



Special 65-2

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Deferred Compensation Plan (457 & 401k)

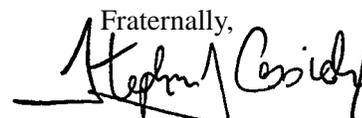
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See Last 2 Pages/Charts: Differences Between 457, 401(k) & Roth 401(k) Plans

The information contained in this Special 65-2 was provided by the Deferred Compensation Plan of NYC. Additional info can be obtained at the OLR Deferred Comp home page at <http://www.nyc.gov/html/olr/html/deferred/dcphome.shtml>. Deferred Compensation Plan's Administrative Office is located at 40 Rector Street, 3rd Floor, New York, New York 10006. Office hours are 9am to 5pm Monday through Friday. Client service representatives are available at the Plan's administrative office to discuss investment options, investment histories, and general Plan information and benefits. Appointments can be made by calling (212) 306-7760 between 9am and 5pm Monday through Friday. Use the same number for the Plan's voice response system. You can also register to attend a Deferred Compensation Plan Retirement Seminar. See the following pages for more info and charts regarding NYC's DCP.


Joseph A. Miccio
Recording Secretary

Fraternally,

Stephen J. Cassidy
President



1. What is Deferred Compensation?

The City of New York Deferred Compensation Plan (DCP) is an employee benefit available to New York City employees. The Plan is comprised of several programs: a pre-tax 457 Plan, a pre-tax 401(k) Plan and a post-tax Roth 401(k) Plan. Its purpose is to encourage employees to make and continue careers with the City of New York and to provide eligible employees with a convenient way to save on a regular and long-term basis, thereby providing for their retirement. For employees who are members of a City pension plan, DCP is a supplemental savings plan to their pension and Social Security. Through convenient payroll deductions, the 457 and 401(k) programs allow you to save regularly with before-tax dollars while deferring federal, state, and local income taxes. Both pre-tax contributions and their respective earnings will remain tax deferred until withdrawn through Plan benefit payments.

You can put up to 50% of each check into Deferred Compensation (457) or a 401k. If you have both a 401k plan and 457, you can place a combined total of 70% of your paycheck into it. Taxes will be reduced as a result of the contributions made, and contributions and the earnings will accumulate tax-deferred. Total contributions for 2011 cannot exceed \$16,500 (\$22,000 if over 50 years old) for your 457 plan. Total contributions for 2011 cannot exceed \$16,500 (\$22,000 if over 50 years old) for your 401K plan. The total contributions allowed for both plans is \$33,000 (\$44,000 if over 50 years old) for 2011.

Maximum Annual Contribution Amount remains unchanged for 2011

The table below explains the most you can defer into the Deferred Compensation Plan in 2011 based on in which plans you participate and your age.

If you participate in the...	Your maximum contribution amount will be...
457	\$16,500
457 and are at least 50 years of age	\$22,000
401(k)	\$16,500
401(k) and are at least 50 years of age	\$22,000
457 and 401(k)	\$33,000
457 and 401(k) and you are at least 50 years of age	\$44,000
457 and Deferral Acceleration for Retirement (DAR)	\$33,000 (\$16,500 regular deferrals and \$16,500 in DAR deferrals, if applicable)
457, 401(k) and DAR	\$49,500
457, 401(k), DAR and you are at least 50 years of age	\$55,000

2. The Roth 457 is Coming

Beginning April 1, 2011, the Deferred Compensation Plan will be adding a Roth component to the 457 Plan. 457 Plan participants will be able to contribute on both a pre-tax and post-tax (Roth) basis. If you are already a 457 Plan participant, beginning in March 2011, you will be able to elect a deferral percentage for Roth contributions by simply accessing your existing 457 account and making a deferral change. The contribution will take effect with the first payroll in April 2011. Total contributions for 2011 cannot exceed \$16,500 (\$22,000 if over 50 years old) for your Roth 457 plan.



To adjust your Deferred Comp (457) & 401k contributions, which can be done over the phone or via web, you must first enroll and get a PIN # by calling Client Services at 212-306-7760 if you do not currently have a PIN number. It will take up to 7 days for your PIN number to arrive in the mail. Contact the Client Service Department at 212-306-7760 if you have any questions.

3. Voice Response System & Internet Services

•What can one do through the voice response system?

