

**DEFINED CONTRIBUTION PLANS  
COMMITTEE**

Jason Bader  
Stacy Hussey  
Aaron Donato  
Janice Conerly-Coleman  
Roxanne Dilley  
Mick Boyd  
Murray Levison

**COMMITTEE STAFF**

Samantha Wallace, Committee Secretary  
Jeffrey Massey, Senior Deputy City Attorney  
Kristina Byrd, Staff

**Meeting Agenda**  
**Defined Contribution Plans  
Committee**

City Hall, Historic Hearing Room 915 I Street

Published by the  
Department of Human Resources  
(916) 808-5731

**Thursday, March 14, 2019**  
**2:00 p.m.**

**NOTICE TO THE PUBLIC**

You are welcomed and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public Comment on items not listed on the agenda will be heard as noted on the agenda. Comments on controversial items may be limited and large groups are encouraged to select 3-5 speakers to represent the opinion of the group.

**Notice to Lobbyists:** When addressing the legislative bodies you must identify yourself as a lobbyist and announce the client/business/organization you are representing.  
(City Code 2.15.160).

**Speaker slips are available on the City's Website and from staff and should be completed and submitted to the Committee Clerk.**

*Government Code 54950 (The Brown Act)* requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. The City posts Agendas at City Hall as well as offsite meeting locations. The order and estimated time for Agenda items are listed for reference and may be taken in any order deemed appropriate by the legislative body. The Agenda provides a general description and staff Recommendation; however, the legislative bodies may take action other than what is recommended. Full staff reports are available for public review, including all attachments and exhibits on the City's website. "To Be Delivered" and "Supplemental" reports will be published as they are received. Hard copies are available at the Department of Human Resources and all written material received is available at the meeting for public review.

Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Department of Human Resources at (916) 808-7657 at least 48 hours prior to the meeting.

### **General Conduct for the Public Attending Defined Contribution Plans Committee Meetings**

- Members of the public attending Defined Contribution Plans Committee Meetings shall observe the same rules and decorum applicable to the Members and staff as noted in Chapters 3 and 4 of Council Rules of Procedure.
- Stamping of feet, whistles, yells or shouting, physically threatening conduct, and/or similar demonstrations are unacceptable public behavior and will be prohibited by the Sergeant-at-Arms.
- Lobbyists must identify themselves and the client(s), business or organization they represent before speaking to the Committee.
- Members of the public wishing to provide documents to the Committee shall comply with Rule 7 D of the Council Rules of Procedure.

### **Members of the Public Addressing the Defined Contribution Plans Committee**

Purpose of Public Comment. The City provides opportunities for the public to address the Committee as a whole in order to listen to the public's opinions regarding non-agendized matters within the subject matter jurisdiction of the City during Regular meetings and regarding items on the Agenda at all other meetings.

- Public comments should not be addressed to individual Members nor to City officials, but rather to the Committee as a whole regarding City business.
- While the public may speak their opinions on City business, personal attacks on Members and City officials, use of swear words, and signs or displays of disrespect for individuals are discouraged as they impede good communication with the Committee.
- Consistent with the Brown Act, the public comment periods on the Agenda are not intended to be "Question and Answer" periods or conversations with the Committee and City officials. The limited circumstances under which Members may respond to public comments are set out in Rule 8 D 2 of the Council Rules of Procedure.
- Members of the public with questions concerning Consent Calendar items may contact the staff person on the report prior to the meeting to reduce the need for discussion of Consent Calendar items and to better respond to the public's questions.

### **Speaker Time Limits.**

In the interest of facilitating the Committee's conduct of the business of the City, the following time limits apply to members of the public (speakers) who wish to address the Committee during the meeting.

- **Matters not on the Agenda.** Two (2) minutes per speaker.
- **Consent Calendar Items.** The Consent Calendar is considered a single item, and speakers are therefore subject to the two (2) minute time limit for the entire Consent Calendar. Consent Calendar items can be pulled at a member's request. Such pulled Consent Calendar items will be considered individually and up to two (2) minutes of public comment per speaker on those items will be permitted.
- **Discussion Calendar Items.** Two (2) minutes per speaker.

