

# Distribution Guide for the 457 & 401(k) Plans



New York City  
Deferred Compensation Plan





OFFICE OF LABOR RELATIONS  
**Deferred Compensation Plan**

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Dear Participant:

We are pleased to present you with The New York City Deferred Compensation Plan Distribution Guide. The purpose of this guide is to provide you with information regarding your options for withdrawing funds from your Deferred Compensation Plan account. While this guide contains information on in-service withdrawals, it is largely dedicated to participants who are leaving or have left City service.

The Plan offers very flexible distribution options to help you decide how and when you would like to receive your money, ranging from taking a one-time partial payment to setting up long-term periodic payments that can be deposited directly into your checking account.

We have been honored to build a first class retirement program for you over the years which is nationally recognized as one of the best programs in the U.S. and has among the lowest total fees of any available plan. And with the addition of the Self-Directed Brokerage Option, participants have access to a host of investment funds outside the Plan. So, you can continue to enjoy the many benefits the Plan has to offer and leave your money in the Plan up until you reach age 70 1/2 when you must begin minimum distributions.

As you plan for your retirement, also consider consolidating your other retirement savings. Your rollover IRAs and your other employer defined contribution plans can be consolidated into the Deferred Compensation Plan. Keeping track of your retirement assets has never been easier! Let the low cost of the Plan's investments pay off for you.

This guide explains the variety of distribution choices available to you so that you can make an informed decision about what is best for your personal situation. We also encourage you to attend a Deferred Compensation Plan Retirement Seminar and to visit with a Plan Retirement Counselor. To schedule an appointment, please call (212) 306-7699 or register online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

Sincerely,

Georgette Gestely  
Director

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If you have additional questions after reading this brochure, please contact the Deferred Compensation Plan's Client Service Department between the hours of 9 a.m. and 5 p.m., Monday through Friday, at (212) 306-7760.

We encourage you to attend a Deferred Compensation Plan Retirement Seminar or to visit with a Plan Retirement Counselor. To schedule an appointment, please call (212) 306-7699 or register online.

Online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp)

Please Note: This booklet does not constitute the offering of investment, financial, tax or legal advice or other expert advice. The material contained in this booklet is for informational purposes only. You may wish to consult a professional financial planner, investment advisor, legal counsel or other expert before reaching any decisions. In addition, the material in this booklet is subject to the terms of the 401(k) Plan for Employees of the City of New York and Related Agencies and Instrumentalities and the Deferred Compensation Plan for Employees of the City of New York and Related Agencies and Instrumentalities and any other applicable federal, state and local laws and regulations. In the event of any conflict between the 401(k) Plan for Employees of the City of New York and Related Agencies and Instrumentalities or the Deferred Compensation Plan for Employees of the City of New York and Related Agencies and Instrumentalities and applicable laws or regulations, then the applicable laws and regulations shall govern. The New York City Deferred Compensation Plan Distribution Guide is provided to Plan participants in order to satisfy Section 402(f) of the Internal Revenue Code.

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## In-Service Distributions

Generally, you may not withdraw funds from the Deferred Compensation Plan while you are still employed by the City. However, there are certain exceptions which are described below.

### *Trustee to trustee transfers for the purpose of purchasing permissive service credits*

457 Plan participants are eligible to use their 457 Deferred Compensation Plan accounts as a source of funding for the purchase of permissive service credits in their pension systems via trustee-to-trustee tax-free transfers. 457 Plan participants who want to purchase permissive service credits must contact their pension system directly to obtain a buyback statement to determine permissive service credit eligibility.

Once you receive your buyback information from your pension system, including the dollar amount, you will need to complete a Deferred Compensation Plan In-Service Distribution Form. Submit the In-Service Distribution Form, along with a copy of the buyback statement from your pension system, to the Deferred Compensation Plan's Administrative Office. Please contact the Plan's Administrative Office for an In-Service Distribution Form. Payment will be made directly to the pension system and not to the participant.

### *Emergency Withdrawal*

In the event you experience circumstances requiring an immediate distribution from your deferred compensation account, you may apply for an emergency withdrawal. There are separate applications for the 457 Plan and the 401(k) Plan. (Please contact the Plan's Administrative Office to obtain the appropriate application.) The circumstances necessary to qualify for an emergency withdrawal are established by the Internal Revenue Service and the rules for 457 Plan withdrawals are different than the rules for the 401(k) Plan withdrawals. All decisions concerning what situations qualify are in the sole discretion of the Deferred Compensation Board.

### *Small Account Withdrawal*

You may receive a full distribution from the 457 Plan prior to separation from City service only if all the following criteria are met:



- (1) the total account balance does not exceed \$5,000;
- (2) you have not deferred any compensation during the two-year period ending on the date of distribution; and
- (3) you have had no prior small account withdrawal.

Every January, the Plan identifies those participants who meet the criteria for a small account withdrawal. If you fall into this category, you will be notified that you may elect to receive your account in a lump sum distribution. You may rejoin the Plan at any time in the future.

### *Withdrawals after age 59 1/2 from the 401(k) Plan*

401(k) Plan participants age 59 1/2 and older are eligible to take distributions, without penalty, from their 401(k) account while still working for the City. Roth 401(k) participants, in addition to meeting the age requirement, must have made their initial Roth contribution more than five years ago if they wish to take a distribution from their Roth 401(k) account tax-free and without penalty. To receive an in-service distribution, submit the attached Distribution Form indicating the distribution request is an "in-service 401(k) withdrawal."

### *Loans*

Active employees may apply for a loan from their Deferred Compensation Plan accounts. Please refer to the Plan's Loan Guide for details and rules. Loans are available only for the pre-tax portion (not the Roth portion) of the 401(k) account. For active employees who are 401(k) Plan participants age 59 1/2 and older, an outstanding loan may be deemed as an in-service withdrawal. Such withdrawal will be subject to all applicable income taxes.

## Frequently Asked Questions About Distributions

### ***Do I have to decide how to distribute my entire account once I sever from City service?***

No. There are no distribution election requirements upon severance\* from City employment and participants can make distribution requests at any time by submitting a Distribution Form.

### ***When will I become eligible to begin taking distributions, without a penalty, from my Deferred Compensation Plan account?***

If you are a participant in the 457 Plan, you are eligible to begin distribution, without a penalty, upon severance\* from City employment regardless of your age.

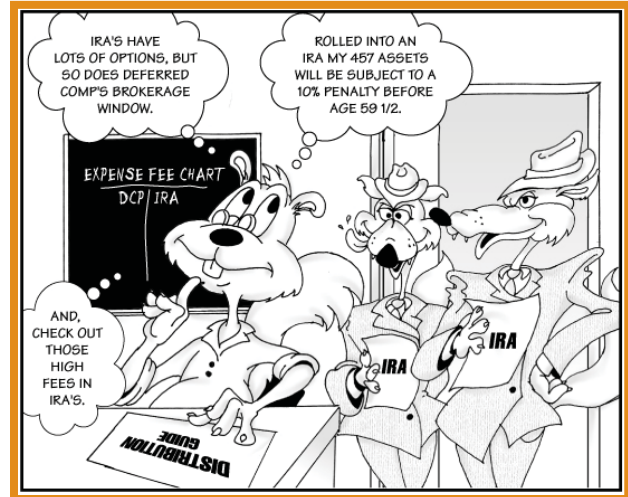
If you are a participant in the 401(k) Plan, you can begin distribution upon severance\* from City employment. Any taxable distributions taken by a 401(k) Plan participant prior to age 59 1/2 will generally become subject to a 10% early withdrawal penalty. There are several exceptions to the 10% early withdrawal penalty, including, but not limited to, distributions (1) made to you after a separation from City service that occurred after you have attained age 55, (2) rolled over to an eligible retirement plan or an individual retirement account (an “IRA”), (3) made to your estate or beneficiaries after your death, (4) made in the event you become totally and permanently disabled, (5) used to pay deductible medical expenses, and (6) made pursuant to a qualified domestic relations order. Also, at age 59 1/2, you can begin taking withdrawals from the 401(k) Plan, without penalty, even if you are still working for the City.

Regarding distributions from the Roth 401(k), these can be taken tax-free and without penalty, provided you are age 59 1/2 or older, and your initial Roth contribution was made at least five tax years ago.