Through the Plan's voice response system, participants can access KeyTalk to enroll in the Plan, change their deferral percentage, obtain account information, or make investment changes to their account or request their most current account statement.

•What is the telephone number for the voice response system?

The number is (212) 306-7760. Callers located outside of NYC can use the following toll-free number which is 888-DCP-3113 (888-327-3113).

•What is the DCP Home Page?

<http://www.nyc.gov/html/olr/html/deferred/dcp/home.shtml>

• Telephone and Internet Services

- Obtain forms and brochures (by telephone for delivery by FAX or mail)
- Leave messages at anytime for response by client service representatives
- Obtain daily fund values and participant account balances
- Obtain contribution history and transaction activity
- Make deferral percentage changes
- Initiate account changes for the redirecting of contributions and transferring of funds
- Utilize the custom transfer features - Dollar Cost Averaging and Rebalancer

4. Forms & Info Publications

Can all be obtained on-line at <http://www.nyc.gov/html/olr/> or the UFA website, www.ufanyc.org, under the 'Forms' section.

5. How to Enroll & Getting Your PIN

•How does an eligible New York City employee enroll in the Deferred Compensation Plan?

Enrolling in the Deferred Compensation Plan is easy. Employees can enroll electronically through the Plan's Web site or telephone. When enrolling electronically, an employee must request enrollment materials which includes the Summary Guide of 457 & 401(k) Plan Provisions and an Investment Planning video. These items can be ordered online or through KeyTalk by accessing the Plan's voice response system at (212) 306-7760. Upon requesting enrollment materials, a Personal Identification Number (PIN) will be generated and mailed to the employee at the address on file with the employee's payroll office. Employees can also enroll using a 457/401(k) Plan Enrollment Form. Once the employee receives these items, he/she can enroll online or through KeyTalk by accessing the Plan's voice response system at (212) 306-7760. The employee will need his/her social security number along with the assigned PIN in order to enroll.

•How long does it take to receive a Personal Identification Number (PIN)?

Once enrollment materials have been requested, a PIN is generated from the system and mailed under separate cover directly to you. The Plan's staff does not have access to these numbers. Employees should allow 5 - 7 business to receive the PIN. Participants can change their PIN at anytime online or through KeyTalk at (212) 306-7760. If you forget your PIN, you can request a Reminder PIN which will be mailed to the address on file with the Plan.

•What information does an employee need to have available before he/she enrolls online?

Before enrolling in either the 457 Plan or the 401(k) Plan, or both, employees should read the Summary Guide of 457 & 401(k) Plan Provisions as well as watch the investment planning video. When enrolling, the employee will be asked to elect a deferral percentage (the amount of money to be contributed to the Plan through payroll deductions) and to select an investment allocation. If an employee is enrolling online, he/she will also need his/her beneficiary information including mailing address.

•What Telephone and Internet Services are Available?

Obtain forms and brochures (by telephone for delivery by FAX or mail). Leave messages at anytime for response by client service representatives. Obtain daily fund values and participant account balances. Obtain contribution history and transaction activity. Make deferral percentage changes. Initiate account changes for the redirecting of contributions and transferring of funds. Utilize the custom transfer features - Dollar Cost Averaging and Rebalancer.

•What are the Plan fees?

While the Deferred Compensation Plan is a benefit offered by the City of New York to its employees, it is a wholly self-funded plan paid for by participants' fees. The current administrative fee is \$20.00 per quarter, regardless of whether a participant has a 457 account, a 401(k) account, or both. In addition, the plan's investment funds are assessed an administrative fee of .0005.



6. Contributing to Deferred Compensation

•Why should a New York City employee enroll in the Deferred Compensation Plan?

With the DCP, a New York City employee can save for his/her retirement with before-tax dollars. This means that an employee's taxes are reduced as a result of the contributions made, and his/her investments and the potential earnings on them accumulate tax-free until withdrawn. Eligible employees can choose to enroll in the 457 Plan, the 401(k) Plan or both.

•Are client service representatives available by appointment?

Client service representatives are available at the Plan's Administrative Office to discuss investment options, investment histories, and general Plan information and benefits. Appointments can be made by calling (212) 306-7760 between 9am & 5pm, M-F.

•How much can a participant contribute to the Plan?

A participant can defer anywhere from 1% to 50% of his/her gross compensation in multiples of 0.5%. The contribution amount is calculated after any deductions for pension contributions, health insurance premiums, and Flexible Spending contributions.