Time Limits per Meeting: In addition to the above time limits per item, the total amount of time any one individual may address the Board at any meeting is eight (8) minutes.

- Each speaker shall limit his/her remarks to the specified time allotment.
- The Presiding Officer shall consistently utilize the timing system which provides speakers with notice of their remaining time to complete their comments. A countdown display of the allotted time will appear and will flash red at the end of the allotted time.
- In the further interest of time, speakers may be asked to limit their comments to new materials and not repeat what a prior speaker said. Organized groups may choose a single spokesperson who may speak for the group but with no increase in time.
- Speakers shall not concede any part of their allotted time to another speaker.
  - The Presiding Officer may further limit the time allotted for public comments per speaker or in total for the orderly conduct of the meeting and such limits shall be fairly applied

# AGENDA

Thursday, March 14, 2019

2:00 p.m.

915 I Street, City Hall, Historic Hearing Room

## Open Session

### Roll Call

### Public Comments – Matters Not on the Agenda

#### Consent Calendar Estimated time: 5 minutes

All items listed under Consent Calendar are considered and acted upon by one Motion. Anyone may request an item be removed for separate consideration.

#### 1. Defined Contribution Plans Committee Minutes

**Location:** Citywide

**Recommendation:** Approve Committee minutes for January 9, 2019

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

#### Discussion Calendar Estimated time: 1 hour 30 minutes

Discussion Calendar items include an oral presentation including those recommending “receive and file.”

#### 2. Defined Contribution Plans Administrative Fees

**Location:** Citywide

**Recommendation:** Review and comment

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

#### 3. Defined Contribution Plans Investment Advisory Consultant Services

**Location:** Citywide

**Recommendation:** Pass a motion creating an ad-hoc committee to draft a Request for Proposals for an investment advisory consultant.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**4. General Update from Nationwide Retirement Solutions on City's 401(a) and 457(b) plans**

**Location:** Citywide

**Recommendation:** Review and comment

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**5. Presentation from Nationwide Retirement Solutions on Roth 457 and Deemed IRA(s)**

**Location:** Citywide

**Recommendation:** Review and comment

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Member Comments-Ideas, Questions and Meeting/Conference Reports**

**Adjournment**



**DEFINED CONTRIBUTION PLANS  
COMMITTEE**

Jason Bader  
Stacy Hussey  
Aaron Donato  
Janice Conerly-Coleman  
Roxanne Dilley  
Mick Boyd  
Murray Levison

**COMMITTEE STAFF**

Samantha Wallace, Committee Secretary  
Jeffrey Massey, Senior Deputy City Attorney  
Luby Mitrovich, Staff

**Special Meeting  
Minutes**

**Defined Contribution Plans  
Committee**

City Hall, Historic Hearing Room 915 I Street

Published by the  
Department of Human Resources  
(916) 808-5731

**Wednesday, January 9, 2019  
10:00 a.m.**

**NOTICE TO THE PUBLIC**

**Open Session 10:00 a.m.**

**Roll Call**

**Present:** Jason Bader, Stacy Hussey, Aaron Donato, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

**Absent:** None

**Public Comments – Matters Not on the Agenda**

None

**Consent Calendar**

**Estimated time: 5 minutes**

None

**Discussion Calendar**

**Estimated time: 1 hour 30 minutes**

**1. Nomination and Selection of the Defined Contribution Plans Committee 2019 Chair and Vice-Chair**

**Motion passed** nominating Murray Levison as Chair.

**Action:** Moved/Seconded Mick Boyd/Jason Bader

**Yes:** Jason Bader, Stacy Hussey, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

**No:** Aaron Donato

**Motion passed nominating Stacy Hussey as Vice-Chair.**

**Action:** Moved/Seconded Jason Bader/Janice Conerly-Coleman

**Yes:** Jason Bader, Stacy Hussey, Aaron Donato, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**2. Defined Contribution Plans Committee 2019 Meeting Calendar**

**Motion passed adopting the 2019 Meeting Calendar and adding a meeting for March 14, 2019, at 2:00 PM.**

**Action:** Moved/Seconded Stacy Hussey/Mick Boyd

**Yes:** Jason Bader, Stacy Hussey, Aaron Donato, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**3. Ralph M. Brown Act Training**

Senior Deputy City Attorney Jeff Massey presented information on the Ralph M. Brown Act.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**4. Defined Contribution Plans Administrative Fees**

Public comment heard from John Colville.