### ***Am I able to roll over funds from other plans into my deferred compensation account?***

Yes. You are able to aggregate all your before-tax contributions and earnings from other 401(k) plans, 403(b) plans, 401(a), 457 plans and rollover IRAs into the City’s 401(k) Plan. The Roth 401(k) Plan will only accept rollovers from other Roth 401(k) plans. In addition, you can also roll over the taxable portion of your final pension payment/loan from

your defined benefit plan (NYCERS, Police Pension Fund, Fire Department Pension Fund, BERS, TRS) and eligible union annuity fund (403(a) programs) into the pre-tax portion of the 401(k) Plan. The 457 Plan can accept rollovers of before-tax contributions and earnings from other 457 plans only.



### ***Can I roll over my deferred compensation account to another retirement plan or IRA?***

Yes, you can. But, should you? We have been honored to build a first class retirement program for you over the years which is nationally recognized as one of the best programs in the U.S. and has among the lowest total fees of any available plan. So, you can continue to enjoy the many benefits the Plan has to offer and leave your money in the Plan up until you reach age 70 1/2 when you must begin minimum distributions.

Minimum required distributions and certain periodic payments are not “eligible rollover distributions” under either the 457 Plan or 401(k) Plan. (Refer to pages 13 and 15 for further explanation.)

### ***Is there a specific time required by the Internal Revenue Service at which I must begin taking distribution?***

Yes. You are required to begin taking certain minimum distributions from your deferred compensation account by your “required beginning date.” Your “required beginning date” is April 1st of the calendar year following the later of the calendar year in which you attain age 70 1/2 or the calendar year in which you retire from City service.

\* Severance is defined as retirement or being off City payroll and does not include leaves of absence such as child care leave, sick leave, unpaid leave, military leave, etc. Distribution may commence no sooner than 60 days after severance from City service.

### ***Are my distributions taxable?***

Payments made directly to participants will be reported on Form 1099-R in the year when paid. Participants receiving distributions from the 457 Plan and the pre-tax portion of the 401(k) Plan are subject to mandatory federal tax withholding, as well as applicable state and local taxes. Qualified distributions from the Roth 401(k) are tax-free. If you are over age 59 1/2 and elect to receive distributions from your pre-tax account as periodic payments, you may be eligible for an annual \$20,000 exemption from New York State and New York City taxes. Distributions from the Roth 401(k) Plan are not subject to federal state or local taxes, and are without penalty, if the participant is age 59 1/2 or older and the initial Roth contribution was made at least five taxable years ago. Distribution of earnings from the Roth 401(k) Plan before age 59 1/2 or for a period shorter than five taxable years are subject to all applicable income taxes and penalties.

### ***What if I have an outstanding Plan loan when I sever from City service?***

Upon severance from City service, all Plan loans become immediately due and payable. The loan may be repaid by certified check, bank check or postal money order or you can authorize the Plan Administrator to classify the loan as a taxable event by completing a Loan Offset Form. Such withdrawal will be subject to all applicable income taxes.

### ***Can the value of my account change while I am taking distributions?***

Your deferred compensation account continues to have the opportunity to grow for as long as you have money in the 401(k) Plan or 457 Plan. The administrative fees will continue to be deducted from your account and any appreciation or depreciation will continue to be reflected in your account on a tax-favored basis.

### ***Once I begin taking distributions, is my account frozen?***

No. Taking distributions does not restrict you from moving your assets among the Plan's various investment options.

### ***If I am currently receiving periodic payments, am I eligible to submit an additional distribution request for an amount certain and still maintain my periodic payment schedule?***

Yes. You must submit a Participant Distribution Form indicating your request.

### ***Is it generally advantageous to take a lump sum distribution from the 457 Plan or pre-tax portion of the 401(k) Plan and use the cash to purchase an annuity?***

No. When you take a lump sum distribution, your entire deferred compensation account is includible as income in the year of the distribution, leaving less to invest in an annuity. Furthermore, the annuity may charge you set-up costs in addition to administrative fees.

### ***Is it generally advantageous to take a lump sum distribution from the 457 Plan or pre-tax portion of the 401(k) Plan instead of periodic payments?***

No. When you take a lump sum distribution, your entire deferred compensation account is includible as income in the year of the distribution. If you take periodic payments, you spread out your tax liability.

### ***What is the priority for distributions from the Roth 401(k) Plan as compared to a Roth IRA?***

If a participant takes a distribution from the Roth 401(k) Plan either before age 59 1/2 or before the 5-taxable-year period of participation has been completed, the earnings are subject to all applicable income taxes and penalties. The Roth 401(k) account will be distributed proportionally among contributions and earnings as opposed to a Roth IRA where distributions are first taken from contributions and then from earnings.

### ***Can I get better returns if I move my money from the Deferred Compensation Plan to outside investments?***

The performance of the Plan's funds is competitive with the performance of investments offered outside the Plan. In addition, the Plan's total asset size has allowed it to convert all its mutual funds to separate accounts, which means you may pay less in investment management fees than you would pay if you bought similar fund shares outside of the Plan. Remember, fees count. Every dollar paid in higher fees reduces your return by that dollar. Before you consider moving your money into any new plan or IRA, if applicable, where you may be paying higher individual retail rates, seek the advice of an independent financial planner or tax consultant and compare the applicable surrender fees, mortality and expense risk fees, administrative fees and investment management fees, as well as the initial investment requirements.

*After I terminate City employment, should I take my money or leave it in the Plan?*

|  | <b>BENEFITS</b>  | <b>CONSIDERATIONS</b>  |
|--|--|--|
| <i>Leave assets in the 457 Plan or roll assets into the 457 Plan</i>       | <ul style="list-style-type: none"> <li>• There is no tax penalty on withdrawals made before age 59 1/2</li> <li>• Extremely low investment management fees</li> <li>• Quality investment options competitively chosen and independently reviewed regularly</li> <li>• A Self-Directed Brokerage Option which allows participants to invest in any of over 11,000 mutual funds, including no-load/no-transaction fee funds</li> <li>• Annual \$20,000 exemption from NYS and NYC taxes on most withdrawals after age 59 1/2</li> </ul>  | <ul style="list-style-type: none"> <li>• Rollovers accepted only from another plan governed by section 457 of Internal Revenue Code</li> </ul>   |
| <i>Leave assets in the 401(k) Plan or roll assets into the 401(k) Plan</i> | <ul style="list-style-type: none"> <li>• Extremely low investment management fees</li> <li>• Quality investment options competitively chosen and independently reviewed regularly</li> <li>• A Self-Directed Brokerage Option which allows participants to invest in any of over 11,000 mutual funds, including no-load/no-transaction fee funds</li> <li>• Annual \$20,000 exemption from NYS and NYC taxes on most withdrawals after age 59 1/2</li> <li>• Rollovers accepted from other 401(k), 403(b), 401(a), and 457 plans, and from rollover IRAs and final pension payments/loans</li> </ul> | <ul style="list-style-type: none"> <li>• 10% tax penalty on most withdrawals before age 59 1/2</li> <li>• Rolling over 457 assets to the 401(k) Plan will mean losing the 457 exemption from the early withdrawal penalty</li> </ul>   |
| <i>Roll assets into an IRA from either the 457 or 401(k) Plan</i>          | <ul style="list-style-type: none"> <li>• Annual \$20,000 exemption from NYS and NYC taxes on most withdrawals after age 59 1/2</li> </ul>  | <ul style="list-style-type: none"> <li>• 10% tax penalty on most withdrawals before age 59 1/2</li> <li>• Rolling over 457 assets will mean losing the 457 exemption from the early withdrawal penalty</li> <li>• Generally higher fees and expenses</li> <li>• Investment options may not be competitively bid or regularly reviewed</li> </ul> |
| <i>Purchase annuity</i>  | <ul style="list-style-type: none"> <li>• An annuity provides a guaranteed rate of return for life</li> <li>• Annual \$20,000 exemption from NYS and NYC taxes on most withdrawals after age 59 1/2</li> </ul>  | <ul style="list-style-type: none"> <li>• Generally higher fees and expenses</li> <li>• Payment amounts can be small</li> <li>• 10% tax penalty on most withdrawals before age 59 1/2</li> <li>• Rolling over 457 assets will mean losing the 457 exemption from the early withdrawal penalty</li> </ul>  |
| <i>Take the money</i>  |  | <ul style="list-style-type: none"> <li>• Most distributions will be subject to a mandatory federal tax withholding</li> <li>• 10% tax penalty on most 401(k) withdrawals before age 59 1/2</li> </ul>  |

## Post-Service Distributions



### *Your Account, After You Leave City Service*

You are not required to begin withdrawing any portion of your account until you attain age 70 1/2 (see Minimum Distribution Requirements on page 15 for more information). After your severance from City employment, you may no longer make contributions to the Deferred Compensation Plan. However, you can aggregate your retirement accounts by rolling over all of your before-tax contributions and earnings from other 401(k) plans, 403(b) plans, 401(a) plans, 457 plans, and traditional/rollover IRAs into the pre-tax portion of the City's 401(k) Plan. The Roth portion of the 401(k) Plan will only accept rollovers from other Roth 401(k) plans

In addition, as long as you have a balance in your account, you can transfer money from one investment option to another, and designate or change beneficiaries. Your account will continue to be subject to market fluctuations and you will also continue to receive quarterly statements, newsletters, annual reports, and have the opportunity to attend retirement seminars. The quarterly administrative fees will continue to be withheld from your account while you have money remaining in the Deferred Compensation Plan.

