this process, you may schedule an appointment with a local Voya representative at bookvf15.timetap.com, call **414-286-5541** or email the Deferred Compensation office at defcom@milwaukee.gov.

Frequently Asked Questions

Q: How much of my GPS can I roll into the City of Milwaukee Deferred Compensation Plan?

A: You can roll up to 100% of your GPS into the City of Milwaukee Deferred Compensation Plan.

Q: Are GPS rollovers into the City of Milwaukee Deferred Compensation Plan subject to annual contribution limits?

A: No. GPS rollovers are maintained as a separate money type, and are not subject to annual contribution limits.

Q: How is my GPS rollover invested into the City of Milwaukee Deferred Compensation Plan?

A: You can choose any combination of the investment options available in the City of Milwaukee Deferred Compensation Plan for your GPS rollover. Alternatively, you can choose to have your GPS rollover invested according to your current investment elections for ongoing contributions.

Q: Are GPS rollovers into the City of Milwaukee Deferred Compensation Plan considered taxable income?

A: No. By rolling over your GPS into the City of Milwaukee Deferred Compensation Plan, you defer paying taxes until you take a distribution from the City of Milwaukee Deferred Compensation Plan. Upon taking a distribution from the City of Milwaukee Deferred Compensation Plan, your GPS rollover and any earnings will be considered taxable income in the year of distribution.

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Q: Are there any penalties for taking a distribution from my GPS rollover to the City of Milwaukee Deferred Compensation Plan?

A: The tax treatment of distributions of your GPS rollover depends on your age at retirement and whether or not you are retiring as a General City Employee or a Public Safety Officer.

General City Employees:

- If you retire as a General City employee in or after the year you turn age 55, you may begin taking distributions from your GPS rollover money before age 59 ½ without a tax penalty. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution.
- If you retire as a General City employee before the year you turn age 55, any distributions from your GPS rollover money (and any earnings from the rollover) taken before age 59 ½ WILL BE SUBJECT TO THE 10% EARLY WITHDRAWAL PENALTY unless another withdrawal exception applies. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution.

Example:

A General City Employee retires on June 1, 2019 at age 54. The employee's birthday falls on October 10th. Since the employee will be turning age 55 in the year he or she retires, the 10% penalty would not apply. The General City Employee would not need to wait until after turning age 59 ½, in terms of taking a distribution from his or her GPS rollover funds, to avoid the penalty.

Public Safety Employees:

- If you retire as a Public Safety Employee in or after the year you turn age 50, you may begin taking distributions from your GPS rollover money before age 59 ½ without any tax penalty. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution.
- If you retire as a Public Safety Employee before the year you turn age 50, any distributions from your GPS rollover money (and any earnings from the rollover) taken before age 59 ½ WILL BE SUBJECT TO THE 10% EARLY WITHDRAWAL PENALTY unless another withdrawal exception applies. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution.

Example:

A Public Safety Employee retires on June 1, 2019 at age 49. The employee's birthday falls on October 10th. Since the employee will be age 50 during the year he or she retires, the 10% penalty would not apply. The Public Safety Employee would not need to wait until after turning age 59 ½, in terms of taking a distribution from his or her GPS rollover funds, to avoid the penalty.

IMPORTANT NOTE

If you retire in or after the year you turn age 50 or older as a Public Safety employee or if you retire during the year you turn age 55 or older as a General City Employee and you will be taking distributions from your GPS rollover funds prior to age 59 ½, please note that Voya Financial does not reflect your exemption from the 10% early withdrawal penalty on Form 1099-R that Voya will send to you (your Form 1099-R will show a distribution code of 1 in box 7).

Therefore, if you retire in or after the year you turn age 50 or older as a Public Safety employee or if you retire during the year you turn age 55 or older as a General City Employee and you take a distribution from your GPS rollover funds prior to age 59 ½, you must file IRS Form 5329 to claim the exemption unless another withdrawal exemption applies. You may want to work with a tax advisor to ensure that you properly claim the exception when you file with the IRS.