Committee directed staff to report additional information at the March 14, 2019, meeting.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**5. Defined Contribution Plans Investment Advisory Consultant Services**

**Motion passed recommending 1) staff draft a Request for Proposals for the services of an investment advisory consultant for the City's defined contribution plans and 2) staff present the draft Request for Proposals to the Committee at their April 3, 2019, meeting.**

**Action:** Moved/Seconded Stacy Hussey/Janice Conerly-Coleman

**Yes:** Jason Bader, Stacy Hussey, Aaron Donato, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**6. Requested Presentation Items for Nationwide Retirement Solutions**

Committee provided direction to staff to report additional information at the March 14, 2019, meeting.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Member Comments-Ideas, Questions and Meeting/Conference Reports**

Committee member comments included:

- Amend Defined Contribution Plans Committee Bylaws to state committee members must be active plan participants and to bring item to future meeting. (M. Levison)
- Recommendation committee members watch an online video available at [www.pbs.org](http://www.pbs.org) titled The Pension Gamble. (A. Donato)

**Adjournment**

Chair Levison adjourned the meeting at 11:59 a.m.

Respectfully submitted:

Samantha Wallace, Human Resources Manager  
Department of Human Resources

Approved by:

Murray Levison, Chair  
Defined Contribution Plans Committee



**Meeting Date:** March 14, 2019

**Report Type:** Discussion

**Defined Contribution Plans Committee**

Historic City Hall, Hearing Room  
915 I Street

[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Title:** Defined Contribution Plans Administrative Fees

**Location:** Citywide

**Recommendation:** Review and comment.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Presenter:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Department:** Human Resources

**Division:** Human Resources Administration

Dept ID: 08001011

**Attachments:**

1-Description/Analysis

2-401(a) Vesting Periods and Participating Employee FTEs



## Description/Analysis

**Issue Detail:** The City's 401(a) and 457(b) plans charge an administrative fee by Nationwide Retirement Solutions (Nationwide) of 3.0 basis points. Basis points are paid by plan participants. The Defined Contribution Plans Committee has expressed interest in the City obtaining the services of an investment advisory and plan consultant to provide guidance and advisement on the City's defined contribution plans. The current 3.0 basis points paid by participants does not provide any revenue to pay for such services.

During the meetings of the deferred compensation working group and the January 9, 2019, meeting of the Committee, additional information was requested or discussed as to the options available to fund an administrative allowance account. Potential options discussed included:

- Increasing the basis points paid by plan participants
- Charging a flat rate to each participant
- Employee vesting periods for the City's 401(a) plans.

Committee members also requested additional plan participation information such as:

- Number of actively contributing participants versus number of participants taking withdrawals
- Information the City's contribution to oversight of the defined contribution plans
- Do participants have a minimum account balance requirement before his or her account is liquidated or closed.

### Fee option examples

Chair Levison assisted in providing the following chart to demonstrate potential impacts of adding either 1.5 basis points or a flat fee at an estimated \$20 per year onto the City's 401(a) and 457(b) plans.

