



# Withdrawal Guide & payment options

## Don't wait. Call a Retirement Planning Specialist today!

As you near retirement, it's important to think about how and when you might begin using your account to supplement your income. An Account Executive or Retirement Planning Specialist can help you understand the options available to you.

Call **1-877-644-6457** to schedule your appointment.

### Did You Know?

You can rollover these types of retirement accounts to the Ohio Deferred Compensation Plan:

- 457
- 401(k)
- 401(a)
- 403(b)
- Traditional IRA

Consider the convenience of one statement to track all of your retirement plan investments.



Qualified retirement plans, deferred compensation plans, and individual retirement accounts are all different, including fees and when you can access funds without penalty. Assets rolled over from your account(s) may be subject to surrender charges, other fees and/or a 10% tax penalty if withdrawn before age 59½. You should consider all factors before making a decision.



## OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

## Withdrawing Funds

The Program's Plan Document identifies when you may access your funds, according to Federal tax laws.

You may withdraw funds:

- after your retirement or severance from employment.
- when you experience a qualifying unforeseeable emergency that has caused you severe financial hardship (as defined by the Internal Revenue Code and further regulated by the Ohio Deferred Compensation Board).
- when you choose to make a one-time withdrawal, provided your account balance is \$5,000 or less, you have not deferred into the Program for at least two years, and you have made no prior withdrawals of this type.

### Leaving Employment or Retiring

There are a variety of payment options available to you. With a personal retirement information session, we can help you choose the option that is best for your financial situation. If you are within five years of retirement, please contact one of our Retirement Planning Specialists (RPS) to schedule an appointment.

If you are planning to leave your current employer, you should immediately notify the Program that you have ended your employment; otherwise, you may face a delay in your withdrawals. Neither Ohio Deferred Compensation nor any of its representatives will give legal or tax advice. For such guidance, you should consult your own legal or tax advisors.

You may delay withdrawals until the year you reach age 70½ or until you have ended your employment, whichever is later.

If you die before the full value of your account has been paid to you, your beneficiaries may withdraw the remainder of your account by choosing a payment option.

## Withdrawal Elections

### Payment Date

Your payment date is the date you will start to receive payments from the Program. All payments will be made on the 20th day of the month. Your payments may begin after you

end your employment, and the Program receives your employer's verification of severance, final deferral, and completed Withdrawal Election form.

Withdrawals must begin no later than December of the year in which you reach age 70½ unless you are still working. If you are still working at age 70½, your withdrawals must begin no later than December of the year you retire.

### Withdrawal Election

Your withdrawal election is how you want your account to be paid. You may request a Withdrawal Election form from the Service Center when you are ready to receive payments.

Choose your payment option carefully and consider your retirement income needs. You may change the amount or frequency of your payments by submitting a new Withdrawal Election form. If you have any questions about making a withdrawal election, call the Service Center.

After age 70½, your payment amount may need to be adjusted to ensure Internal Revenue Code minimum distribution requirements are met. The Program is required to make annual calculations to ensure compliance with the requirements, and will notify you with your payment amount if applicable.

*If your Withdrawal Election form is received by the 15th day of the month, your payments will start on the 20th of the following month.*

## Payment Options

Your account remains in the Program investment options of your choice. You may exchange between investment options based on the rules then in effect. *You may change your payment option as your needs change by filing a new Withdrawal Election form. Any account balance remaining at death is payable to your beneficiaries.*

### Annual Percent\*

This option provides for payments based upon the percentage you choose and your account balance. You may select any whole annual percentage. The annual percentage will be paid out over the frequency you select. For example, a 12% annual withdrawal would be paid as 1% monthly. Your payment amount will fluctuate based on the performance of your investment options.

*Example: \$25,000 accumulated account value; a 4% rate of return; 12% annual withdrawal paid monthly — average gross monthly payments would be \$240.91 for the first year, \$167.56 for the 60th payment, \$111.54 for the final payment with a remaining balance of \$11,042.75 at the end of ten years.*

### Dollar Amount\*

This option provides for payments of a specified dollar amount until your account is exhausted. Your account value and total payment period will fluctuate based on the performance of your investment options. The final payment will be the balance of your account.

*Example: \$25,000 accumulated account value; a 4% rate of return; gross monthly payments of \$300 — payments would continue until the account is fully withdrawn (in approximately 8¼ years).*

### Time Period\*

This option provides payments for the number of years you choose. You may select any whole number of years. Your payment amount will fluctuate based on the performance of your investment options. The final payment will be the balance of your account.

*Example: \$25,000 accumulated account value; monthly payments for a 10-year period; a 4% rate of return — average gross monthly payments would be \$251 for a 10-year period.*

### Partial Lump Sum\*

This option provides for a single lump sum payment of a portion of your account value. To select another payment option after the partial lump sum, a new Withdrawal Election form must be completed.

*Example: \$25,000 accumulated account value; a gross partial lump sum of \$5,000.00 paid on your payment date.*

*Note: Selection of a Partial Lump Sum payment will result in 20% Federal tax withholding.*

### Lump Sum Payment\*

This option provides for the withdrawal of your full account value in a single payment. To protect your investment from immediate taxation, you may want to consider other payment options.

*Example: \$25,000 accumulated account value — gross lump sum payment would be \$25,000.00. Note: Selection of a Lump Sum payment will result in 20% Federal tax withholding.*

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*\* The rate of return shown above was used for this illustration only, and is subject to change based on the performance of the underlying investment options. The return indicated does not pertain to any specific investment. It does not take into account any financial transactions, such as exchanges, transfers, or fees; if taken into account, results would be lower. Results will vary, particularly for long-term investors. Shares or units of your investment options are sold prior to each withdrawal. Your account will continue to be subject to market risk, including the possible loss of principal.*

*Neither the Ohio Deferred Compensation Program nor any of its representatives will give legal or tax advice. For such guidance, you should consult your own legal or tax advisors.*

*The information and inserts contained in this booklet were accurate as of the time of printing. We reserve the right to make subsequent changes without prior notification.*

## Important Notes

- You may select any of the following payment frequencies: annual, semi-annual, quarterly, or monthly, with a minimum monthly payment of \$100.
- For your convenience and security, payments are made by direct deposit.
- If you have money in more than one investment option, you may elect to have payments withdrawn proportionately from each of your investment options, or you may designate payments to be withdrawn from one investment option.
- If you leave your job for any reason, distributions may qualify for rollover to a Traditional IRA, 403(b), 401(k) or other tax-qualified plans under federal laws. Please read the Program's notice about rollover eligibility.
- Withdrawals are taxable income to you in the year the payments are made. You must complete Federal and State income tax withholding forms. Withdrawals are reported to you annually on a Form 1099R.
- Upon experiencing a severance from employment, there will be no charges or penalties assessed on withdrawals from your 457 account.
- Distributions before age 59½, from a rollover account such as a 401(k), may be subject to early withdrawal penalties.
- Payment options that last 10 years or more have ordinary income tax withholding. Payment options lasting less than 10 years have 20% Federal tax withholding.



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Web site: [www.Ohio457.org](http://www.Ohio457.org)

Phone: **1-877-644-6457**

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