### *Will I continue to have flexibility with, or control over, my money once I leave City service?*

Yes. So long as you have money in the Deferred Compensation Plan, you can continue to enjoy the same benefits you enjoy now. For example, you can continue to make transfers among investment options and receive significant price breaks on management fees through the Plan's use of institutional funds and separate accounts, breaks you probably would not be eligible for if you rolled over your account to an IRA.

### *Your Income Tax Consequences*

#### **457 Plan and Pre-Tax 401(k) Plan**

Distributions from your 457 and pre-tax 401(k) accounts are classified as either "eligible rollover distributions" (ERD) or "non-eligible rollover distributions."

ERDs paid directly to the participant will be includable as income in the year distributed and will be reported on Form 1099-R and are subject to the 20% mandatory federal tax withholding.

Non-eligible rollover distributions such as Required Minimum Distributions or certain long-term distributions (see pages 13 and 15 for further explanation) are subject to federal tax withholding based upon the submission of Form W-4P. You can elect not to withhold any federal tax (refer to the instructions on Form W-4P for further explanation), however, failure to submit Form W-4P will result in a 10% mandatory federal tax withholding on all non-eligible rollover distributions.

Unless you live in a state with mandatory tax withholding, you will be responsible for the payment of all applicable state and local taxes. Distributions from the Plan are eligible for a \$20,000 annual New York State and New York City income tax exemption for pensions and annuities paid to New York residents. This \$20,000 exemption is applied against the cumulative distributions a participant receives from a private employer retirement plan, a 401(k), 457 plan or 403(b) plan, or a traditional IRA. The exemption applies only to distributions taken as periodic payments to New York residents who are at least age 59 1/2 and is in addition to the state income tax exemption for benefit payments received from the state or local employee's public retirement system.



Upon severance from City service, if a participant has an outstanding loan it will become immediately due and payable. The loan may be repaid by certified check, bank check or postal money order or the participant can authorize the Plan Administrator to classify the loan as a taxable event by completing a Loan Offset Form. Such withdrawal will be subject to personal income taxes and Form 1099-R will be issued to the participant showing such withdrawal.

The final amount of tax that you will owe on any distribution will depend on your individual circumstances for the applicable year of distribution.

### ***Roth 401(k) Plan***

Distributions from your Roth 401(k) account are classified as either “Qualified Distributions” or “Non-Qualified Distributions.”

A Qualified Distribution is not subject to federal, state or local taxes if the distribution is made:

- (1) After a period of five consecutive taxable years that begins with the first day in which the participant makes a Roth contribution and ends when five consecutive taxable years have been completed; and
- (2) On or after the date the participant attains age 59 1/2.

A Non-Qualified Distribution from your Roth 401(k) account is made either before age 59 1/2 or before the five-taxable-years period of participation has been completed. The earnings from Non-Qualified Distributions are subject to all applicable income taxes and penalties. The 401(k) Roth account will be distributed proportionally among contributions and earnings.

The final amount of tax that you will owe on any distribution will depend on your individual circumstances for the applicable year of distribution.

### ***Social Security Payments Not Affected***

Your right to receive Social Security payments will not be affected when your Deferred Compensation Plan account is distributed. The Social Security Administration does not include the distributions from your deferred compensation account in the maximum income a Social Security recipient can earn before his Social Security is reduced. However, distributions from your deferred compensation account are includible in your adjusted gross income

for determining whether a portion of your Social Security payments may be taxed.

### ***Purchasing an Annuity***

If you are considering purchasing an annuity by taking a lump sum distribution, make certain you consider the following: (1) the distribution from the pre-tax portion of the 401(k) Plan account will become subject to the 10% early withdrawal penalty if taken before age 59 1/2, unless an exception applies; (2) participants in the 457 Plan and the pre-tax 401(k) Plan will be fully taxed on the lump sum upon distribution; and (3) you may incur certain costs for administration of the annuity.

The Deferred Compensation Plan’s distribution options allow you to choose an annuity-like payment schedule if you choose to receive periodic payments that extend through your life expectancy.

### ***Transfer to Another City Agency***

If you have not severed from City employment, but have only transferred to another agency eligible to participate in either the City’s 401(k) Plan or 457 Plan, please contact our office immediately to ensure that there is no lapse in contributions to the Plans. Transferring between City agencies does not constitute a severance from employment and, therefore, does not make a participant eligible for distribution.

### ***Return to City Service***

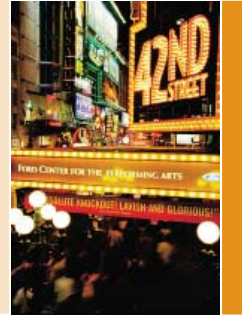
If you return to City service and choose to enroll in the Deferred Compensation Plan again, a new account will be established for you. However, you may take a distribution from your original account. You will receive a combined account statement reflecting activity on contributions made prior to your leaving City service and the current contributions and earnings.

### ***Adjustments to Your Account***

The Deferred Compensation Plan reserves the right to recover any amount erroneously distributed to you.

If you have any questions, or would like additional information or assistance, please call the Plan’s Administrative Office at (212) 306-7760.

## Distribution Planning



### *Periodic Payments vs. Full Withdrawal*

You'll probably be using your Deferred Compensation Plan account either as your sole source of retirement income or to supplement your pension and/or Social Security income. Because what you do with this nest egg is critical, you should consider carefully the pros and cons of taking either a full withdrawal or periodic payments, regardless of whether the full withdrawal is taken immediately or at some future time.

This booklet does not constitute the offering of investment, financial, tax or legal advice or other expert advice. The material contained in this booklet is for informational purposes only. You may wish to consult an independent professional financial planner, investment advisor, legal counsel or other expert before reaching any decisions.

### *What are the advantages of periodic payments?*

There are several advantages to choosing periodic payments over a full withdrawal:

#### Deferring Taxes:

It is important to remember that the IRS considers deferred compensation distributions from your 457 Plan or the pre-tax portion of your 401(k) account includible as income in the year in which your distributions are paid to you. By taking periodic payments, you will be able to spread your tax liability over the years that you receive distributions. Consequently, you will not have the immediate potential tax burden you would have if you elect a full withdrawal.

#### Retirement Income:

By joining the Deferred Compensation Plan, you made the decision to supplement your retirement income. Choosing periodic payments will allow you to utilize your deferred compensation account for years to come.

### Opportunity for Continued Growth of Your Account:

Until you decide to withdraw the money from your 457 Plan or pre-tax portion of your 401(k) account, you will not pay taxes on that money. Earnings on Roth contributions are tax-free after age 59 1/2 and after the five-taxable-years period of participation has been completed. If you elect periodic payments, money will remain in your deferred compensation account and continue to have the opportunity to grow, tax-favored, through interest or appreciation. Your account will continue to be valued daily and you will continue to receive quarterly statements. Of course, depending on the investment options you select, your deferred compensation account could also be subject to losses from market fluctuations.

### *Immediate Distribution vs. Future Payout*

The decision of when you should take distributions from your Deferred Compensation Plan account is a personal one. Whenever you decide to withdraw funds from your deferred compensation account, taking distributions will be as simple as submitting a Distribution Form.