		Fees at current 3 basis points	Overall impact of adding 1.5 basis points	Impact to participant to add 1.5 basis points	Proposed Annual Admin Fee	Impact to participant to add \$20 annual fee
Amount invested	1 basis pt 0.00010	3 basis points on holdings 0.00030	4.5 basis points on holdings 0.00045	1.5 basis pts	\$20 flat fee for 3,500 participants	\$20 flat fee
\$ 1,000		\$ 0.30	\$ 0.45	\$ 0.15	\$ 20.00	\$ 20.00
\$ 5,000		\$ 1.50	\$ 2.25	\$ 0.75	\$ 20.00	\$ 20.00
\$ 20,000		\$ 6.00	\$ 9.00	\$ 3.00	\$ 20.00	\$ 20.00
\$ 50,000		\$ 15.00	\$ 22.50	\$ 7.50	\$ 20.00	\$ 20.00
\$ 100,000		\$ 30.00	\$ 45.00	\$ 15.00	\$ 20.00	\$ 20.00
\$ 133,300		\$ 39.99	\$ 59.99	\$ 20.00	\$ 20.00	\$ 20.00
\$ 150,000		\$ 45.00	\$ 67.50	\$ 22.50	\$ 20.00	\$ 20.00
\$ 250,000		\$ 75.00	\$ 112.50	\$ 37.50	\$ 20.00	\$ 20.00
\$ 500,000		\$ 150.00	\$ 225.00	\$ 75.00	\$ 20.00	\$ 20.00
\$ 1,000,000		\$ 300.00	\$ 450.00	\$ 150.00	\$ 20.00	\$ 20.00
\$ 466,666,660		\$ 140,000.00	\$ 210,000.00	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00
\$ 500,000,000		\$ 150,000.00	\$ 225,000.00	\$ 75,000.00	\$ 70,000.00	\$ 70,000.00

Chair Levison also provided Attachment 2 summarizing a history of actions related to vesting periods for the City's 401(a) plans.

Representatives from Nationwide Retirement Solutions will be present during the discussion of this item to address questions from the Committee and provide examples of how other public agencies structure their fees to fund an administrative allowance account. The City's support of its responsibility to the management of its defined contribution plans includes providing the staff time to coordinate the meetings and activities of the Defined Contribution Plans Committee, the day-to-day plan administration services provided by Human Resources, Finance, and the City Treasurer's Office to employees and retirees to participate in the plans, and support from the City Attorney's Office with regard to legal compliance and guidance, plan document review, and legal guidance of the Committee. The City will not at this time provide funding to pay for investment and plan advisory consultant services.

An increase in basis points or the addition of a flat fee would affect all plan participants in the 401(a) and 457(b) plans. The City would first need to negotiate Letters of Understanding with all recognized employee organizations to proceed with adding any type of fee to the plans for an administrative allowance account. A change to vesting periods would also require negotiations with the recognized employee organizations.

**Policy Considerations:** None.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** There is no funding source available to pay for defined contribution plan oversight or plan consultant services.

**Financial Considerations:** Basis points are paid by plan participants and not the City.

**Local Business Enterprise (LBE):** None.

## **401(a) Vesting Periods and Participating Employee FTEs**

Prepared by Chair Levison

### **Vesting period for City contributions to the 401(a) plan**

- 1997 – 401(a) for Exempt Management adopted; vesting period was graduated over 5 years with prior service included (see Reso 97-660, Reso 97-677, and Contract 97-195)
- 1997 – 401(a) for City Council adopted; vesting was immediate (see Reso 97-660, Reso 97-677, and Contract 97-200)
- 2000 – 401(a) for Local 39 Supervisors adopted, effective 1/1/03; no mention of vesting period (see Reso 2000-675); when City Council approved the labor agreement on 11/21/00, language showed a 5-year vesting period with credit for prior continuous service as a Supervisor
- 2000 – 401(a) for WCE adopted, effective 12/28/02; no mention of vesting period (see Reso 2000-677); when the WCE labor agreement was adopted in 2005, it referenced an existing 5-year vesting period with credit for prior service (see Reso 2005-798).
- 2003 – Vesting period for Exempt Management 401(a) is eliminated effective 1/1/04 (see Reso 2003-446)
- 2006 – Vesting period for WCE 401(a) is eliminated (see 4/4/06 LOU on file with Labor Relations)
- 2006 – Vesting period for Local 39 Supervisors is eliminated (see Reso 2006-337)
- 2012 – 401(a) for SCXEA Unit 10 adopted; the vesting period was negotiated to be the same as the vesting period for WCE and Local 39 Supervisors, which SCXEA was told was a 5-year period with credit for prior service; in 2013 SCXEA learned that the vesting period for WCE had been eliminated, and since Unit 10 was in the same 401(a) plan, Unit 10 also will have no vesting period
- 2012 – 401(a) for SCXEA Unit 14 adopted; the vesting period was negotiated to be the same as the vesting period for Unit 01, which SCXEA was told was a 5-year period with credit for prior service; in 2013 SCXEA learned that there was no vesting period in the plan governing Unit 01, and since Unit 14 was in the same 401(a) plan, Unit 14 also will have no vesting period

