

State of New Hampshire 457(b) Public Employees Deferred Compensation Plan Features and Highlights



The State of New Hampshire 457(b) Public Employees Deferred Compensation Plan (NHDCP) is a powerful tool to help you reach your retirement dreams. As a supplement to your New Hampshire Retirement System benefits and any other retirement plans or savings that you may have, this voluntary Plan allows you to save and invest extra money for retirement on a before-tax and after-tax basis.

In addition to having a choice of before-tax or after-tax contributions through the Plan, you may build extra savings consistently and automatically, select from a variety of investment options and learn more about saving and investing for your financial future. Read these highlights to learn more about your Plan and how simple it is to enroll.

Getting started

What is a 457(b) deferred compensation plan?

A governmental 457(b) deferred compensation 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 Contributions and any earnings on contributions are tax-deferred until money is withdrawn.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 usually taken during retirement, when many participants are typically receiving less income and may be in a lower income tax bracket than while working. Distributions may be subject to ordinary income tax. You also have the option to contribute to a Roth 457 account, which allows you to make after-tax contributions.

Why should I participate in the Plan?

You may want to participate if you are interested in saving and investing additional money for retirement and/or reducing the amount of current state and federal income tax you pay each year. Your NHDCP can be an excellent tool to help make your future more secure.

You may also qualify for the federal saver's credit by participating in this Plan. For more information about this tax credit, please contact your retirement plan advisor from Empower Retirement.

Is there any reason why I should not participate in the Plan?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt or do not have an adequate emergency fund (typically in an easy-to-access account).

What are the advantages of saving on a tax-deferred basis?

As your retirement account potentially grows, you do not pay taxes on any earnings on before-tax contributions until you begin to withdraw money. And with the added benefit of compounding, any potential earnings on all contributions are reinvested in your account, where they have the potential to grow even more since they are not being reduced by taxes each year.

What are the advantages of Roth savings?

Roth contributions are made with post-tax dollars, which means you won't pay taxes on a qualified distribution. You pay taxes on your Roth 457 contributions up front rather than deferring those taxes until you take a distribution.

How can I contribute to a Roth account within the NHDCP?

You can contribute to a Roth account within the NHDCP in two ways:

- Designate all or a portion of your paycheck contribution as Roth contributions on a Paycheck Contribution Election form either at enrollment or at any time after enrollment;
- Complete a Roth In-Plan Conversion form and designate all or a portion of your current pre-tax balance as Roth contributions.

There may be significant tax consequences in converting traditional after-tax contributions into Roth assets. Participants who have elected this conversion will receive an IRS Form 1099 to include with their annual tax return. Once an in-plan Roth conversion has been processed, it is irrevocable, and it cannot be changed.

As with any financial decision, you are encouraged to discuss moving money between accounts, including rollovers, with a financial advisor and to consider costs, risks, investment options and limitations prior to making account changes.

Who is eligible to enroll?

To enroll in the Plan, you must meet the following criteria:

- You must be employed full time or part time by the State or any political subdivision in New Hampshire.
- You must be age 18 or older.

How do I enroll?

Complete the appropriate enrollment forms, indicating the amount you wish to contribute, your investment option selection(s) and your beneficiary designation(s). Please return the form(s) to your Empower retirement plan advisor.

What are the contribution limits?

In 2020, the maximum contribution amount is 100% of your includible compensation or \$19,500, whichever is less.

Participants in the NHDCP have two different opportunities to catch up and contribute more during the final years of their career. Special catch-up allows participants in the three calendar years prior to normal retirement age to contribute more to the NHDCP (up to double the annual contribution limit — \$39,000 in 2020). The additional amount that you may be able to contribute under the special catch-up option will depend upon the amounts that you were eligible to contribute in previous years but did not.

Also, participants turning age 50 or older in 2020 may make an age 50+ catch-up contribution to the Plan, which allows participants to contribute an additional \$6,500 each year. You may not use the special catch-up provision and the age 50+ catch-up provision in the same calendar year.

What are my investment options?

A wide array of core investment options is available through your NHDCP. Each option is explained in further detail in your Plan's fund data sheets. Investment option information is also available at www.NHDCP.com and via the voice response system, toll free, at **877-457-3535**. The website and the voice response system are available to you 24 hours a day, seven days a week.

In addition to the core investment options, a self-directed brokerage account (SDBA) is available through TD Ameritrade. The SDBA allows you to select from more than 1,000 mutual funds outside of the Plan, including exchange-traded funds (ETFs) and any stock traded on the major American exchanges, for an additional annual administrative fee of \$50 per person, deducted from your account at \$12.50 quarterly (plus any additional trading and transaction fees). The NHDCP mandates a \$5,000 minimum balance in a participant's account to utilize the SDBA, with a minimum initial transfer of \$2,000, and a core balance requirement of \$5,000 or 50% of a participant's account balance, whichever is greater. These securities are not offered through GWFS Equities, Inc. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

Managing your account

How do I keep track of my account?

Empower will mail you a quarterly account statement showing your account balance and activity. You can also check your account balance and move money among investment options at www.NHDCP.com or by calling the voice response system at 877-457-3535.

You will receive a separate statement from your SDBA provider that will detail the investment holdings and activity within your SDBA, including any fees and charges imposed in connection with the SDBA.

