

I'M RETIRING

Everything you need to know about the MO Deferred Comp Plan when nearing and in retirement



Key Plan Features

THE BASICS

- Your income in retirement will come from three primary sources: your defined benefit pension, Social Security, and personal savings.
- Deferred comp is one of the **lowest-cost plans in the nation!**
- You have the opportunity to contribute to deferred comp and receive the state match until you retire.
- You can withdraw your 457 contributory source funds, **penalty free**, after you leave state employment.
- Enjoy easy and flexible withdrawals in retirement.
- You have access to the plan's financial education professionals before and during retirement.

PLAN COSTS

- **Administration:** \$1.75 a month, plus 0.08% of assets
- **Investment Management:** 0.08% to 0.21%



You may roll money into deferred comp from a qualified retirement plan, 457(b), 401(a), 401(k), 403(b), traditional IRA, and BackDROP. Roth IRA assets cannot be rolled into a 457(b) plan.

UNDERSTANDING YOUR ACCOUNT

Your money in MO Deferred Comp may exist in **two separate accounts** with **two separate sources**.

1 457 Account

1. Contributory Source Funds

- Payroll contributions (pretax and/or Roth)
- Annual leave payout

2. Rollover Source Funds

- Rollovers from 457(b), 401(a), 401(k), 403(b), and traditional IRA plans, as well as BackDROP, **on/after January 1, 2020**

2 401 Account

1. Employer Source Funds

- State match

2. Rollover Source Funds

- Rollovers from 401(a), 401(k), 403(b), and traditional IRA plans, as well as BackDROP, **prior to January 1, 2020**

PURCHASING PRIOR SERVICE

Your deferred comp money is available to purchase service (including military). Roth 457 assets cannot be used to purchase service credit. Contact MOSERS or MPERS to determine eligibility and for a cost estimate.

Saving During the Remainder of Your Career

2025 IRS Annual Contribution Limits

Maximum Deferral – Under Age 50	\$23,500
Age 50 and Over Catch-Up	\$31,000
Age 60-63 Catch-Up	\$34,750
Pre-Retirement Catch-Up	\$47,000

THE STATE MATCH

If you contribute **at least \$25 a month** to your deferred comp account, the **state of Missouri** will match your contributions dollar for dollar up to a **maximum of \$75 each month**. The matching incentive is subject to annual approval of the state's budget. *College and university employees are not eligible.*

ADDITIONAL INFORMATION

- You can contribute any unused annual leave pay at retirement into your MO Deferred Comp 457 account.
- If your agency allows it, you can contribute your comp time pay to your deferred comp account at any point in your career.



You do **NOT** need to be a current deferred comp participant to roll your BackDROP into the MO Deferred Comp Plan. BackDROP funds will be deposited the last business day of the month you retire.

Withdrawing Your Savings

Withdrawals can be made once notification of your termination or retirement date is received. This occurs via your agency's payroll system 2-3 weeks after your last day of employment. **You can choose to receive your money via paper check or direct deposit. You can request a withdrawal by calling 800-392-0925, option 1, or by visiting moderredcomp.org and logging in to your account.** If you do not wish to make a withdrawal upon retirement, no action is required on your part.

WITHDRAWAL OPTIONS

1. **Lump-Sum Withdrawals**
2. **Partial Withdrawals**
3. **Reoccurring Installment Payments**
 - Monthly, quarterly, semiannually, or annually
 - Can be scheduled on the 1st or 15th of the month
 - Take additional withdrawals without interruption
4. **Rollovers Out of the Plan**



Per IRS rules, if you return to state employment for any reason, you will not be able to withdraw your 457 contributory and 401 employer source funds. You can make withdrawals from a rollover source; however, the withdrawal may be subject to a 10% penalty depending on the type of rollover and your age.

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

Once you reach age 73¹ and are no longer an active state employee, the IRS requires you to withdraw a required minimum distribution from your tax-deferred retirement savings accounts each year. Roth assets are excluded from RMDs.

- You have until April 1 of the year following the calendar year you turn age 73¹ to take your first RMD. In the following years, the deadline is Dec. 31.
- **RMDs cannot be rolled over.**
- The penalty for not taking a RMD is 25% of the amount not taken.³
- **Deferred comp will automatically send you your RMD each year.**

RMD CALCULATION EXAMPLE

- Age 73 in 2025
- 12/31/24 balance \$50,000
- $50,000 \div 26.5 = \$1,886.79$ payment

IRS Uniform Lifetime Table III²

Age	Distribution Period
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2

¹The Secure 2.0 Act was signed into law by the president on Dec. 29, 2022, and raised the required minimum distribution age to 73.

²www.irs.gov

WITHDRAWAL PENALTIES

You can withdraw your 457 contributory source funds, **penalty free**, after you leave state employment. However, a **10% penalty applies to money withdrawn before age 59 ½** from your employer and rollover source funds, unless an IRS exception³ is met.



Consider consulting with a tax advisor if you are withdrawing "rollover" source funds and under age 59 ½.

³Exceptions include if you end state employment during or after the calendar year you turn age 55; Public Safety Officer Exemption at age 50 OR with at least 25 years of service; payments that qualify as substantially equal periodic payments, disability, and death.

TAXES

Pretax assets are taxed as ordinary income in the tax year the distribution was taken. Missouri state taxes can be withheld upon request. The IRS requires an immediate 20% federal withholding from all withdrawals, except for direct rollovers, unforeseen emergencies, RMDs, and regular payments exceeding 10 years.

Roth withdrawals are tax free if you are separated from employment, five years have passed since January 1 of the year of your first Roth contribution, AND you are at least age 59 ½. There can be exceptions for disability or death.

If you withdraw money from your MO Deferred Comp account for any reason, **you will receive a 1099-R form from the plan by the last business day of January.**

You have access to the plan's financial education professionals before and during retirement. To schedule a meeting with your local financial education professional, visit moderredcomp.org and click on the **Event Registration** button at the top of the page or visit the **Financial Education Professional** page to find your local rep's contact information.