### **Authorized FTE as of May 2018 (actual employee counts are less)**

SCXEA – 757.80  
Local 39 Supervisors – 167.00  
WCE – 64.00  
Unrepresented (excluding noncareer) – 95.00  
Mayor/Council – 5.00  
Subtotal with 401(a) – 1,088.80  
All other Units without 401(a) – 3,466.18



**Meeting Date:** March 14, 2019

**Report Type:** Discussion

**Defined Contribution Plans Committee**

Historic City Hall, Hearing Room

915 I Street

[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Title:** Defined Contribution Plans Investment Advisory Consultant Services

**Location:** Citywide

**Recommendation:** Pass a motion creating an ad-hoc committee to draft a Request for Proposals for an investment advisory consultant.

**Contact:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Presenter:** Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

**Department:** Human Resources

**Division:** Human Resources Administration

Dept ID: 08001011

**Attachments:**

1-Description/Analysis

## **Description/Analysis**

**Issue Detail:** The City currently contracts with Nationwide Retirement Solutions and ICMA-RC to administer the City's 401(a), 457(b), and Retiree Health Savings accounts. At the January 9, 2019, Committee meeting, a motion was passed directing staff to draft a Request for Proposals (RFP) for the services of an investment advisory consultant for the City's defined contribution plans.

Staff is recommending the Committee pass a motion to form an ad-hoc committee to work together to further refine the scope of services, project background statement, and proposal evaluation scoring criteria, and present the draft at the Committee's April 3, 2019, meeting or a subsequent meeting.

The following is a draft scope of services for consideration:

1. Provide advice regarding plan design and compliance with applicable federal and state laws.
2. Conduct analyses and make recommendations with regard to investment plan performance, participant costs, plan/investment management, fund selection, plan design, and the format and content of information submitted by service providers.
3. Monitor fund performance and recommend changes to the portfolio of funds within the plans.
4. Negotiate fees with service providers and recommend opportunities to negotiate fees with fund managers.
5. Monitor and report on the performance of plan service providers in accordance with contractual terms and industry best practices.
6. Review DCPC governing documents and recommend revisions.
7. Assist with the preparation of documents for the procurement of third-party services.
8. Provide regulatory and technical guidance.
9. Provide information and advice on proposed legislation and regulations that could affect the plans and participants.
10. Recommend relevant education and training sources and materials for the DCPC and participants.
11. Recommend marketing and other strategies to increase the number of participants and the amount under investment.
12. Prepare and present information to the Defined Contribution Plans Committee (DCPC) at quarterly meetings.
13. Prepare an annual report for the City Council.

**Policy Considerations:** None.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** In accordance with City policy AP-4102, a Request for Proposals is required for the City to obtain the services of an Investment Advisory Consultant.

**Financial Considerations:** The cost for a consultant is to be funded by 401(a) and 457(b) plan participants via an administrative allowance account.

**Local Business Enterprise (LBE):** None.









Our workshops cover a wide range of topics, each designed to answer a key question.

