

# City of Pasadena 457(b) Deferred Compensation Features and Highlights

**Read these highlights to learn more about your Plan. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.**

## About the 457(b) Deferred Compensation Plan

A governmental 457(b) deferred compensation plan (457 plan) is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax dollars through a voluntary salary contribution. Contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are subject to ordinary income tax.

## Eligibility Requirements

You are eligible to enroll immediately following your date of hire.

Eligible employees may enroll the first day of each month.

## Enrollment

You may enroll by completing an enrollment form and returning it to your Plan administrator.

## 2015 Contribution Limits

- Combined maximum limit of 100% (\$1 per pay period minimum) of your compensation or \$18,000, whichever is less for all retirement contributions.
- "Standard" Catch-Up allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit—\$36,000). The amount that you may be able to contribute under the Standard Catch-Up option will depend upon the amounts that you were able to contribute in previous years but did not.

Participants turning age 50 or older in 2015 may contribute an additional \$6,000. Please note that you may not use the Standard Catch-Up provision and the Age 50+ Catch-Up provision in the same year.

## Before-Tax and Roth Contributions

The Roth option will give you the flexibility to designate all or part of your 457(b) elective deferrals as Roth contributions. All Roth contributions are made with after-tax dollars.

## 2015 Roth Contribution Limits

- Combined maximum limit of 100% (\$1 per pay period minimum) of your compensation or \$18,000, whichever is less for all retirement contributions.

Generally, the maximum contribution amount then may be indexed for inflation in subsequent years.

## Vesting Schedule

Vesting refers to the percentage of your account you are entitled to receive upon the occurrence of distributable events. Your contributions and any earnings are always 100% vested (including rollovers from previous employers).

## Investment Options<sup>1</sup>

A wide array of core investment options is available through your Plan. Each option is explained in further detail in your Plan's fund sheets. Once you have enrolled, investment option information is also available through the website at [www.cityofpasadena457.com](http://www.cityofpasadena457.com) or by calling KeyTalk<sup>®</sup> toll free at (800) 701-8255. The website and KeyTalk are available to you 24 hours a day, seven days a week.<sup>2</sup>

In addition to the core investment options, a Self-Directed Brokerage (SDB) account is available. The SDB account allows you to select from numerous investment options for additional fees. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

## Transfers and Allocation Changes

Use your Personal Identification Number<sup>3</sup> (PIN) and Username to access the website, or you can use your Social Security number and PIN to access KeyTalk. You can move all or a portion of your existing balances among investment options (subject to Plan rules) and change how your payroll contributions are invested.<sup>2</sup>

## Rollovers

Only Plan administrator approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the Plan. Certain rollover amounts that are distributed prior to age 59 ½ from the Plan may be subject to the 10% early withdrawal federal tax penalty.

## Withdrawals

Qualifying distribution events are as follows:

- Retirement
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Attainment of age 70½ (if allowed by government Plan's provisions)
- Death (your beneficiary receives your benefits)
- Unforeseeable emergency (as defined by the Internal Revenue Code and if allowed by your Plan's provisions)
- Transfer to purchase service credit

Each distribution is subject to ordinary income tax except for an in-service transfer to purchase service credit.

## Plan Fees

### Recordkeeping or Administrative Fees:

The plan administrative fee is 0.10%, assessed at 0.025% quarterly.

### Distribution Fees:

There are no Plan distribution fees.

### Investment Option Fees:

Each investment option has its own operating expenses. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading of securities within the investment options and other management expenses.

Funds may impose redemption fees and/or transfer restrictions if assets are held for less than the published holding period. Asset allocation funds are generally subject to a fund operating expense at the fund level, as well as prorated fund operating expenses of each underlying fund in which they invest. For more information, please refer to the fund prospectus and/or disclosure document. Funds are subject to the risks of the underlying funds.

There may be a recordkeeping or administrative fee for investing in certain investment options. Please contact your Empower Retirement representative for more information about any potential investment option fees.

The Great-West SecureFoundation® Guarantee Benefit Fee is in addition to the fees and expenses of the Plan. For more important information regarding Great-West SecureFoundation, including product specifics and fees, refer to the Great-West SecureFoundation Summary Disclosure Statement attached to the Enrollment Form and also located on your Plan's website.

There are additional quarterly fees and/or transaction fees to participate in the SDB option. Please see your Plan's website for more information.

## Loans

Your Plan allows you to borrow the lesser of \$50,000 or 50% of your total vested account balance. The minimum loan amount is \$1,000.00, and you have up to five years to repay your loan—up to 15 years if the money is used to purchase your primary residence. There is a \$50 origination fee for each loan that is deducted from the loan proceeds, plus an ongoing annual \$25 fee, deducted quarterly from your account at \$6.25. You may have one outstanding loan at a time.

## How Can I Get More Information?

Visit the website at [www.cityofpasadena457.com](http://www.cityofpasadena457.com) or call KeyTalk toll free at (800) 701-8255 for more information. The website provides information regarding your Plan, as well as financial education information, financial calculators and other tools to help you manage your account.

1 All information contained on the website, in prospectuses, and in other investment option documents is offered in English. Please have this information translated for your understanding.

2 Access to KeyTalk® and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

3 The account owner is responsible for keeping the assigned PIN confidential. Please contact a client service representative immediately if you suspect any unauthorized use.

### Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

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