•What is the maximum dollar amount that can be contributed to the Plan per year?

The limit on contributions to the 457 Plan and the 401(k) Plan is 50% of reportable gross annual compensation - up to a dollar limit of \$16,500 a year for each Plan for calendar year 2011 (\$22,000, if age 50 or older). When a participant's payroll deductions reach the annual maximum allowable contribution, they will automatically cease and restart in January of the following year.

•Can a participant stop his/her contributions?

Yes, you can stop or change your distribution request at any time. A participant must complete a new Distribution Form, indicating the change requested, and submit it to the Plan's Administrative Office. Distribution requests are processed within 60 days.

•How soon after a New York City employee enrolls do his or her payroll deductions begin?

Generally, payroll deductions will begin in the month following enrollment. Depending on payroll processing dates, deductions may take anywhere from 30 to 45 days to go into effect. A letter confirming enrollment will be sent to the employee.

•Can a participant in the 457 Plan make up for past years when he or she didn't contribute the maximum allowable amount?

Yes, but only under certain circumstances. Participants who have not contributed the maximum amount to the 457 Plan in previous years have an opportunity to make up for underutilized contributions prior to retirement through the Deferral Acceleration for Retirement (DAR) program. (see Catch-up Provisions later in this 65-2)

7. Making Changes

•How may a participant change his or her deferral percentage?

A participant can increase or decrease his/her deferral percentage at any time by accessing his/her account either online or through the Plan's voice response system at (212) 306-7760. Changes are effective within 30 days.

•How does a participant change his/her address with the Plan?

A participant can update his/her address online by accessing their account and selecting "Change Your..Personal Profile." A participant can also complete a Change Form indicating the new address and submit the form to the Plan's Administrative Office. Once the requested address change has been processed, a confirmation letter will be mailed to the participant. Changes are effective within 30 days. Participants should also change their beneficiary's address, if applicable.

•Can a participant change his/her beneficiary election?

Yes. A participant can change his/her beneficiary election by accessing his/her account online or by submitting a completed Change Form, listing all of his/her beneficiaries on the form, to the Plan's Administrative Office. Once the requested beneficiary change has been processed a confirmation letter will be mailed to the participant. If an employee participates in both the 457 Plan and the 401(k) Plan, changing beneficiaries in one Plan will not effect the other Plan. The participant must complete two Change Forms indicating beneficiary changes in each Plan.

•Does a participant need to notify the Plan if he/she changes agencies?

Yes. A participant must complete a Change Form indicating the new agency and submit the form to the Plan's Administrative Office. Once the requested agency change has been processed a confirmation letter will be mailed to the participant. Changes are effective within 30 days.

•Can a participant stop or change distributions?

Yes, a participant can stop or change his/her distribution request at any time. A participant must complete a new Distribution Form, indicating the change requested, and submit it to the Plan's Administrative Office. Distribution requests are processed within 60 days.



8. Investment Info & Options

•Strategies for investing your money:

The Deferred Compensation Plan/NYCE IRA offers three different strategies for investing your money: (1) investing in one of the Pre-Arranged Portfolios, (2) creating your own portfolio using a combination of the core investment funds, and (3) investing through the Self-Directed Brokerage Option available through TD Ameritrade. It is recommended that participants choose to invest in either one of the pre-arranged portfolios or create their own portfolio from the core investment funds offered. Selection of investment options depends on many factors and should be considered carefully. It is advisable that participants consult an independent professional financial planner and/or investment advisor before making investment decisions. For more info, go to http://www.nyc.gov/html/olr/html/deferred/dcp_selecting_inv.shtml. For a summary of past performance, go to <http://www.nyc.gov/html/olr/downloads/pdf/shared/pastperf.pdf>.

•Investment Planning Video

The Plan provides an investment video for home use which describes the basics of investing. It is available at the Plan's administrative office at 40 Rector Street, 3rd floor, New York, NY 10006 or by calling (212) 306-7760.

•Statements, Newsletters

Quarterly Statements: The Plan issues quarterly statements, which are designed to provide detailed and easy-to-understand account information. Statements are issued two weeks after the close of each calendar quarter. Newsletters: Each quarterly statement is accompanied by the Plan's quarterly newsletter, which includes pertinent Plan news, as well as information on a variety of topics. Annual Report: A comprehensive, annual financial report is sent to all participants. The report includes the financial statements of an independent auditor, the performance results of the Plan's investment options, and any administrative, investment or legal changes which have affected the Plan during the year.

