

DEFERRED COMPENSATION PLANS SEPARATION FROM CITY SERVICE INFORMATION

If you separate or retire from service with the City of Sacramento and you have funds in a City of Sacramento 401(a) or a 457(b) plan, the following options are available to you for consideration:

1. You may leave your funds in your 401(a) or 457(b) account at Nationwide when you leave employment with the City. There is no minimum required fund balance to leave your funds in the City of Sacramento Plan after separating from City service.
2. When you separate from the City of Sacramento, you are eligible to withdraw money from your 401(a) or 457 accounts as you see fit, but you are generally not required to take payments until after age 72.
3. If you go to work for another employer and your new employer offers a qualified retirement plan, you may roll your 457(b) account to another retirement plan such as a 457(b), 401(k), 403(b), or you may roll over your account to an individually directed IRA. However, your withdrawal of funds from the new plan will be subject to that plan's rules.
4. The proceeds of your 401(a) account can be rolled to another employer's qualified plan or to an individually directed IRA. Your withdrawal of funds from the new plan will be subject to that plan's rules.
5. For 401(a) withdrawals - if you are age 59.5 or older, you may take a lump sum payment or installment distribution after separation from service, and you will pay ordinary income taxes on your disbursement. If you withdraw funds prior to the age of 59.5, your withdrawal will be subject to an additional 10% penalty.
6. For 457(b) withdrawals – you may take a lump sum payment or installment distribution after separation from service without restriction regardless of your age. You will pay ordinary income taxes, but you will not have an added penalty for withdrawing prior to a specific age. Important: this is the only Plan type that does not include the penalty. However, if you transfer your 457(b) balance to a different Plan, 401(k) for example, then your balance will be subject to the 10% penalty prior to age 59.5.
7. After age 72 you will be required to start taking disbursements from your deferred compensation accounts.

FREQUENTLY ASKED QUESTIONS

I am separating from City service or retiring from the City, and I would like my leave payout to be deposited into a 457(b) account and I don't currently have an account setup with Nationwide? You must go to www.cityofsacretplan.com at least two weeks prior to your separation date to set up your 457(b) account with Nationwide to ensure when your contribution is sent there is an account to receive your funds. You can also complete the Nationwide 457 enrollment form and fax it to Nationwide, but this must be done two weeks prior to your separation date. Email Benefit Services at benefitservices@cityofsacramento.org for a copy of this form. Online enrollment is recommended.

I have separated or retired from the City and want to know more about what I can do with my 401(a) or 457(b) accounts? Who do I contact? Contact Nationwide customer service at (877) 677-3678 or visit our website at www.cityofsacretplan.com.

Once I separate, do I have to withdraw my money from my account? No. In fact, the fees that have been negotiated for your City of Sacramento account are some of the lowest in the industry.* As part of the City's Plans, your individual account has the buying power of approximately \$700 million, making it nearly impossible to achieve lower cost investments outside of the Plan.

If, after comparing the Plans' low fees, you still wish to roll your money to another institution, please consider leaving at least \$5,000 in your account with the City. That way you can roll money back at a later point. Otherwise, if you transfer all of your money out, your City of Sacramento account will be closed.

**As compared with the 2019 National Association of Governmental Defined Contribution Administrators (NAGDCA) Survey.*

Does the City tell Nationwide when I have left employment? Around the 25th of each month, the City will send a list to Nationwide of all employees with a 457(b) or 401(a) account who separated from service the month prior. The delay in sending this information to Nationwide is because the City needs to allot for enough time to send any contributions from your final paycheck or requested contributions from your leave payout to Nationwide.

I'm a public safety retiree and I want to withdraw \$3,000 from my 457 plan to pay my health premiums or long-term care insurance. Does Nationwide offer this option? Yes, this option is available for qualifying retired public safety retirees. Please contact Nationwide at (877) 677-3678 to request the authorization form for this withdrawal. A signature by the City of Sacramento is required at the time of your initial request. To obtain the signature on your completed authorization form, please contact City of Sacramento, Benefit Services, at benefitservices@cityofsacramento.org.

I want to change my beneficiaries for my 401(a) or 457(b) accounts. Does the City do this for me? No, the City cannot change your beneficiaries for you. Please log into your account at www.cityofsacretplan.com or contact Nationwide at (877) 677-3678 to update your beneficiaries.

If I change my mailing address with the City, does the City update my address on file with Nationwide for me? No, account holders should log into their [Nationwide account](#) or contact Nationwide Customer Service to update their mailing address or email address on file with Nationwide. It is important to make sure your address on file with Nationwide is kept up to date as periodically the City or Nationwide may want to send communication to account holders, and the City will receive the addresses from Nationwide.

I also have a Retirement Health Savings account (RHS) through the City of Sacramento with MissionSquare Retirement. Does all of the above information apply to that account too? No, an RHS account has different regulations related to qualifying disbursements from your account. Please contact [MissionSquare Retirement](#) for questions about your RHSA account or call customer service at (800) 669-7400.

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[City's Deferred Compensation webpage](#)