Plan highlights

***City of Seattle** Voluntary Deferred Compensation Plan and Trust*

The City of Seattle Voluntary Deferred Compensation Plan is available to employees and officers of the City. It provides one of the best ways to **save money** for your retirement years and is one of the few methods available today to **reduce income taxes** while you are working.

Under the terms of the Plan, you are allowed to contribute through convenient payroll deductions. You decide the dollar amount, and the contribution is then invested in the investment options you choose from among those offered.

CONTRIBUTION RULES

- You may elect a flat dollar amount from a minimum of $10 per paycheck up to the lesser of the annual IRS contribution limit or 100% of your includible compensation.
- You can contribute pretax dollars, after-tax Roth dollars or a combination of both up to the annual contribution limit.
- When deciding how much to defer, please remember that you may have other deductions — for medical coverage, your pension, etc. — in addition to your regular living expenses.
- The IRS contribution limit on deferrals in this calendar year is **$19,500 pretax** and/or after-tax Roth combined and is subject to change. *Note: The contribution limit applies to the sum of your contributions and any made on your behalf by the City (applicable to police officers, police management, fire fighters and fire chiefs only).*
- If you are age 50 or older, you may make additional "catch-up" contributions to the Plan; the maximum age 50 **catch-up** contribution for this calendar year is $6,500 per year and is subject to change by the IRS.
- You also may be able to elect **special catch-up contributions** (i.e., Last Three Years Special Catch-Up) in one or more of the three years prior to the year in which you attain normal retirement age; your ability to make the special catch-up contributions in one or more of the three years will depend on your eligibility rules, contribution history and not making **Age 50 Catch-Up** contributions simultaneously.
- Those utilizing the **Last Three Years Special Catch-Up** provision must contact **DeferredCompQuestions@seattle.gov** in order to change deferral rates or deferral type (e.g., pretax and/or after-tax Roth).
- You may change your deferral amount or stop contributions at any time. Changes generally take effect two to three pay periods following the calendar month you elected the change.
- You may change your investment allocation for future contributions at any time.
- You may transfer/roll over amounts from another employer's eligible retirement plan or IRA.

LOAN RULES

- Only one outstanding loan from the Plan is allowed at a time.
- The **minimum** loan amount is $1,000.
- The maximum loan amount is the least of:
  - 50% of your vested Plan account balance (including any amounts held in a self-directed brokerage account);
  - 100% of your vested Plan account balance (not including any amounts held in a self-directed brokerage account); or
  - $50,000, reduced by the highest outstanding aggregate loan balance during the 12-month period ending on the date of the loan (including any loans from another plan maintained by the City of Seattle).
- Loan fees—$25 loan application fee; $50 annual loan maintenance fee ($12.50 per quarter); $50 loan refinancing fee.
- Interest rate—Prime at time loan is issued + 1%; the interest **rate will remain fixed** for the life of the loan.
- The term of a nonresidential loan (i.e., general purpose loan) **may not exceed five years.** The term of the loan can be up to 15 years if used for the purchase of a primary residence.
- Repayments are made via an **after-tax payroll** deduction while you are actively working. Loan repayments may be suspended due to military leave or other eligible leaves; special repayment arrangements are required with the City if you want to increase the size of repayments when you return from leave.
- Repaying an outstanding loan **will not** necessarily increase the amount permitted in a new loan.
- You must pay off a loan before requesting a new loan from the Plan.
- Upon separation of employment, you may continue to pay off your loan by contacting the Service Center.
- If you default on your loan, the IRS will treat the unpaid balance as a withdrawal **subject to taxes** and possible penalties. Continuing City employees will not be able to obtain another loan from the Plan until the unpaid balance of the defaulted loan is paid in full. A $50 default fee will be assessed, as well as an annual $50 fee until the loan is paid.

EXCHANGE RULES

- You may make transfers among investment options at any time, subject to certain restrictions on frequency.
- Investing in individual stocks, real estate, etc., **is not** permitted within the Plan.
- Unrestricted amounts of money may be transferred from the Stable Value Fund directly to any other investment option, except a competing fund. Monies must remain invested in a noncompeting fund for at least 90 days before moving to a competing fund.

WITHDRAWAL RULES

1. **Upon separation, you may:**
   - receive a partial or full lump-sum payment;
   - elect systematic payments;
   - leave your funds in the plan until age 72;
   - transfer your balance to an eligible retirement plan or IRA.

2. **While in-service:**
   - an unforeseeable emergency withdrawal is available under certain conditions;
   - you may be eligible to use part or all of your account balance to purchase missing service credits in your defined benefit pension plan—generally SCERS or DRS (you will need to submit a formal statement and invoice from the applicable plan);
   - you may take a one-time distribution if your account balance is less than $5,000, you've made no contributions for two years and you've not received this type of withdrawal in the past (this withdrawal is limited to once per lifetime).

CONTACTS & RESOURCES

Onsite education

Seattle Municipal Tower
700 5th Ave., Suite 1635
Phone: 206-447-1924
To schedule an appointment, visit SeattleDCP.com and select "Schedule an onsite appointment."

Nationwide® Customer Service Center

Toll-free: 855-550-1757
Monday - Friday 5:00 a.m. - 8:00 p.m. PDT
Saturday 6:00 a.m. - 3:00 p.m. PDT

City of Seattle Deferred Compensation Plan Management

Email: deferredcompquestions@seattle.gov

Plan information and account login

SeattleDCP.com

Nationwide®
is on your side

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
• Not insured by any government agency • May lose value

Withdrawals are generally taxed at ordinary income tax rates.

This notice is intended to provide a brief review of certain key aspects of the Plan. If there are discrepancies between the contents of this notice and the plan document, the terms of the Plan shall govern. Please refer to the Plan Document, Investment Policy Statement and other documents for more information, or contact deferredcompquestions@seattle.gov

Keep in mind that qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from outside account(s) may be subject to surrender charges, other fees and/or a 10% tax penalty if withdrawn before age 59½. Nationwide education consultants do not give legal or tax advice. Please contact your legal or tax advisor for such advice.

Information provided by Nationwide education consultants is for educational purposes only and not intended as investment advice. They are Registered Representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2017 — 2020 Nationwide

NRM-15179WA.SW.4 (02/20)

Meet your Deferred Compensation Education Consultants

In partnership with Nationwide®, the City of Seattle provides you access to Education Consultants, who offer:

Off-site visits
Schedule to have Education Consultants come speak to your staff off-site.

Workshops and seminars
Come learn more about your Deferred Compensation Plan and other financial topics, such as retirement, budgeting and Social Security.

One-on-one meetings
You can schedule an appointment or drop by to speak with your Education Consultants anytime with questions about Deferred Compensation.

Susan Wilson
Email: wils931@nationwide.com
Phone: 206-399-8367
www.cityofseattledeferredcomp.com

Olivia Anastasi
Email: anasto1@nationwide.com
Phone: 206-447-1924
www.cityofseattledeferredcomp.com

Visit:
Seattle Municipal Tower
16th Floor, Room 1635
700 Fifth Avenue
Seattle, WA 98104

Call: 206-447-1924

Nationwide®
is on your side

Information provided by Education Consultants is for educational purposes only and not intended as investment advice. Education Consultants are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company.
© 2019 Nationwide

NRM-17376WA-SW.1 (09/19)