•What is the past performance of each of the investment options?

They can be viewed on-line at the Deferred Compensation website at <http://www.nyc.gov/html/olr/downloads/pdf/shared/pastperf.pdf>.

•When does a transfer of investment funds become effective?

Account transfers initiated prior to 4:00 p.m. Eastern Time on a business day will be effective that same day and reflected in the account the following business day. Transfer requests initiated after 4:00 p.m. Eastern Time will be effective the next business day and reflected in the account two business days later.

•Are there any restrictions when making account transfers?

Yes, transfers out of the International Equity Fund will be assessed a 2% redemption fee on the amounts transferred into the fund within the previous thirty-two (32) calendar days. Any amounts held longer than thirty-two (32) consecutive calendar days will not be assessed the redemption fee. This is meant to strongly discourage frequent trading of the International Equity Fund. The fees collected will be re-invested back into the International Equity Fund in order to offset the decrease in fund value associated with the trades.

•When are statements mailed or emailed?

The Plan issues quarterly statements two weeks after the close of each calendar quarter. Participants automatically receive statements by regular mail or request to receive his/her statement electronically by signing up for Online File Cabinet (OFC). Participants can request a copy of his/her last quarter's statement or an interim statement (quarter to date) through KeyTalk by calling (212) 306-7760.

•How are investment managers selected?

All contracts to manage the Plan's investments are awarded by the Deferred Compensation Board pursuant to a competitive bidding process.

9. Withdrawals and Distributions

•Can a participant roll over funds from other plans into the Deferred Compensation Plan?

Yes. Participants are able to consolidate assets from other 401(k) plans, 403(b) plans, 401(a) plans, 457 plans and IRAs into the City's 401(k) Plan. The 457 Plan can accept rollovers of before-tax contributions and earnings from other 457 plans only.

•Can a participant take out a loan from his/her Deferred Compensation Plan account?

Yes, the Plan does permit loans. *See the Loan Guide for the 457 & 401(k) Plan at the Deferred Comp website under 'Forms and Downloads' section.*

•How soon after termination of employment can distributions commence?

Distributions cannot begin prior to the 60th day after separation from City service. In addition the Plan requires a minimum of 30 days' notice for processing distributions.

•Are there any penalties for early withdrawals from the the 457 Plan?

No. Withdrawals from the 457 Plan are NOT subject to early withdrawal penalties (penalties before age 59 1/2). Participants can withdraw funds any time after severance from City service.



•Can a participant use his Deferred Compensation Plan assets to buy-back pension service credit?

Yes. Only 457 Plan assets are eligible to be used for this purpose.

•Can you leave money in the Plan after severance from service. Is there a specific time required by the IRS at which a participant must begin taking distribution?

Yes. A participant is only required to begin taking distributions from his/her 457 or 401(k) account by his/her "required beginning date." The "required beginning date" is April 1 of the calendar year following the later of: (1) the calendar year in which the participant reaches age 70 1/2; or (2) the calendar year in which the participant separates from City service.

•Is the \$20,000 annual exemption from NYS and NYC taxes on withdrawals after age 59 1/2 applied to Plan distributions.

Yes.

•Is it better to take a lump sum or periodic payments?

You can gain an added advantage during distribution by electing to withdraw funds in periodic payments. Only the portion of the account which is distributed will be subject to taxation and the balance in the account will continue to accumulate tax-deferred.

•How much tax will be withheld from a participant's distribution check?

Post-service distributions are subject to a 20% mandatory Federal tax withholding and will be reported on Form 1099-R in the year when paid. *Participants will be responsible for payment of all applicable state and local taxes on all taxable distributions.*

•How will tax-deferred savings affect Social Security benefits for employees who are paying FICA tax?

Contributions to the Deferred Compensation Plan will not affect either Social Security contributions or benefits. This is because FICA tax is based on the gross earnings before Deferred Compensation deductions are taken.

•What is the difference between a primary and contingent beneficiary?

A primary beneficiary is the recipient of a participant's account in the event of the participant's death. A contingent beneficiary is the recipient of the participant's account in the event the primary beneficiary dies before the participant.