Like most City employees, you joined either or both the 401(k) Plan or 457 Plan to supplement other sources of retirement income, like pension and Social Security. If you are leaving City service prior to retirement, you may be tempted to withdraw your account immediately and risk losing your retirement nest egg. Keep in mind that the Plan's flexible distribution options allow you to access your money at any time so that you could consider taking any portion as needed.

## Rollovers

### *Rollovers into the Deferred Compensation Plan*

Participants in the Deferred Compensation Plan are able to aggregate all their before-tax contributions and earnings from other 401(k) plans, 403(b) plans, 401(a) plans, 457 plans, and traditional/rollover IRAs in the City's 401(k) Plan. The Roth 401(k) Plan will only accept rollovers from other Roth 401(k) plans.

In addition, participants can roll over their final pension payment/loan from their defined benefit plan (NYCERS, Police Pension Fund, Fire Department Pension Fund, BERS, TRS) and eligible union annuity fund (403(a) programs) into the City's 401(k) Plan.

The 457 Plan will continue to accept rollovers of before-tax contributions and earnings from other 457 plans. The 457 Plan will not accept rollovers from 401(k) plans, 403(b) plans, 401(a) plans or IRAs. You must establish a deferred compensation account prior to making a rollover.

### *Rollovers out of the Deferred Compensation Plan*

Upon severance from City employment, participants in the 457 Plan can roll over their account to either another eligible retirement plan (457, 401(k) or 403(b)) or an IRA. Caution: 457 Plan participants who choose to roll over their account to a 401(k) or 403(b) plan or to an IRA will become subject to the 10% early withdrawal penalty when they take a distribution from the other plan or IRA before age 59 1/2, unless an exception applies.

Pre-tax 401(k) Plan participants, either upon severance from City employment or upon reaching age

59 1/2, can roll over their account to either another eligible retirement plan (457, 401(k) or 403(b)) or an IRA.

Roth 401(k) Plan participants, either upon severance from City employment or upon reaching age 59 1/2, can roll over their account to either another Roth 401(k) plan or a Roth IRA. Rollovers to a 457 plan or a Roth 403(b) are not permitted. Caution: Roth 401(k) Plan participants who choose to roll over their Non-Qualified account to a Roth IRA are advised that the period that the rolled-over funds were in the Roth 401(k) Plan account will NOT count towards the five-taxable-years period.

Participants are not required to withdraw their account balances upon severance of employment with the City. Participants in the Deferred Compensation Plan can instead continue to participate in the Plan and their accounts will continue to have the opportunity to grow and they will also continue to receive quarterly statements, newsletters, annual reports, and have the opportunity to attend retirement seminars. The quarterly administrative fees will continue to be withheld from a participant's account while funds remain in the Plan.

Remember that the Deferred Compensation Plan is large enough to qualify for significant price reductions on investment management fees through the use of separate accounts, reductions you probably would not be eligible for on your own.

Below is a comparison of fees incurred in the City's Deferred Compensation Plan versus the fees incurred in a similar institutional class fund.

### *Fee Advantages of the Deferred Compensation Plan vs. Median Expense Ratio<sup>1</sup>*

| <i>Fund</i>   | <i>DCP Expense Ratio<sup>2</sup></i> | <i>Institutional Expense Ratio<sup>3</sup></i> | <i>Retail Expense Ratio<sup>3</sup></i> |
|---|--------------------------------------|--|---|
| Stable Income Fund                                      | 0.17%                                | 0.44% <sup>4</sup>                             | 0.86% <sup>4</sup>                      |
| Bond Fund   | 0.29%                                | 0.55%  | 0.84%                                   |
| Equity Index Fund                                       | 0.04%                                | 0.28%  | 0.42%                                   |
| Socially Responsible Fund                               | 0.29%                                | 0.95%  | 1.11%                                   |
| Mid-Cap Equity Fund                                     | 0.57%                                | 1.00%  | 1.31%                                   |
| International Equity Fund <sup>6</sup>                  | 0.50%                                | 1.06%  | 1.42%                                   |
| Small-Cap Equity Fund                                   | 0.42%                                | 0.91%  | 1.30%                                   |
| Total Weighted Average<br>(Based upon 3/31/06 balances) | 0.20% <sup>5</sup>                   | 0.54%  | 0.83%                                   |

Chart Prepared by Millman USA

<sup>1</sup> Median Expense Ratio is taken from a universe of retail class mutual funds managed similarly to the Deferred Compensation Plan's option for each asset class as of 5/31/06.

<sup>2</sup> Includes 0.03% annual administrative fee.

<sup>3</sup> Screening was done using a mutual fund database updated through 5/31/06 for the retail group. The expense ratios for all funds are those reported in the funds' most recent annual report as of 5/31/06.

<sup>4</sup> Morningstar has discontinued the Stable Value Mutual Fund category. Ultra-short bonds were used as a proxy in this comparison.

<sup>5</sup> The weighted average fee includes the \$50 annual administrative fee.

<sup>6</sup> Foreign investments involve special risks, including currency fluctuations and political developments.

Note: In addition to the fund offerings listed in the chart above, the Plan has available a Self-Directed Brokerage Option. See Web site for details.

Before making any decision to move money into any new retirement plan or IRA, research the applicable surrender fees, mortality and expense risk fees, administrative fees and investment management fees, as well as the initial investment requirements.

Below is an example on how to calculate fees in an investment program:

Fees are applied to the assets in an investment account. They are calculated in “basis points” (1 basis point = 100th of 1 percent).

|              |  |
|--------------|--|
| Basis Points | 1 bps: $0.0001 \times \$10,000 = \$1.00$ |
|--------------|--|

|   |                                 |
|---|---------------------------------|
| <b>Assuming a \$30,000 Plan account balance:</b>                            |                                 |
| Deferred Compensation Plan Total Cost<br>(includes annual \$50 fee): 20 bps | $.20\% \times \$30,000 = \$60$  |
| Median Institutional Costs<br>(Other Defined Contribution Plans): 54 bps    | $.54\% \times \$30,000 = \$162$ |
| Median Retail Costs (e.g., IRA): 83 bps                                     | $.83\% \times \$30,000 = \$249$ |

The expense ratios shown in the above chart, expressed in basis points, have been calculated assuming the same weighted average as the dollars invested in the Deferred Compensation Plan investment options on 03/31/06.

If you are leaving the City and considering rolling over your Deferred Compensation Plan assets to another retirement plan or IRA, or if you are taking a final pension loan/payment and rolling it into an IRA, compare those fees to ours. All fees are required to be disclosed by the plan or IRA. You can find those fees in the investment prospectus or by asking the plan or IRA representative. Remember: The more you save in investment management fees, the more money you have for retirement.

### **Performing a Rollover**

If you are eligible and wish to roll over distributions from your deferred compensation account directly to another retirement plan or IRA, you are required to submit a completed Distribution Form to the Deferred Compensation Plan’s Administrative Office. You must provide information about the retirement plan or financial institution that is to receive the rollover, as well as an acceptance letter from the plan/institution. Your requested distribution will then be transferred directly from the Deferred Compensation Plan to the trustee of the new eligible retirement plan or IRA. If you are rolling over a distribution from

your Roth 401(k) account to another Roth 401(k) plan, the Plan will also provide the new plan with a statement indicating either the first year of the 5-taxable-years period and the portion of such distribution attributable to contributions or that the distribution is a Qualified Distribution. The new plan/provider may require you to complete additional paperwork for them to accept the rollover, but their forms will not substitute for the Distribution Form. No rollover will be processed until a completed Distribution Form is received by the Deferred Compensation Plan’s Administrative Office.

### **Indirect Rollover of Direct Payments and Plan Loans**

If you receive a direct payment in your own name that was eligible for rollover treatment or you severed from City service with an outstanding loan balance, you have 60 days from notice of eligibility to roll over that distribution/outstanding loan balance into another eligible retirement plan or IRA (an “indirect rollover”). However, any distribution from the 457 Plan or the pre-tax portion of the 401(k) Plan that is eligible for rollover treatment that is directly distributed in your own name is subject to a 20% mandatory federal tax withholding. In order to roll over 100% of the distribution, you would then need to contribute other cash in the amount of the 20% tax withholding to the retirement plan or IRA. You can then request a refund of the 20% tax that was withheld when you file your federal income tax return. If you do not contribute the additional cash to make-up for the 20% withholding, the amount withheld will be treated as a taxable distribution. Roth 401(k) Plan participants who choose to indirectly roll over their Non-Qualified account to a Roth IRA are advised that the period that the rolled-over funds were in the Roth 401(k) Plan account will NOT count towards the 5-taxable-years period.

