

# 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 retirement income may come from three sources: pension, Social Security, and personal savings.
- Deferred comp is one of the **lowest-cost plans in the nation!**
- You can keep contributing and earning the state match until you retire.
- You can withdraw 457 contributory funds **penalty-free** after leaving state employment.
- Enjoy simple, flexible withdrawal options in retirement.
- You have access to the plan's financial education team before and during retirement.

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.

### PLAN COSTS

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

### UNDERSTANDING YOUR ACCOUNT

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

#### 1. 457 Plan

##### a.) Contributory Source Funds

- Payroll contributions (pre-tax and Roth)
- Annual leave payout

##### b.) 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. Incentive (401) Plan

##### a.) Employer Source Funds

- State match

##### b.) 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 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

### 2026 IRS Annual Contribution Limits

|                                 |          |
|---------------------------------|----------|
| Maximum Deferral — Under Age 50 | \$24,500 |
| Age 50 and Over Catch-Up        | \$32,500 |
| Age 60-63 Catch-Up              | \$35,250 |
| Pre-Retirement Catch-Up         | \$49,000 |

Starting in 2026, the IRS is requiring employees with 2025 wages over \$150,000 to make age-based catch-up contributions—both the Age 50 and Over and the Age 60-63 Catch-Up—to a Roth account.

### THE STATE MATCH

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

### ADDITIONAL INFORMATION

- You can **contribute unused annual leave pay** at retirement to your MO Deferred Comp 457 account.
- If your agency allows it, you can **contribute comp time pay** at any time during your career.
- You do not need to be a current deferred comp participant to roll your BackDROP into the plan. BackDROP funds will be deposited the last business day of the month you retire.

# Withdrawing Your Savings

You can request a withdrawal **30 days after your termination date**, once your agency has reported that date to the plan. You may choose to receive your money by paper check or direct deposit. Please note that direct deposit information must be on file for **at least seven days** before it can be used; you can add or update this information at any time through your online account. To request a withdrawal, call 800-392-0925 or visit [moderredcomp.org](https://moderredcomp.org) and log in to your account. If you do not wish to make a withdrawal upon retirement, no action is required.

## WITHDRAWAL OPTIONS

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

**Under IRS rules, if you return to state employment, you can't withdraw your 457 contributory or 401 employer funds. You may withdraw rollover funds, but a 10% penalty could apply depending on the rollover type and your age.**

## WITHDRAWAL PENALTIES

You can withdraw your 457 contributory funds **penalty-free** once 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 exception<sup>1</sup> applies. Consider consulting a tax advisor if you plan to withdraw rollover funds before age 59½.

<sup>1</sup> Exceptions 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

**Pre-tax withdrawals are taxed as ordinary income in the year taken.** Missouri state taxes can be withheld upon request. The IRS requires 20% federal withholding on all withdrawals, except for direct rollovers, unforeseen emergencies, RMDs, and regular payments over 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.**

## REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

Once you reach age 73<sup>2</sup> and are no longer an active state employee, the IRS requires an annual required minimum distribution (RMD) from your tax-deferred accounts. Roth assets are excluded from RMDs.

- You have until April 1 of the year following the calendar year you turn age 73<sup>2</sup> to take your first RMD; subsequent RMDs are due December 31.
- **RMDs cannot be rolled over.**
- The penalty for not taking a RMD is 25% of the amount not taken.<sup>3</sup>
- **Deferred comp will automatically send you your RMD each year.**

## RMD CALCULATION EXAMPLE

- Age 73 in 2026
- 12/31/25 balance \$50,000
- $50,000 \div 26.5 = \$1,886.79$  payment

### IRS Uniform Lifetime Table III<sup>3</sup>

| 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                |

<sup>2</sup> The Secure 2.0 Act was signed into law by the president on December 29, 2022, and raised the required minimum distribution age to 73.

<sup>3</sup> [www.irs.gov](https://www.irs.gov)

**You have access to the plan's financial education professionals before and during retirement.** To schedule a meeting, [visit moderredcomp.org](https://moderredcomp.org), click **Event Registration**, or use the **Financial Education Professional** page to contact your local representative.