Highlights

City Of Seward 457 Deferred Comp Plan

PLAN HIGHLIGHTS

eligibility and enrollment

Eligibility and Enrollment

Which employees are eligible to participate in the plan?

All employees are eligible to participate in the plan except for:
- Part-time employees

Are there minimum requirements to participate?

Participation is open to employees who have met the following requirement(s):
- Actively employed eligible employees

When may I join?

Eligible employees may join as of the date of hire.

Contributions – Employee

How much can I contribute to the plan?

Through payroll deduction, you can contribute up to the maximum allowed by the IRS. The dollar limit is $18,500 for 2018, indexed for future years.

The minimum amount you may salary defer is $25 per payroll period.

What are the similarities and differences between a traditional 457 and Roth 457 contribution?

Your plan offers you the ability to make both traditional before-tax and Roth after-tax deferrals. Traditional 457 contributions are made on a before-tax basis and can potentially grow tax deferred until withdrawn, when contributions and earnings are taxed at your ordinary income tax rate. In contrast, you pay taxes now on your Roth contribution, giving you the ability to accumulate a nest egg of tax-free income in retirement. By completing the enrollment form provided, your contributions will be deducted from your pay based on your before-tax and/or your Roth after-tax deferral election.

For additional information, please refer to the Roth 457 information in this book. Please note that your combined employee deferral contributions to both traditional before-tax and/or Roth after-tax cannot exceed the annual limits set by the IRS ($18,500 for standard employee deferral contributions and an additional $6,000 for catch-up contributions for 2018, indexed for future years).

Does the plan offer 457 Catch-up provisions?

Your 457 plan offers two Catch-up provisions, allowing you to contribute greater than the normal annual maximum contribution amount.

The "Age 50+ Catch-up Provision" allows you to contribute an additional amount when you reach age 50 or older. The maximum contribution for the Age 50+ Catch-up Provision is $6,000 for 2018, indexed for future years.

During one of the three calendar years prior to your Normal Retirement Age, you may utilize the "Standard Catch-up Provision," which allows you to make up for eligible contributions not deferred to an existing 457 plan. This contribution amount is equal to twice the normal maximum annual contribution in effect for the current year. The limits are $37,000 in 2018, indexed for future years. Please see your plan administrator to determine your eligibility for the Catch-up Provision.

eligibility and enrollment

During any year in which you are utilizing the Standard Catch-up Provision you may not utilize the Age 50+ Catch-up Provision.

When are changes to future contributions allowed?

You may increase or decrease the amount you are contributing to your plan at the beginning of each payroll period.

You may discontinue your employee contributions at any time.

Rollovers

Are rollovers accepted?

Yes, rollovers are accepted into your employer's retirement plan. You may do so at any time according to the rules below. Refer to the back of the enrollment book to learn "Why Rollovers Make So Much Sense" and then complete the form.

All eligible "non-excluded class" employees may roll money into this plan, regardless of whether you have met the plan's eligibility requirements.

Rollovers may be received from the following qualified retirement accounts:
- Qualified Plans
- Eligible 403(b) plans
- Governmental 457 plans
- Taxable IRAs

Retirement Ages

What is considered "normal retirement age" according to the plan?

Age 65 or Age 60 for Police/Firefighters.

Access to Your Retirement Plan

Can I take money out of my account?

The federal government established retirement plans to help you prepare for retirement. For that reason, there are certain restrictions regarding withdrawals and distributions. Remember to consider the tax and long-term savings implications of taking money out of your retirement plan account.

May I withdraw money from my account while still employed?

- You may withdraw money at the attainment of age 70½
- You may be eligible to withdraw money if you have an unforeseeable emergency. Please see your plan administrator for further information regarding this distribution option

Do I direct the investments of my account?

Yes, a participant directs all the investments in the account.

What is automatic rebalancing?

Automatic portfolio rebalancing returns the asset allocation of your investments to the original percentages that you selected for your portfolio. Consider the advantages and select the automatic schedule – quarterly, semiannual or annual – that is right for your personal situation.

ROTH 457

A Roth 457 is another option you have when saving in your retirement plan.

Up to this point, we've been talking about contributing pre-tax money into your 457 plan. The amount you contribute to your retirement plan is not taxed. You pay taxes on your contributions and earnings when you withdraw them, in retirement.

The opposite is true of the Roth 457. With the Roth you contribute money you've already paid taxes on—after-tax contributions. Earnings in your Roth account grow tax-deferred AND when you retire you DON'T pay income taxes when you take a qualified withdrawal from your account.

And yes, it is perfectly acceptable to place some of your contribution into a Roth account and the remainder into a traditional 457 account so that you can draw a portion of your money in retirement tax-free. Many 457 participants have considered doing so.

Here are some of the similarities and differences between a Roth and traditional 457:

ITEM	ROTH 457	TRADITIONAL 457
Contributions into account	After-tax	Before-tax
Retirement distributions taken from account	Free from federal tax if occur five tax years after 1st Roth contribution AND after participant either: – Reaches age 59½ – Dies – Becomes disabled	Taxed as ordinary income in the year taken.
Required Minimum Distributions (RMDs)	Required. However a Roth 457 can be rolled over to a Roth IRA prior to RMD to eliminate this requirement.	Required.
Level of income limits participation	No	No
Contribution limit	\$18,000 Limit in 2017 \$6,000 Additional contributions allowed if over age 50	\$18,000 Limit in 2017 \$6,000 Additional contributions allowed if over age 50

There's a lot to consider when determining if a Roth 457 may be right in your situation. You may welcome the advice of a trusted financial professional as you assess this option in relation to your overall financial goals for retirement.