- MILLENNIALS**  
What do you need to make retirement saving a priority?  
*Workshop: NRM-13371AO*  
*MarketingWorks Flier: NRM-13395AO*
- RETIREMENT 101**  
What's your plan for preparing financially for retirement?  
*Workshop: NRM-13359AO*  
*MarketingWorks Flier: NRM-13380AO*
- BUDGETING**  
Do you know where you're going and how you're going to get there?  
*Workshop: NRM-13358AO*  
*MarketingWorks Flier: NRM-13379AO*
- COLLEGE PLANNING**  
How can you prepare now to ace this test?  
*Workshop: NRM-13369AO*  
*MarketingWorks Flier: NRM-13393AO*
- RETIREMENT GOALS**  
How can you know if you're saving enough for retirement?  
*Workshop: NRM-13360AO*  
*MarketingWorks Flier: NRM-13381AO*
- REBALANCING**  
Why should you consider making account rebalancing part of your strategy?  
*Workshop: NRM-13362AO*  
*MarketingWorks Flier: NRM-13383AO*
- ASSET ALLOCATION**  
How could this strategy benefit you?  
*Workshop: NRM-13361AO*  
*MarketingWorks Flier: NRM-13382AO*
- DOLLAR COST AVERAGING**  
How does this strategy benefit you?  
*Workshop: NRM-13365AO*  
*MarketingWorks Flier: NRM-13389AO*
- INCREASE CONTRIBUTIONS**  
How much will be enough?  
*Workshop: NRM-13363AO*  
*MarketingWorks Flier: NRM-13387AO*
- INVESTOR PROFILE**  
Why is it important to know who you are as an investor?  
*Workshop: NRM-13364AO*  
*MarketingWorks Flier: NRM-13388AO*
- WOMEN AND RETIREMENT**  
What kind of lifestyle do you want to enjoy in retirement?  
*Workshop: NRM-13370AO*  
*MarketingWorks Flier: NRM-13394AO*
- MANAGED ACCOUNTS**  
Could Nationwide ProAccount® be right for you?  
*Workshop: NRM-13376AO*  
*MarketingWorks Flier: NRM-13400AO*
- ACCOUNT REVIEW**  
How often should you check up on your retirement account?  
*Workshop: NRM-13375AO*  
*MarketingWorks Flier: NRM-13399AO*
- ONLINE PLANNING TOOLS**  
How can you know if you're preparing well for retirement?  
*Workshop: NRM-13374AO*  
*MarketingWorks Flier: NRM-13398AO*
- CONSOLIDATION**  
Is there a way to make managing multiple retirement accounts easier?  
*Workshop: NRM-13367AO*  
*MarketingWorks Flier: NRM-13391AO*
- PAYOUT OPTIONS**  
Where will your income come from?  
*Workshop: NRM-13368AO*  
*MarketingWorks Flier: NRM-13392AO*
- DROP**  
What options do you have for your money when your DROP term ends?  
*Workshop: NRM-13366AO*  
*MarketingWorks Flier: NRM-13390AO*
- APPROACHING RETIREMENT**  
Are you prepared?  
*Workshop: NRM-13372AO*  
*MarketingWorks Flier: NRM-13396AO*
- LIVING IN RETIREMENT**  
How can you move from planning for retirement to enjoying it?  
*Workshop: NRM-13373AO*  
*MarketingWorks Flier: NRM-13397AO*

# What is a Deemed IRA?

A Deemed IRA is treated as an individual retirement account (IRA) and allows you to contribute and invest money in a separate account in a retirement plan such as a 457(b) plan.

Deemed IRA contributions are not counted toward the annual contribution limits associated with your 457(b) deferred compensation plan, and are separately accounted for in your participant records. Use the chart to the right to compare the features of the Deemed IRAs (Roth and Traditional).

## **A Deemed IRA might be right for you if:**

- You are deferring the maximum amount to your deferred compensation plan.
- You are looking for an additional opportunity to contribute money for retirement.
- You would like to keep other IRA or 457(b) assets with your 457(b) plan because of the same one-stop-shop benefits.

If any of the above statements apply to you, speak with a Nationwide® Retirement Specialist since you may benefit from one or both of the Deemed IRA options.

