

ICMA 457 - RETIREMENT

ICMA Retirement Corporation, Attention: Records Management Unit, P.O. Box 96220, Washington, D.C. 20090-6220. Telephone: 1-800-669-7400

Retirement Specialist: Robert Gill, 1-800-729-4457, ICMA-RC Services, LLC, 777 North Capitol Street, NE, Washington, DC 20002-4240. FAX 202-962-4601. Email Address: rgill@icmarc.org

ENROLLMENT

Employees are allowed to enroll into the ICMA 457 Plan upon employment with the City. However, the City's contribution will not begin until the employee has complete six (6) months of continuous employment. The City's contribution that is sent in for the employee is held in escrow (in the employee's name and social security number) until the employee has completed time in service. Employees are allowed to participate in the ICMA 457 Plan along with the MSRS or the ICMA 401A. However, they must realize the City will only contribute to one plan.

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

457 Deferred Compensation Plan

A 457 Deferred Compensation Plan is a supplemental retirement savings program that allows you to make contributions on a pre-tax basis. Federal and State income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket.

What are the benefits of participating in a 457 plan?

- You reduce your current income taxes while investing for retirement.
- Your earnings accumulate tax-deferred.
- You can dollar cost average through convenient payroll deductions. *
- You may be allowed to make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan.
- If you change jobs, you have the flexibility to move your account into your new Employer's retirement plan.
- If you retire or leave service early, there is no penalty for withdrawals.

- Supplemental investments are helpful in states and communities where no contribution is made to Social Security.

The ICMA-RC 457 Plan Advantage

- You can increase, decrease, stop and restart contributions (<http://www.icmarc.org/xp/rc/products//contributions.html>) often as you wish without fees or penalties (subject to your Employer's approval). Please forward completed forms to the City's Human Resource Department.
- You may choose from a wide range of investment options (<http://www.icmarc.org/xp/rc/funds/>) selected by your employer for the plan. There are 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 withdrawal (<http://www.icmarc.org/xp/rc/products/457/withdrawal.html>) payment options available. You determine the payment schedule that is right for you.
- You control your account even while you are withdrawing assets.
- Please contact the Saco Human Resource Department for information about enrolling in your 457 Deferred Compensation Plan. To access the standard ICMA-RC 457 plan forms visit our Forms Center (<http://www.icmarc.org/xp/rc/forms/#s457>).

Keep in Mind:

- There are strict Internal Revenue Code limits on the amount you may contribute (<http://www.icmarc.org/xp/rc/products/457/contributions.html>) each year.
- There are two "Catch-Up" provisions that allow you to contribute over-and- above the normal annual contribution amount. Please *click here* (<http://www.icmarc.org/xp/rc/products/457/contributions.html>) to view more information.
- If you retire or leave service early, there are no penalties for withdrawals (<http://www.icmarc.org/xp/rc/products/457/withdrawal.html>)
- However, you will pay taxes on the amount that you withdraw.

- You are required to begin withdrawing from the account (<http://www.icmarc.org/xp/rc/products/457/withdrawal.html>) by a certain age.