If you do not either fully repay the loan or roll over the outstanding loan balance within 60 days from notice of eligibility, the outstanding loan balance will be classified as a taxable distribution.

Before deciding to roll over your deferred compensation account, attend a Deferred Compensation Plan Retirement Seminar to learn more about Plan fees and your distribution choices.

## How to take a Distribution

### Your Distribution Choices



Taking a distribution from the Plan is as simple as submitting a Distribution Form. Plan participants do not have to decide how to distribute their entire account upon severance from City employment. 401(k) Plan participants can begin distributions at age 59 1/2, without penalty, even if they are still working for

the City. In addition to being age 59 1/2 or older, participants who want to take a tax-free distribution from their Roth 401(k) account, without penalty, must have made their initial Roth contribution after the 5-taxable-years period of participation has been completed.

Subject to the minimum distribution requirements described below, as a Deferred Compensation Plan participant, you can decide when, how much and in what form you wish to receive funds from your account. In addition, if you set up a distribution schedule, you always have the option to cancel or change it at any time.

Under the Internal Revenue Code, you must begin minimum distributions from your deferred compensation account at the later of April 1st of the year following the year you attain age 70 1/2 or the year you retire from City service. Please refer to the section below entitled Minimum Distribution Requirements for further instructions about the minimum distribution requirements specified in the Internal Revenue Code.

Each Distribution Form must include the following information:

- 1) **Direct Payment or Rollover** – whether you want the payment(s) made directly to you or you want to roll over your account, or a portion thereof, to another plan or IRA;
- 2) **Commencement Date** – when you want to start receiving distributions or effect the rollover; and
- 3) **Method & Length** – the type of payment(s) you want to receive and the time period over which you want to receive them.

Please Note: The distribution of your account cannot begin prior to the 60th day after your severance from City employment.

### Direct Payment or Rollover

457 Plan participants can choose either to roll over their account, or a portion thereof, to another eligible retirement plan (457, 401(k) or 403(b)) or a traditional IRA, or to receive direct payments in their own name.

Either upon severance from City employment or upon reaching age 59 1/2, participants in the pre-tax portion of the 401(k) Plan can choose either to roll over their account directly to another eligible retirement plan (457, 401(k) or 403(b) plan permitting) or a traditional IRA or receive direct payments in their own name. Roth 401(k) Plan participants, either upon severance from City employment or upon reaching age 59 1/2, can roll over their account to either another Roth 401(k) plan or a Roth IRA or receive a direct payment. Rollovers to a 457 plan or a Roth 403(b) are not permitted.

Rollovers will not be taxed in the current year and no income tax will be withheld at the time of the rollover.

Any eligible rollover withdrawals from the 457 Plan and the pre-tax 401(k) Plan paid directly to the participant will be includible as income in the year distributed and will be reported on Form 1099-R. Distributions that are eligible for rollover are subject to a 20% mandatory federal tax withholding. Participants will be responsible for payment of all applicable state and local taxes.

Qualified Distributions from the Roth 401(k) Plan are not subject to federal, state, or local taxes. The earnings from a Non-Qualified distribution are subject to all applicable income taxes and penalties. Non-Qualified Distributions will be made proportionally among contributions and earnings.

The following types of distributions are not eligible rollover distributions and may be subject to tax withholding based on Form W-4P:

- 1) Payments spread over long periods (Periodic Payments): you cannot roll over a payment if it is part of a series of payments that are made at least once a year and that will last for (a) your life expectancy, (b) your life expectancy and your beneficiary's life expectancy, or (c) a specified period of ten years or more.

- 2) Required Minimum Distributions: beginning in the year you attain your required beginning date (the later of age 70 1/2 or retirement), a portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. (See page 15 for details.)
- 3) Hardship Withdrawals are subject to a mandatory federal tax withholding of 10%.

### **Commencement Date**

Please specify on the Distribution Form when you want to begin receiving your distribution or effect your rollover. Remember, if you set up a distribution schedule, you always have the option to cancel or change it at anytime.

### **Method & Length**

Each Distribution Form submitted must specify in what form you want the funds distributed to you from your account.

- 1) **Full Withdrawal (Lump Sum Payment)** – a distribution of your entire remaining deferred compensation account in a single lump sum payment;
- 2) **Amount Certain** – a distribution of the portion of your deferred compensation account that you specify;
- 3) **Periodic Payments** – distributions made over regular intervals totaling your entire deferred compensation account;
- 4) **Amount Certain with Periodic Payments** – an initial distribution of an amount that you specify followed by distributions made over regular intervals totaling your entire remaining deferred compensation account.

Periodic payments can be made monthly, quarterly, semi-annually, or annually. You must determine the interval of the distributions and either (1) the exact number of periodic payments you want to receive; (2) the exact dollar amount of the periodic payments you want to receive; or (3) whether your distributions should be paid over your life expectancy. If you elect options 1 or 3, the distribution amount will be “recalculated” annually.

If you want a check four times a year for ten years, just indicate that you want forty quarterly payments; or, if you want \$500 semi-annually, just indicate this dollar amount on the distribution form. The De-

ferred Compensation Plan takes care of the calculations. You can choose to have your distributions taken proportionally from each of your investment options or, if you prefer, you can specify the investment option from which your distributions are to be taken. Each distribution will be issued to you by the last day of the period you select.

### **Electronic Fund Transfers**

The Deferred Compensation Plan offers electronic fund transfers (EFT) for your periodic payment distributions. An electronic fund transfer allows your bank account to be credited for each periodic payment, thereby providing quicker access to your funds. Funds will be made available to your bank account two business days from the date the funds are withdrawn from your Deferred Compensation Plan account. You will receive a payment stub by mail for your records.

There is no fee for electing this option. Please note, however, that it is only available when selecting periodic payments as a method of distribution. If you select an amount certain and periodic payments, you will receive a check for the amount certain and periodic payments may be set up for EFT.

An Authorization Agreement for Electronic Fund Transfers (EFT) Form must be completed before an electronic fund transfer can be implemented. This agreement authorizes the Deferred Compensation Plan’s recordkeeper to debit/credit your bank account. Please contact the Plan’s Administrative Office to request an EFT Form. You will need to allow up to 60 days from the receipt of your form by the Plan’s Administrative Office for electronic fund transfers to begin. Until that time, your distributions will be mailed to you.

## Minimum Distribution Requirements



### **Minimum Distribution Requirement**

You **must** begin taking required minimum distributions from your deferred compensation account by the later of April 1st of the year following the close of the year in which you reach age 70 1/2 or when you retire from City service (the “required beginning date”).

### **What are the minimum distribution requirements?**

The Deferred Compensation Plan is meant to provide retirement income, hence there are certain minimum levels of distributions you are required to take from your account once you reach a certain age. The Internal Revenue Code requires you to begin taking minimum distributions (or greater amounts) from your Deferred Compensation Plan account no later than your “required beginning date.” Your “required beginning date” is April 1st of the calendar year following the later of the calendar year in which you attain age 70 1/2 or the calendar year in which you retire from City service. It is your responsibility to initiate required minimum distribution payments by the “required beginning date.”

You may take your first minimum distribution during the year you become age 70 1/2, or you may defer this first distribution to not later than the April 1st of the following year. However, if you elect to defer your first distribution up until April 1st of the following year, you will be required to take an additional minimum distribution payment that year.

After your “required beginning date,” you must take at least the minimum distribution by December 31st of every calendar year. Your minimum distribution will be calculated by the Plan and distributed to you each year based on the frequency of payments you selected. Please remember, though, that minimum distributions are the smallest distribution you are permitted to take. You may choose to take larger distributions and do not need to wait until your “required beginning date.”

### **How is minimum distribution calculated?**

As of your “required beginning date,” you must take at least the minimum distribution amount by December 31st of every calendar year. Your required

minimum distribution payments will be based upon your age and your account balance. Your minimum distribution will be “recalculated” by the Plan’s Administrative Office and distributed to you each year based on the frequency of payments you selected. Please remember, though, that minimum distributions are the smallest distribution you are permitted to take. You may choose to take larger distributions and do not need to wait until your “required beginning date.”