10. Catch-Up Provision for 457 Plan Deferral Acceleration for Retirement (DAR)

•Deferral Acceleration for Retirement (Catch-Up Provision)

Deferral Acceleration for Retirement (DAR) is a "catch-up" provision for the 457 Plan. Participants who have not contributed the maximum amount to the 457 Plan in previous years have an opportunity to make up for underutilized contributions prior to retirement through the DAR program. DAR allows qualifying participants to contribute funds above the annual maximum to the Plan, the total of which cannot exceed twice the applicable annual contribution amount (regular contributions plus DAR contributions) for three consecutive calendar years. Please note that the "age 50 and older" additional contribution amount may not be used during the three years a participant is using the regular 457 catch-up provision. The "age 50 and older" additional contribution cannot be classified as an underutilized contribution for DAR purposes either.

DAR can be elected in the three years before the participant's designated Normal Retirement Age (NRA), which is any age in the range of years beginning when a participant may retire and receive full pension benefits up until age 70 1/2. If a participant is not in a pension system, NRA may be any age between age 65 and 70 1/2. If a participant did not join the 457 Plan as soon as he/she became eligible to join, or if he/she did not contribute the maximum amount each year, he/she has underutilized contributions. Uniformed and Managerial employees are eligible to "catch-up" for underutilized contributions dating as far back as 1986, as long as they were employed with the City for the years for which they wish to catch up. Similarly, civilian employees are eligible to "catch-up" on underutilized contributions dating as far back as 1987.

Participants may contact the Plan's Administrative Office at (212) 306-7760 and request an analysis of his/her past contributions, should the participant have any question about whether he/she has underutilized contributions. DAR cannot be used more than once. Participants who qualify for DAR are allowed a one-time use of the provision that will enable them to "catch up" on past-underutilized contributions over three consecutive years.

•Making Catch-Up/DAR Contributions

Unlike regular 457 Plan contributions, which are a percentage of weekly or bi-weekly gross compensation, DAR contributions are a fixed dollar amount per check. So, for example, if he/she wants to contribute \$7,500 through DAR in 10 paychecks, he/she can do so by submitting a request to contribute exactly \$750 per check for 10 consecutive paychecks. A participant's per-check DAR deduction amount must not exceed the adjusted gross income, otherwise no DAR deduction will occur. A participant may choose to begin DAR deductions at any point during a calendar year. However, partial participation (starting mid-year) is counted as one full calendar year. For example: If DAR deductions begin in June, DAR can be used for seven months (June through December) in that calendar year. These seven months will be counted as the first year of the three consecutive calendar years of DAR.

DAR deferrals, which are invested in the same manner as the account's investment allocation, may be changed or stopped by the participant at any time. Changes to a DAR deferral amount will take effect approximately 30 days from the date a DAR form is submitted to the Plan. Although DAR is based on underutilized contributions from previous Plan years, current participation in DAR will only affect taxes in the year DAR is used and previous years' W-2s will NOT be retroactively adjusted to reflect current DAR contributions.



•How does a participant begin making DAR deferrals?

A participant must complete a DAR form which can be printed from Deferred Comp Web site. The form must be submitted to the Plan's Administrative Office at 40 Rector Street, 3rd Floor, New York, New York 10006. Office hours are 9:00 a.m. to 5:00 p.m., Monday through Friday.

11. Deferred Comp Retirement Planning Tools & Seminars

•Free Info Seminars & On-Line Presentations

You can register to attend a Retirement Planning Seminar at the Deferred Compensation Plan's Administrative Office, or view the DCP Retirement Planning PowerPoint presentation on line, where you can learn more about the Deferred Compensation Plan. You will learn: Your Plan distribution options, How to aggregate outside assets into the City's tax-favored retirement plan(s), The NYCE IRA, Understanding fees (i.e., what are fund management fees, what is a basis point?), and How to buy-back service in your pension plan using the 457 Plan and lots more! You can register for the Seminar at http://www.nyc.gov/html/olr/html/deferred/rsem_reg.html. To view the DCP Retirement Planning Seminar, go to http://www.nyc.gov/html/olr/downloads/ppt/DCP_Retirement_Presentation/fullscreen.htm

•In-House Counseling

Client service representatives are available at the Plan's administrative office to discuss investment options, investment histories, and general Plan information and benefits. Appointments can be made by calling (212) 306-7760 between 9:00 a.m. and 5:00 p.m. Monday through Friday.

