

Distributions



County of San Diego Deferred Compensation Program

Frequently asked questions about distributions

Can I withdraw my funds before I retire?*

Because your 457 pre-tax and 401(a) funds receive the benefit of tax-deferred status, there are limits to when you can withdraw them without penalty. If you have a documented financial hardship you may be eligible to withdraw funds if you satisfy the criteria for an unforeseeable emergency distribution. The 401(a) has a loan provision which allows you to borrow from your account. Loans are repaid through an after-tax payroll deduction, and you may only have one loan outstanding at any time. If you have transferred funds from other eligible retirement plans into your 457 plan, you may withdraw these funds at any time. A penalty may be assessed for withdrawal of these funds.

Are there any penalties when I withdraw my money after I leave my job?*

There are no penalties in the pre-tax and Roth 457(b) account(s). For 401(a) withdrawals, if you separate from service under the age of 55, all withdrawals until you are age 59½ will be subject to a 10% penalty in addition to ordinary income taxes. Employees who separate over the age of 55 will not have penalties on any money withdrawn.

For the Roth 457, qualified distributions are not subject to federal income tax. A qualified distribution is met if the Roth 457(b) account has been in existence for a five-year period (which begins January 1 of the year you first make a Roth 457(b) contribution into the plan) and if you have separated from service and are age 59½, become disabled, or pass away.

Will I have to pay taxes on the funds I withdraw?*

When you withdraw your funds or start to receive distributions from your pre-tax 457 and 401(a) assets, they are considered taxable income. This means a distribution will generally be includible in your income for the year in which you take a distribution, and you will need to complete federal and state income tax withholding forms for the year the withdrawal/distributions are made.

When I retire or leave my job, what are my options?*

If you sever from employment, contact your Nationwide Retirement Specialist to discuss the options available to you. These options include:

- Leaving your money where it is
- Taking a lump sum
- Taking a partial lump sum
- Making systematic withdrawals
- Rolling your money into another plan or into an IRA

Do I have to withdraw my money right away when I retire?*

No, if you are not ready to take any portion of your account now, you can leave it invested where it has the potential to continue to grow.

When must I begin withdrawing my money?*

You must begin taking a required minimum distribution, as defined by the Internal Revenue Service, no later than April 1st of the year following the year you turn 72 or separate from employment, whichever is later.

* As opposed to the withdrawal of earnings on pre-tax contributions, the earnings on designated Roth contributions are generally not subject to future taxes as long as the distribution from the Roth account satisfies the requirements to be a "qualified distribution." Qualified distributions cannot be made within five years of the first designated Roth contribution to this plan and must be made on or after the attainment of age 59½, on or after the participant's death, or due to the participant's disability. If the participant previously established a designated Roth account in another plan and is able to roll the funds from this plan to the other plan, the five-year period would begin to run from the date of the first contribution to the first designated Roth account. A nonqualified Roth distribution may result in a 10% early withdrawal penalty on the portion of the distribution includible in gross income if made from rollovers to this plan from a qualified plan or a 403(b) plan, and no statutory exceptions apply. Designated Roth contributions (as opposed to earnings on those contributions) are generally not subject to income tax or penalties.

Nationwide and its representatives do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions.

How soon do I need to notify someone so my distributions can start?

If you are planning to stop working, contact a Nationwide Representative as soon as possible to receive assistance in planning your distributions.

How do I receive my distribution?

You can either receive it as a direct deposit into a savings or checking account or as a paper check through the mail. If you choose direct deposit, you will receive your initial payments through the mail until your account is set up and your bank account information is confirmed.

Can I change how often I receive my distribution?

Under the plan's systematic withdrawal options, if you decide you want to change the frequency or amount of your payments, simply fill out a new Benefit Payment Election form with your preferred payment schedule. *Important: If you elect an annuity payout option, other restrictions apply.*

This document was created to help educate participants about the County of San Diego Deferred Compensation Plan and is intended only to provide a general summary of the Plan and its features. In the event there are any inconsistencies between this document and the Plan Document, the Plan Document will govern.



For more information or to answer your questions, call the Deferred Compensation Program office at **1-619-764-6577**.



Investing involves risk, including possible loss of principal.

Qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. 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.

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