

ICMA 401A - RETIREMENT

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ICMA 401A

Employees can enroll after six (6) months of continuous employment with the City of Saco. Enrollment requires a mandatory 5% pre-taxed contribution from the employee and a 5% pre-taxed contribution from the City. Employees are allowed to contribute additional amounts, however, these contributions would be after tax. The City's contribution that is sent in for the employee is held in escrow (in the employees name and social security number) until the employee has completed time in service.

Vested: Employees become 50% vested with the City's contribution after two (2) years of continuous service and 100% vested after three (3) years of continuous service.

What are the Benefits of participating in a 401 plan?

- You reduce your current income taxes while you boost your retirement investments.
- You can dollar-cost average through convenient payroll deductions.*
- You have the flexibility to consolidate your savings in another public sector employer's 401 plan, a tax-sheltered 403(b) annuity plan, a 457 plan, or a Traditional IRA if you change employers.
- Pre-tax contributions are not subject to federal and (in most cases) state income taxes until withdrawn.
- Earnings accumulate tax-deferred.
- You may also participate in a 457 Deferred Compensation Plan (<http://www.icmarc.org/xp/rc/products/457/>).

The ICMA-RC administered 401(a) Plan Advantage:

- You choose from a wide range of investment options (<http://www.icmarc.org/xp/rc/funds/>)
- There are generally no restrictions or charges** for reallocating your investment mix and all funds offered through ICMA-RC are no-load.
- There are no minimum investment requirements.
- Your designated beneficiaries are entitled to receive all remaining funds in your account in the event of your death.
- You have the most flexible payment options available. You determine the payment schedule that is right for you.
- You control your account even while you are withdrawing assets.

Keep in Mind:

- The City of Saco has mandatory contributions, you cannot stop contributing to the plan. The decision to participate is a one-time, irrevocable decision.
- You may stop and/or restart matched employee contributions.
- You are always 100% vested in your employee contributions and earnings.
- There are strict Internal Revenue Code limits on the amount you may contribute (<http://www.icmarc.org/xp/rc/products/401a/>) each year.
- You should review the 401(a) withdrawal information (<http://www.icmarc.org/xp/rc/>) carefully prior to initiating any withdrawals.