## DEEMED ROTH IRA

<b>ELIGIBILITY</b>	Active employees.
<b>MAXIMUM ANNUAL CONTRIBUTION</b>	<p>Maximum annual contribution to an IRA (whether or not deductible), a Roth IRA, or a combination of the two is the lesser of \$5,500 or the individual's compensation. This limit is subject to cost of living adjustments.</p> <p>Deemed Roth Contributions are allowed at any age, if you are employed by the employer sponsoring the deemed Roth IRA.</p>
<b>AGE 50 CATCH-UP CONTRIBUTION</b>	Up to \$1,000 in aggregate for all IRA's.
<b>DEDUCTIBILITY OF CONTRIBUTIONS</b>	No.
<b>DISTRIBUTIONS</b>	Available at any time. (See Tax Consequences of Withdrawals)
<b>TAXES ON DISTRIBUTIONS</b>	Earnings accumulate tax-deferred but may be distributed free of federal income taxes. (See Tax Consequences of Withdrawals)
<b>TAX CONSEQUENCES OF WITHDRAWALS</b>	<p>Federal income taxes do not apply to withdrawal of contributions. Earnings are not subject to federal income taxes provided the distribution is made 5 years or more after the January 1 of the first year a contribution is made to any Roth IRA and the distribution is on account of attainment of age 59½, death or disability.</p> <p>Withdrawals prior to age 59½ may be subject to an additional 10% tax. Exceptions to this tax may apply.</p>
<b>ROLLOVERS IN</b>	Can accept rollovers and transfers from Roth IRAs and rollovers from employer-sponsored retirement plans. Conversions from Traditional IRAs may be available.
<b>REQUIRED MINIMUM DISTRIBUTIONS (RMDs)</b>	<p>You are not subject to RMDs during your lifetime.</p> <p>Beneficiaries are subject to RMDs.</p>

## DEEMED TRADITIONAL IRA

Active employees.

Maximum annual contribution to an IRA (whether or not deductible), a Roth IRA, or a combination of the two is the lesser of \$5,500 or the individual's compensation. This limit is subject to cost of living adjustments.

Contributions are allowed up to the year you attain age 70½, provided you are employed by your employer sponsoring the deemed IRA.

Up to \$1,000 in aggregate for all IRA's.

May be limited by your participation in an employer-sponsored retirement plan and your modified Adjusted Gross Income (AGI). Non deductible contributions are not limited by your modified AGI or participation in an employer's retirement plan but will be subject to the IRA limits stated above.

Available at any time.

(See Tax Consequences of Withdrawals)

Contributions and earnings accumulate tax-deferred.

Withdrawals or a portion of the withdrawal will be subject to ordinary income tax. Withdrawals before age 59½ may be subject to a 10% early withdrawal tax. Exceptions to this tax may apply.

Can accept rollovers and transfers from Traditional IRAs and rollovers from employer-sponsored retirement plans. Cannot accept rollovers from Roth 401(k) or 403(b) accounts.

Required annually once the IRA owner attains age 70½. The first RMD may be delayed up to the April 1st following the year in which the IRA owner attains age 70½.

# Features of Deemed IRAs

- A Deemed IRA may be established as either a deemed Roth or Traditional IRA.
- You can contribute to your Deemed IRA(s) through payroll deduction, subject to IRA annual limits.
- The investment options available are the same as your 457(b) plan.
- Nationwide will separately account for assets and activity in your Deemed IRA account(s).
- Deemed IRA contributions are not counted toward your 457(b) plan annual contribution limit.
- You receive the same services as those associated with your 457(b) plan — low fees, investment options, customer service and simplification for you and your heirs through the consolidation of your retirement programs.



## Important notes

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- Reminder: Income limitations may apply. You should consult with your personal tax advisor before electing to make any Deemed IRA contributions.
- You may designate a separate beneficiary for your Deemed IRA(s). If you do not designate a separate beneficiary, your current 457(b) beneficiary designation will also apply to your Deemed IRA account(s).
- A minimum monthly payroll contribution of \$10 per established IRA is required.