•Free Software for Retirement Calculations and Planning

-Preparing for Your Retirement: This tool offers employees an introduction to retirement planning and their own printable retirement report. Based on their answers, the program will provide an estimate of how close participants are to meeting their goals and help explore options. Through a series of simple questions, this tool offers you an introduction to retirement planning and your own retirement report. You can always visit again to take another look if you want to reassess your situation. Your answers are cleared after you leave this site. You'll be asked a series of financial questions, such as the value of your home, amount of mortgage remaining, and how much you plan to spend in retirement. Use your best guess if you are not sure. Based on your answers, we will provide an estimate of how close you are to meeting your goals and help you explore your options. Go to <https://prod2.moneytree.com/NewYorkCity457/>.

-Understanding the Roth 401(k) Plan: See how investing with after-tax contributions through the Roth 401(k) Plan differs from investing with pre-tax contributions through the 457 and 401(k) Plans. The City of New York offers its employees a new kind of retirement plan: the Roth 401(k). As the name implies, the plan combines features of both the pre-tax 401(k) and the Roth IRA. All of these plans offer a tax-advantaged way to invest for retirement, but do so in different ways. The Roth 401(k) has a number of features that make it similar to the pre-tax 457/401(k). It is sponsored by an employer, not an individual. There are no income restrictions (high-income individuals cannot contribute to Roth IRAs). Additionally, the contribution limits are the same as for the pre-tax 401(k), which are much higher than with a Roth IRA. In 2011 you'll be able to put as much as \$16,500 into all 401(k) plans combined.

All of these types of plans (IRAs, 457s and 401(k)s) allow your investment to grow untaxed, but they differ in how the money is taxed when you put it in and take it out. The pre-tax 457/401(k) gives you a tax break now, but taxes funds when you withdraw them. The Roth 401(k), like the Roth IRA, gives you no tax break now, but you pay no taxes when you withdraw funds.

There are some limitations you should be aware of: to withdraw from a Roth 401(k), you must be at least 59 1/2 years old and have had the account for at least 5 years; otherwise you may face a 10% penalty, as well as tax on the earnings. A Roth 401(k) can only be rolled over into another Roth 401(k) or Roth IRA. Go to <http://prod2.moneytree.com/NewYorkCityRoth/>

-Account Computation & Distribution Modules: The Computation Module allows employees to see how joining the Deferred Compensation Plan or changing their deferral percentage affects their take-home pay, as well as perform a variety of account projection and future value calculations. The Distribution Module allows participants to see how various distribution elections can impact their account value over time. Go to http://www.nyc.gov/html/olr/html/deferred/dcp_planning_tools.shtml.



457 / 401(k) Plan Comparison

What are the differences between the 457 Plan and the 401(k) Plan?

Provision	Before Tax Deferrals		After Tax Deferrals
	457	Pre-tax 401(k)	Roth 401(k)
Contributions	<ul style="list-style-type: none"> ➤ 2010 annual limit of \$16,500; \$22,000 if age 50 or older 	<ul style="list-style-type: none"> ➤ 2010 annual limit of \$16,500; \$22,000 if age 50 or older 	
	<p>You may choose to put money in the 457 Plan or the 401(k) Plan, or both, for a combined deferral of \$33,000, or \$44,000 if age 50 or older.</p>		
		<p>In the 401(k) Plan, you may choose to make before-tax contributions and/or Roth (after-tax) contributions. However, the combined deferral cannot exceed \$16,500.</p>	
Rollovers into the Plan	<ul style="list-style-type: none"> ➤ Rollovers accepted only from another 457 plan 	<ul style="list-style-type: none"> ➤ Rollovers accepted from 401(k) plans, IRAs, 403(b), and 457 plans ➤ Accepts final pension payments or final pension loans from City retirement systems ➤ Accepts eligible union annuities 	<ul style="list-style-type: none"> ➤ Direct rollovers accepted from Roth 401(k) plans
Deferral Acceleration for Retirement (DAR)	<ul style="list-style-type: none"> ➤ This provision is available to participants who have underutilized 457 deferrals. Annual contribution limit is doubled for each of the three calendar years before reaching "Normal Retirement Age". 	<ul style="list-style-type: none"> ➤ Not available 	
Income Limitations	<ul style="list-style-type: none"> ➤ None 		
When are you taxed?	<p>Pay Later: Contributions and earnings are taxed upon distribution.</p>		<p>Pay Now: Contributions are taxed when made <u>but</u> earnings are tax-free upon distribution, provided that you are at least 59½ and it has been at least five years since the initial contribution.</p>
Loans	<ul style="list-style-type: none"> ➤ Available 		<ul style="list-style-type: none"> ➤ Not Available
In-Service Withdrawals	<ul style="list-style-type: none"> ➤ Hardship withdrawal available only in the event of an unforeseeable emergency (subject to income taxes) ➤ Small account withdrawal available if the account does not exceed \$5,000, there have been no contributions to the Plan for two consecutive years, and there has not been a previous small account withdrawal (subject to income taxes) ➤ In-service withdrawals available when participant reaches age 70½ 	<ul style="list-style-type: none"> ➤ Hardship withdrawal available only in the event of an immediate and heavy financial need and only in the amount necessary to satisfy the need (subject to income taxes and penalties, if applicable) ➤ In-service withdrawals available when participant reaches age 59½ (subject to income taxes but no 10% penalty) 	<ul style="list-style-type: none"> ➤ In-service withdrawals available when participant reaches age 59½ and it has been at least five years since the initial contribution