As of your “required beginning date,” you will be required to take at least the yearly minimum distribution calculated using the Uniform Table issued by the IRS. This table, which can be found on page 18, is to be used by all participants with one exception. If your spouse is more than ten years younger than you, and your spouse is your sole beneficiary, you may elect a joint and survivor calculation using the Ordinary Joint Life and Last Survivor Annuities Table on page 19.

If you are participating in more than one type of plan within the Deferred Compensation Plan, your minimum distributions must be calculated and taken separately from each such plan.

### **What does it mean that my minimum distribution will be “recalculated”?**

The term “recalculated” means that after your “required beginning date,” the Plan’s Administrative Office is required to calculate your required minimum distributions on an annual basis in accordance with the Uniform Table.

### **What happens to my minimum distributions if any of my beneficiaries die before I do?**

Your minimum distribution is determined in accordance with the table you select and is not affected by the death of your beneficiaries.

### **What happens to my minimum distribution amount if I change my beneficiary?**

Your minimum distribution amount will not change if you change your beneficiary unless (1) your spouse is your sole beneficiary, (2) your spouse is more than ten years younger than you and (3) you were using a joint and survivor calculation.

### ***What if the required minimum distributions are not taken?***

It is your responsibility to initiate minimum distributions (or distributions in greater amounts) no later than April 1st of the calendar year following the later of the calendar year in which you attain age 70 1/2 or the calendar year in which you retire from City service. It is also your responsibility to ensure you receive payments meeting the minimum distribution requirements each year. If you fail to take the

minimum distribution amount required each year, the Internal Revenue Service may impose a penalty equal to 50% of the amount you should have taken but did not. For example, if you should have taken a distribution equal to \$2,000 during the year and you did not take any distributions, the Internal Revenue Service may assess a penalty equal to \$1,000. If the amount you were required to take during the year was \$2,000 and you only took \$1,000, the 50% penalty would equal \$500.

## ***Beneficiaries***

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### ***Distribution of a deceased participant's account is paid out in the following order:***

The participant has the opportunity to choose both primary beneficiaries and contingent beneficiaries. Upon the death of the participant, any amount payable under either the 457 Plan or the 401(k) Plan shall be paid only to the primary beneficiary(ies) who survive the participant. If any of the primary beneficiaries predecease the participant, their share will be distributed proportionately among the remaining primary beneficiaries. Only if all the primary beneficiaries predecease the participant will the contingent beneficiary(ies) be entitled to any amount payable under the Plan. If any of the contingent beneficiaries predecease the participant their share will be distributed proportionately among the remaining contingent beneficiaries. If no beneficiary designation is in effect at the time of the participant's death, or if no primary or contingent beneficiary survives the participant, any amount payable under the Plan will be paid to the participant's surviving spouse, or, if there is no surviving spouse, to the participant's estate.

### ***Distribution options for beneficiaries***

The following is a brief synopsis of some of the options for beneficiaries. For further information, please review The New York City Deferred Compensation Plan Beneficiary Guide.

Subject to the required minimum distribution rules, your beneficiary will be permitted to choose how to receive distributions from your account. The distribution options vary depending on whether you had started receiving distributions before your death, whether your beneficiary is an individual or a non-individual and whether or not the beneficiary is your surviving spouse.

If you named a "designated beneficiary," he or she may be able to receive distributions over his or her life expectancy. A "designated beneficiary" is an individual as opposed to a non-individual such as a charitable organization. In addition, if the beneficiary is your spouse, he or she has the option to roll over the account to an IRA.

If your beneficiary is not an individual, distribution of the entire account balance must be completed by December 31st of the year following the 5th anniversary of your death. If your beneficiary is a trust, special rules may apply which would permit the beneficiaries of that trust to be eligible for the distribution options available to individual beneficiaries. In order to be eligible, you must submit to the Administrative Office either a copy of the trust, which complies with the applicable Internal Revenue Service rules, or a list of the beneficiaries with certification that the applicable trust complies with such rules.

### ***Changing your beneficiary***

In order to change your primary or contingent beneficiary, you must a) submit a Change Form, b) access the Plan's Web site at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp) and make the desired change by accessing your account, or c) indicate your beneficiary election directly on the enclosed Distribution Form. Forms should be submitted to the Deferred Compensation Plan's Administrative Office. The change will replace the last beneficiary election you filed with the Deferred Compensation Plan, so long as the requested change is received by the Plan's Administrative Office prior to your death. You will receive a confirmation letter in the mail indicating your requested change.



## The Uniform Table

**The “Uniform” Table**  
 (Formerly known as the “MDIB Rule Divisor Table”)  
 for determining lifetime required distributions for (almost) everyone

| Table for Determining Applicable Divisor |                    |     |                    |      |                    |
|--|--------------------|-----|--------------------|------|--------------------|
| Age                                      | Applicable Divisor | Age | Applicable Divisor | Age  | Applicable Divisor |
| 70                                       | 27.4               | 86  | 14.1               | 102  | 5.5                |
| 71                                       | 26.5               | 87  | 13.4               | 103  | 5.2                |
| 72                                       | 25.6               | 88  | 12.7               | 104  | 4.9                |
| 73                                       | 24.7               | 89  | 12.0               | 105  | 4.5                |
| 74                                       | 23.8               | 90  | 11.4               | 106  | 4.2                |
| 75                                       | 22.9               | 91  | 10.8               | 107  | 3.9                |
| 76                                       | 22.0               | 92  | 10.2               | 108  | 3.7                |
| 77                                       | 21.2               | 93  | 9.6                | 109  | 3.4                |
| 78                                       | 20.3               | 94  | 9.1                | 110  | 3.1                |
| 79                                       | 19.5               | 95  | 8.6                | 111  | 2.9                |
| 80                                       | 18.7               | 96  | 8.1                | 112  | 2.6                |
| 81                                       | 17.9               | 97  | 7.6                | 113  | 2.4                |
| 82                                       | 17.1               | 98  | 7.1                | 114  | 2.1                |
| 83                                       | 16.3               | 99  | 6.7                | 115+ | 1.9                |
| 84                                       | 15.5               | 100 | 6.3                |      |                    |
| 85                                       | 14.8               | 101 | 5.9                |      |                    |

For each “Distribution Year” (i.e., a year for which a distribution is required), determine: (A) the account balance as of the preceding calendar year end; (B) the participant’s age on his or her birthday in the Distribution Year; and (C) the “applicable divisor” for that age from the above table. “A” divided by “C” equals the minimum required distribution for the Distribution Year. (In the age 71 1/2 Distribution Year, first reduce the “A” number by the amount of any required distribution for the age 70 1/2 year that had not been taken out by the end of that year.)

