



Get to Know Your 401(a) Money Purchase Plan



A **MONEY PURCHASE PLAN** may be your primary source of retirement income or play a key supporting role. The more you know about how it works, the better you can plan for your retirement.

A Tax-Advantaged Retirement Plan

A **401(a) Money Purchase Plan** is a retirement savings plan and investment vehicle with tax advantages.

- Contributions are made to your account during your employment.
- Your account's value is based on those contributions and subsequent investment returns.
- Earnings are not subject to tax until withdrawn.
- You have significant control over:
 - how the money in the account is invested;
 - how funds are withdrawn following your separation from service; and
 - who receives any remaining assets upon your death.

Contributions

You and your employer contribute to your account each year based on a set formula, which is generally determined by your employer.

Ownership

Vesting determines your ownership of employer contributions.

- You are always vested (fully own) 100 percent for all contributions you make, as well as any associated earnings.
- Your ownership of employer contributions is typically based on a vesting schedule in which you have to work a certain number of years before being vested 100 percent.

Investment Control

You control all investment decisions, choosing from among the available options. You decide:

- how contributions are invested; and
- how to manage your investments on an ongoing basis.



Access to Your Money

When you leave your employer, you can withdraw vested assets, regardless of the reason and your years of service.

Under certain conditions, based on your employer's plan rules, withdrawals may also be allowed while you're still working.

You have the following flexible withdrawal options for vested assets:

- Your entire balance
- Periodic, partial withdrawals as you see fit
- Installment payments of a certain dollar amount and frequency, such as monthly or quarterly; scheduled withdrawals can be changed at any time.
- Lifetime income payments

After you reach age 70½ or separate from service, whichever is later, you will be required to withdraw at least a minimum amount from your account each year, per IRS rules.

If plan rules allow, you may also borrow against your vested assets through a loan, subject to IRS rules.

Note: Unlike with 457 plans, withdrawals prior to age 59½ are subject to the IRS 10 percent penalty tax unless an exception, such as separation from service in the year you turn age 55 or later, applies.

Portability

After leaving your employer, vested assets can also be transferred — or rolled over — to another eligible retirement plan without being taxed.

A wide range of investment options is available to help you build a diversified portfolio. And ICMA-RC can help you make your investment decisions through **Guided Pathways®** at www.icmarc.org/guidedpathways.

Survivor Benefits

You designate a beneficiary, or beneficiaries, to receive any remaining assets upon your death.

- Most plans require that if you are married, your spouse is automatically your beneficiary for 100 percent of your account unless your spouse waives this right.
- If you are single and don't designate beneficiaries, your estate is the default beneficiary, in which case:
 - assets may not be distributed per your wishes;
 - assets are subject to probate costs, potential delays, creditor claims; and
 - non-spouse heirs may receive fewer tax benefits.

Beneficiaries control investment decisions, receive the most flexible withdrawal options allowed by law, and are not subject to any additional fees.

We Build Retirement Security

Founded in 1972, ICMA-RC is a non-profit independent financial services corporation focused on providing retirement plans and related services for more than a million public sector participant accounts and approximately 9,000 retirement plans. Our mission is to help build retirement security for public employees. We deliver on our mission by focusing on service, quality and value.

For assistance with your 401(a) plan and your overall retirement goals,
contact your ICMA-RC representative.

To manage your account online, log into **Account Access** at www.icmarc.org

You may also obtain general information on our website at:

www.icmarc.org/401a or www.icmarc.org/learn



ICMA RETIREMENT CORPORATION
777 NORTH CAPITOL STREET, NE | WASHINGTON, DC 20002-4240
800-669-7400
PARA ASISTENCIA EN ESPAÑOL LLAME AL 800-669-8216
WWW.ICMARC.ORG
BRC000-000-15860-1212-6124-51