Provision	Before Tax Deferrals		After Tax Deferrals
	457	Pre-tax 401(k)	Roth 401(k)
Withdrawals after Severance from City Service	<ul style="list-style-type: none"> ➤ No election is required until a distribution is requested. ➤ Distributions can be requested as needed. ➤ No tax penalty for withdrawals taken before age 59½ ➤ Account can be withdrawn without penalty after severance from City service, regardless of age (subject to income taxes) 	<ul style="list-style-type: none"> ➤ No election is required until a distribution is requested. ➤ Distributions can be requested as needed. ➤ Account can be withdrawn after severance from City service, but is subject to income taxes and, in most cases, to a 10% penalty for withdrawal before age 59½ 	<ul style="list-style-type: none"> ➤ No election is required until a distribution is requested. ➤ Distributions can be requested as needed. ➤ Account can be withdrawn after severance from City service, but is subject to income taxes and, in most cases, to a 10% penalty for withdrawal before age 59½ ➤ Distributions are <i>tax-free</i> if the account was established at least five years prior and is withdrawn after age 59½.
Rollover Distributions OUT of the Plan after Severance from City Service	<ul style="list-style-type: none"> ➤ Rollovers available to 457 plans, 401(k) plans, 403(b) plans, the NYCE IRA, and other traditional IRAs (subject to the rules of the plan to which money is being rolled) 	<ul style="list-style-type: none"> ➤ Rollovers available to 457 plans, 401(k) plans, 403(b) plans, the NYCE IRA, and other traditional IRAs (subject to the rules of the plan to which money is being rolled) 	<ul style="list-style-type: none"> ➤ Rollovers available to Roth 401(k) plans, the Roth NYCE IRA, and other Roth IRAs
Other Things to Consider	<ul style="list-style-type: none"> ➤ If your tax rate will be <i>lower</i> at the time of distribution than at the time contributions were made, contributing to a tax-deferred account may be better than contributing on an after-tax basis. 		<ul style="list-style-type: none"> ➤ If your tax rate will be <i>higher</i> at the time of distribution than at the time contributions were made, contributing to a Roth 401(k) may be better than contributing on a pre-tax basis. Note: If in the future you will be receiving a City pension, your tax rate at that time is unlikely to be lower. ➤ Estate planning: At severance from City employment, you can roll your Roth 401(k) qualified distributions into a Roth IRA. <ul style="list-style-type: none"> - A Roth IRA has no Required Minimum Distributions (RMDs) at age 70½. - A Roth IRA allows you to delay distribution of your account until your death. At that time your beneficiaries have the option to receive distributions throughout their lifetime.
	<ul style="list-style-type: none"> ➤ 457 assets can be used as a source of funding for the purchase of permissive service credits in an employee's pension system via trustee-to-trustee tax-free transfers. 		

Which savings plan is right for a participant depends on the participant's individual circumstances and should be considered carefully. To approximate which plan may be most beneficial, consult with an independent investment advisor or use the Plan's Personal Financial Snapshot software available in the Planning Tools section of this Web site.