## Single Life Expectancy Table

### Ordinary Life Annuities - One Life -

| Table for Determining Applicable Divisor |                    |     |                    |              |                    |
|--|--------------------|-----|--------------------|--------------|--------------------|
| Age                                      | Applicable Divisor | Age | Applicable Divisor | Age          | Applicable Divisor |
| 01                                       | 81.6               | 38  | 44.4               | 75           | 13.4               |
| 02                                       | 80.6               | 39  | 43.5               | 76           | 12.7               |
| 03                                       | 79.7               | 40  | 43.6               | 77           | 12.1               |
| 04                                       | 78.7               | 41  | 42.7               | 78           | 11.4               |
| 05                                       | 77.7               | 42  | 41.7               | 79           | 10.8               |
| 06                                       | 76.7               | 43  | 40.7               | 80           | 10.2               |
| 07                                       | 75.8               | 44  | 39.8               | 81           | 9.7                |
| 08                                       | 74.8               | 45  | 38.8               | 82           | 9.1                |
| 09                                       | 73.8               | 46  | 37.9               | 83           | 8.6                |
| 10                                       | 72.8               | 47  | 37.0               | 84           | 8.1                |
| 11                                       | 71.8               | 48  | 36.0               | 85           | 7.6                |
| 12                                       | 70.8               | 49  | 35.1               | 86           | 7.1                |
| 13                                       | 69.9               | 50  | 34.2               | 87           | 6.7                |
| 14                                       | 68.9               | 51  | 33.3               | 88           | 6.3                |
| 15                                       | 67.9               | 52  | 32.3               | 89           | 5.9                |
| 16                                       | 66.9               | 53  | 31.4               | 90           | 5.5                |
| 17                                       | 66.0               | 54  | 30.5               | 91           | 5.2                |
| 18                                       | 65.0               | 55  | 29.6               | 92           | 4.9                |
| 19                                       | 64.0               | 56  | 28.7               | 93           | 4.6                |
| 20                                       | 63.0               | 57  | 27.9               | 94           | 4.3                |
| 21                                       | 62.1               | 58  | 27.0               | 95           | 4.1                |
| 22                                       | 61.1               | 59  | 26.1               | 96           | 3.8                |
| 23                                       | 60.1               | 60  | 25.2               | 97           | 3.6                |
| 24                                       | 59.1               | 61  | 24.4               | 98           | 3.4                |
| 25                                       | 58.2               | 62  | 23.5               | 99           | 3.1                |
| 26                                       | 57.2               | 63  | 22.7               | 100          | 2.9                |
| 27                                       | 56.2               | 64  | 21.8               | 101          | 2.7                |
| 28                                       | 55.3               | 65  | 21.0               | 102          | 2.5                |
| 29                                       | 54.3               | 66  | 20.2               | 103          | 2.3                |
| 30                                       | 53.3               | 67  | 19.4               | 104          | 2.1                |
| 31                                       | 52.4               | 68  | 18.6               | 105          | 1.9                |
| 32                                       | 51.4               | 69  | 17.8               | 106          | 1.7                |
| 33                                       | 50.4               | 70  | 17.0               | 107          | 1.5                |
| 34                                       | 49.4               | 71  | 16.3               | 108          | 1.4                |
| 35                                       | 48.5               | 72  | 15.5               | 109          | 1.2                |
| 36                                       | 47.5               | 73  | 14.8               | 110          | 1.1                |
| 37                                       | 46.5               | 74  | 14.1               | 111 and over | 1.0                |

For each “Distribution Year,” determine: (A) the account balance as of the preceding calendar year end; (B) the participant’s age on his or her birthday in the Distribution Year; and (C) the “applicable divisor” for that age from the above table. “A” divided by “C” equals the approximate distribution for the Distribution Year.





# DEFERRED COMPENSATION PLAN PARTICIPANT DISTRIBUTION FORM



Please return to:  
Deferred Compensation Plan  
Bowling Green Station, P.O. Box 93  
New York, NY 10274-0093

Please Print - Black Ink Preferred

## I. PARTICIPANT INFORMATION

Participant's Social Security Number \_\_\_\_\_ Date of Birth (MM/DD/YY) \_\_\_\_\_ Area Code \_\_\_\_\_ Home Telephone No. \_\_\_\_\_ Date of Termination (MM/DD/YY) \_\_\_\_\_

Last Name \_\_\_\_\_ First Name \_\_\_\_\_ MI \_\_\_\_\_

Home Mailing Address - Number and Street \_\_\_\_\_  Check here if this is a new address. \_\_\_\_\_ Apt. No. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ E-mail Address \_\_\_\_\_

### Distribution request from my: (choose only one):

- 457 Plan     Pre-Tax 401(k) Plan     Roth 401(k) Plan     401(k) Plan Special Rollover Account

Is this an in-service 401(k) withdrawal?  Yes (You must be age 59 1/2 or older to receive a 401(k) in-service withdrawal)

This form represents:  Direct Payment     Change of current Distribution request     Cancellation of current Distribution request

Direct Rollover     Additional Amount Certain while maintaining current Distribution schedule (III - 5 below)

Do you currently have an outstanding Plan loan?  Yes     No

Please allow up to 60 days for your distribution request (including cancellations) to be processed. If you are changing your distribution, please complete the appropriate section below.

## II. COMMENCEMENT DATE (If left blank, distribution will be processed within 60 days of receipt of this form.)

Starting: Month (Jan, Feb, etc.) \_\_\_\_\_ Year \_\_\_\_\_

The date must be no later than April 1st after the close of the year in which you reach age 70 1/2 or separate from City service, whichever is later.

## III. METHOD OF DISTRIBUTION (Check only one.)

- 1)  Full Withdrawal
- 2)  Amount Certain of \$ \_\_\_\_\_ or percentage of balance \_\_\_\_\_ (one time partial payment)  
to be taken from the following investment option\*: \_\_\_\_\_
- 3)  Periodic Payments:  Monthly     Quarterly     Semi-Annual     Annual (Specify # of periodic payments or dollar amount in section IV.)
- 4)  Amount Certain of \$ \_\_\_\_\_ or percentage of balance \_\_\_\_\_ (Indicate date of amount certain in section II above.)  
to be taken from the following investment option\*: \_\_\_\_\_  
with remaining balance in periodic payments:  Monthly     Quarterly     Semi-Annual     Annual  
starting: Month \_\_\_\_\_ Year \_\_\_\_\_ (Specify # of periodic payments or dollar amount in section IV.)
- 5)  Additional Amount Certain of \$ \_\_\_\_\_ or percentage of balance \_\_\_\_\_ (Indicate date of amount certain in section II above.)  
to be taken from the following investment option\*: \_\_\_\_\_

Choose this option if you already established a distribution schedule and wish to receive an Amount Certain from your account without disrupting your current distribution schedule. A check will be issued to you in the amount you specify, less any applicable taxes.

\* Insufficient funds will result in the disbursement being taken proportionately from all available investment options.

## IV. LENGTH OF DISTRIBUTION (Check only one from choices 1 - 4.)

Check here if you are choosing to receive **only** the minimum distribution amount that is required by law and want to begin distribution on the latest date allowed by law. Select option 3 or 4 below and the Plan will automatically calculate the amount of your payments.

- 1)  Number of Periodic Payments: \_\_\_\_\_
- 2)  Dollar Amount of Periodic Payments: \$ \_\_\_\_\_
- 3)  Life Expectancy
- 4)  Joint Life Expectancy (If you have chosen this option, you must complete section VIII. Beneficiary Election naming your beneficiary, even if you have provided beneficiary information previously. If you choose minimum distribution payments and you select this option, your spouse must be more than ten years younger than you and your spouse must be your sole beneficiary. **Please attach proof of birth for the beneficiary.**)

**V. MODE OF PERIODIC PAYMENTS** (Do not complete this section if you are electing a full withdrawal.)

- 1)  Check
- 2)  Electronic Fund Transfers (EFT) - You must complete the Authorization Agreement For Electronic Fund Transfers (EFT). EFT is available for periodic payments only. Lump sum distributions and amounts certain are made by check.

**VI. ROLLOVER** (Indicate **Commencement Date** of rollover in section II.)

Direct Rollover to:    457 Plan                       401(k) Plan/Roth 401(k)                       403(b)Plan/Roth 403(b)

IRA/Roth IRA                       Other\*\*

Amount of Rollover (choose one):    Partial Rollover \$ \_\_\_\_\_                       Full Account

**Eligible Rollover Distribution Notice**

- 1) Are you aware that unlike in the 457 Plan, a 10% tax penalty may apply if you withdraw any money from a Traditional IRA account before age 59 1/2?  
 Yes    No
- 2) Has the IRA provider informed you of any and all fees you will be charged for the IRA (setup fees, annual fees, etc.)?    Yes    No
- 3) Has the IRA provider disclosed the expense ratios (investment management fees) for the fund(s) within the IRA you will be purchasing?    Yes    No
- 4) Are you rolling your account into an IRA because (check all that apply):
  - The IRA Institution/Fund manager's name recognition
    - If yes, are you aware the investment managers offered in the Deferred Compensation Plan's options are managed by Board selected professionals, competitively bid and reviewed quarterly for performance?
  - You want more investment fund choices?
  - If yes, are you aware that the Deferred Compensation Plan offers participants the option of investing in a self-directed brokerage account which has over 11,000 mutual funds, including no-load/no-transaction fee funds?
  - You want to continue making contributions post-employment?
  - An IRA was recommended to you by a  friend  family member  financial planner?

**Trustee or custodian for Plan or IRA Information** (You must be **enrolled** in the other plan or IRA before the transfer can be made.)

Name of trustee or custodian for the plan or IRA: \_\_\_\_\_

Name on Account: \_\_\_\_\_ Account Number: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Tel. #: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Please note: You must attach a letter from the trustee or custodian of the other plan or IRA affirming plan type or acceptance of rollover.

\*\* Only certain types of investment vehicles are eligible to receive rollovers and it is solely the participant's responsibility to ensure such eligibility. The Plan will not be held responsible for any tax penalties that may occur for the transfer of Plan funds eligible for rollover treatment which are transferred to an ineligible investment vehicle.

Please note: If you are age 70 1/2 or older, you are required to receive your minimum distribution for the current tax year prior to a full account rollover.

### VII. BENEFICIARY ELECTION

Important: **Only** complete this section if you are changing your previous beneficiary election or selecting joint life expectancy. The beneficiary(ies) you name below will replace any beneficiary named at the time of your enrollment or on a prior Change Form for the purpose of receiving death benefits. If more than one beneficiary is named, payment will be made in equal shares to the surviving beneficiaries, unless specified otherwise. Do not select "A Trust" unless you have already created the trust (or arranged for one to be created under your will). The Plan cannot establish a trust for you.

Please check this box if you are attaching a list of additional beneficiaries on a separate piece of paper.

|   |   |   |  |
|---|---|---|--|
| <b>1<sup>st</sup></b>   | This beneficiary is (check one):<br><input type="checkbox"/> A Person <input type="checkbox"/> My Estate <input type="checkbox"/> A Trust <input type="checkbox"/> A Charity/Organization | Beneficiary's Social Security Number<br><input type="text"/>    | Date of Birth (MM/DD/YY)<br><input type="text"/>     |
|   | Beneficiary's (or Trustee's) Last Name (Include additional information below.)<br><input type="text"/>  | Beneficiary's (or Trustee's) First Name<br><input type="text"/> | M.I.<br><input type="text"/>                         |
| Beneficiary's (or Trustee's) Home Mailing Address - Number and Street<br><input type="text"/> |   |   |  |
| Apt. No.<br><input type="text"/>  |   |   |  |
| City<br><input type="text"/>  |   |   |  |
| State<br><input type="text"/>   |   |   |  |
| Zip Code<br><input type="text"/>  |   |   |  |
| Country<br><input type="text"/>   |   |   |  |
| Percentage to be received:<br><input type="text"/> . <input type="text"/> %                   | Relationship:<br><input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Parent<br><input type="checkbox"/> Sibling <input type="checkbox"/> Other        | Status<br><input checked="" type="checkbox"/> Primary           | Additional Trust or Charity/Organization Information |

|   |   |   |  |
|---|---|---|--|
| <b>2<sup>nd</sup></b>   | This beneficiary is (check one):<br><input type="checkbox"/> A Person <input type="checkbox"/> My Estate <input type="checkbox"/> A Trust <input type="checkbox"/> A Charity/Organization | Beneficiary's Social Security Number<br><input type="text"/>                      | Date of Birth (MM/DD/YY)<br><input type="text"/>     |
|   | Beneficiary's (or Trustee's) Last Name (Include additional information below.)<br><input type="text"/>  | Beneficiary's (or Trustee's) First Name<br><input type="text"/>                   | M.I.<br><input type="text"/>                         |
| Beneficiary's (or Trustee's) Home Mailing Address - Number and Street<br><input type="text"/> |   |   |  |
| Apt. No.<br><input type="text"/>  |   |   |  |
| City<br><input type="text"/>  |   |   |  |
| State<br><input type="text"/>   |   |   |  |
| Zip Code<br><input type="text"/>  |   |   |  |
| Country<br><input type="text"/>   |   |   |  |
| Percentage to be received:<br><input type="text"/> . <input type="text"/> %                   | Relationship:<br><input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Parent<br><input type="checkbox"/> Sibling <input type="checkbox"/> Other        | Status<br><input type="checkbox"/> Primary<br><input type="checkbox"/> Contingent | Additional Trust or Charity/Organization Information |

|   |   |   |  |
|---|---|---|--|
| <b>3<sup>rd</sup></b>   | This beneficiary is (check one):<br><input type="checkbox"/> A Person <input type="checkbox"/> My Estate <input type="checkbox"/> A Trust <input type="checkbox"/> A Charity/Organization | Beneficiary's Social Security Number<br><input type="text"/>                      | Date of Birth (MM/DD/YY)<br><input type="text"/>     |
|   | Beneficiary's (or Trustee's) Last Name (Include additional information below.)<br><input type="text"/>  | Beneficiary's (or Trustee's) First Name<br><input type="text"/>                   | M.I.<br><input type="text"/>                         |
| Beneficiary's (or Trustee's) Home Mailing Address - Number and Street<br><input type="text"/> |   |   |  |
| Apt. No.<br><input type="text"/>  |   |   |  |
| City<br><input type="text"/>  |   |   |  |
| State<br><input type="text"/>   |   |   |  |
| Zip Code<br><input type="text"/>  |   |   |  |
| Country<br><input type="text"/>   |   |   |  |
| Percentage to be received:<br><input type="text"/> . <input type="text"/> %                   | Relationship:<br><input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Parent<br><input type="checkbox"/> Sibling <input type="checkbox"/> Other        | Status<br><input type="checkbox"/> Primary<br><input type="checkbox"/> Contingent | Additional Trust or Charity/Organization Information |

|   |   |   |  |
|---|---|---|--|
| <b>4<sup>th</sup></b>   | This beneficiary is (check one):<br><input type="checkbox"/> A Person <input type="checkbox"/> My Estate <input type="checkbox"/> A Trust <input type="checkbox"/> A Charity/Organization | Beneficiary's Social Security Number<br><input type="text"/>                      | Date of Birth (MM/DD/YY)<br><input type="text"/>     |
|   | Beneficiary's (or Trustee's) Last Name (Include additional information below.)<br><input type="text"/>  | Beneficiary's (or Trustee's) First Name<br><input type="text"/>                   | M.I.<br><input type="text"/>                         |
| Beneficiary's (or Trustee's) Home Mailing Address - Number and Street<br><input type="text"/> |   |   |  |
| Apt. No.<br><input type="text"/>  |   |   |  |
| City<br><input type="text"/>  |   |   |  |
| State<br><input type="text"/>   |   |   |  |
| Zip Code<br><input type="text"/>  |   |   |  |
| Country<br><input type="text"/>   |   |   |  |
| Percentage to be received:<br><input type="text"/> . <input type="text"/> %                   | Relationship:<br><input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Parent<br><input type="checkbox"/> Sibling <input type="checkbox"/> Other        | Status<br><input type="checkbox"/> Primary<br><input type="checkbox"/> Contingent | Additional Trust or Charity/Organization Information |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**VIII. SIGNATURE**

I have read and understand The New York City Deferred Compensation Plan Distribution Guide. I also understand that the Plan reserves the right to recover any amounts erroneously credited to my account. I further understand that if I am rolling my assets into another plan, only certain types of investment vehicles are eligible to receive rollovers and it is solely my responsibility to ensure such eligibility. The Plan will not be held responsible for any tax penalties that may occur for the transfer of Plan funds eligible for rollover treatment which are transferred to an ineligible investment vehicle. I affirm that all information I have provided on pages 1 - 3 of this form is true and correct.

Signature of Participant: \_\_\_\_\_ Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**IX. STATEMENT OF NOTARY** (This form must be notarized before it will be processed by the Plan's Administrative Office.)

State of \_\_\_\_\_ )  
 ) SS.:  
 County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, the undersigned, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
 (Signature and office of individual taking acknowledgment)

Detach Here

| Office use Only |            | INITIAL | DATE  | EFFECTIVE TERM. DATE (MM/DD/YY)   | WITHDRAWAL EVENT NUMBER | PERIODIC PAYMENT NUMBER |   |   |  |   |   |   |   |   |   |  |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|                 | Operations |         |   | <table border="1"><tr><td></td><td>/</td><td></td><td>/</td><td></td><td></td></tr></table> |                         | /                       |   | / |  |   | <table border="1"><tr><td></td><td>/</td><td></td><td>/</td><td></td><td></td></tr></table> |   | / |   | / |  |   | <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Distributions   |            |         | <table border="1"><tr><td></td><td>/</td><td></td><td>/</td><td></td><td></td></tr></table> |   | /                       |                         | / |   |  | <table border="1"><tr><td></td><td>/</td><td></td><td>/</td><td></td><td></td></tr></table> |   | / |   | / |   |  | <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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The City of New York Deferred Compensation Plan  
A Division of Pre-Tax Benefits & Citywide Programs  
within the Mayor's Office of Labor Relations' Employee Benefits Program

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