How do I make investment option changes?

Log in to the website or use your Social Security number and personal identification number (PIN) to access the voice response system.² 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.

How do I make contribution changes?

Fill out a Paycheck Contribution Election form at www.NHDCP.com or obtain one from your Empower retirement plan advisor.

Rollovers

May I roll over my account from my former employer's plan?

Yes, but only approved balances from a 401(a), 401(k), 403(b) or eligible governmental 457(b) plan or an individual retirement arrangement (IRA) may be rolled over to the Plan. Neither the NHDCP nor Empower assesses any fees to roll over your account into the NHDCP. You may also transfer a prior employer-sponsored Roth account into your Roth 457 account in the NHDCP.¹

May I roll over my Roth IRA to the Roth 457 account?

No, you cannot roll a Roth IRA into any other type of retirement plan account.

May I roll over my account if I leave employment with my current employer?

If you sever employment with your current employer, you may roll over your traditional 457 account balance to another 401(a), 401(k), 403(b) or eligible governmental 457(b) plan if your new employer's plan accepts such rollovers. You may also roll over your account balance to an IRA. You also have the option of rolling over your Roth 457 account to a Roth IRA or to a 457(b), 401(k) or 403(b) plan that has a designated Roth account and accepts Roth rollovers. Please keep in mind that if you roll over your NHDCP balance to a 401(k), 403(b) or 401(a) plan or an IRA, distributions taken before age 59½ may also be subject to the 10% early withdrawal federal tax penalty. Please contact your Empower retirement plan advisor for more information.²

You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options.

Vesting

When am I vested in the NHDCP?

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

Distributions

When can I receive a distribution from my before-tax account?

Qualifying distribution events are as follows:

- Retirement
- Unforeseeable emergency (as defined by the Internal Revenue Code)
- Severance of employment (as defined by Internal Revenue Code provisions)
- Attainment of age 70½
- Death (upon which your beneficiary receives your benefits)
- Transfer to purchase service credit (within limits as stipulated by the New Hampshire Retirement System guidelines)

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

When can I receive a distribution from my Roth account tax-free?

Your Roth distributions are income tax-free and penalty-free if you withdraw your Roth contributions and any earnings after you have reached a qualifying event, have held the account for at least five taxable years and meet one of the following:

- You've separated from service AND are at least 59½.
- You become disabled.
- You die (after which your beneficiary(ies) will take the withdrawal).

What are my distribution options?

- Leave the value of your account in the Plan until a future date.
- Receive:
 - Periodic payments.
 - Fixed annuity payments.
 - A partial lump sum with remainder paid as periodic payments or annuity payments.
 - A lump sum.
- Roll over your account balance to a 401(a), 401(k), 403(b) or eligible governmental 457(b) plan or to an IRA.

Retiree notice: If you work full time for the State of New Hampshire or a county, city or town that participates in the NHDCP, retire and then return to work part time, you are not entitled to receive a distribution as long as you remain working. The only exceptions would be the attainment of age 70½ or an unforeseen emergency withdrawal. Depending on your employment status, you may also be eligible for a loan from your Plan account.

What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact an Empower retirement plan advisor to request a distribution.

Fees

Are there any recordkeeping or administrative fees to participate in the NHDCP?

The annual administrative fee leveled on all funds is 0.216%, prorated and charged monthly. This equates to an annual charge of \$21.60 per \$10,000, assessed monthly at \$1.80. This administrative fee pays for the cost of recordkeeping by Empower Retirement and NHDCP costs.

By law, the NHDCP does not have any financial support from the State of New Hampshire or any participating local employers; the cost of all services must be supported by Plan participant accounts.

A more detailed explanation of the administrative fee and what it pays for is available on the Plan website at www.NHDCP.com > *Plan Resources* > *Plan financial information*.

Are there any fees for the investment options?

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading individual securities in the underlying investment options and other management expenses.

Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing. For prospectuses related to investments in your self-directed brokerage account, contact your SDBA provider. Read them carefully before investing.

Funds may impose redemption fees on certain transfers, redemptions or exchanges. There are additional quarterly fees and/or transaction fees to participate in the SDBA option. Please contact your Empower retirement plan advisor 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.³

Are there any distribution fees?

There are no Plan distribution fees.

Loans

May I take a loan from my account?

Yes, you may borrow from your Plan account. Your Plan allows you to borrow up to 50% of your total account balance or \$50,000, whichever is less. The minimum loan amount is \$1,000, and you have up to five years to repay your loan. There is a one-time origination fee of \$50 deducted from the loan check plus a quarterly maintenance fee of \$6.25 charged to your account. **Please note:** *You must be currently employed and have a minimum account balance of \$2,000 in order to request a loan from your NHDCP account.*

Taxes

How do traditional 457 contributions affect my taxes?

Because your traditional 457 contributions are taken out of your paycheck before taxes are calculated, you pay less in current income tax. You do not report any current earnings or losses on your account on your current income tax return, either. Your account is tax deferred until you withdraw money, usually during retirement.

Before-tax distributions from the Plan are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary(ies).

How do Roth 457 after-tax contributions affect my take-home pay?

Roth 457 contributions reduce your take-home pay more than traditional 457 contributions because you pay taxes on your Roth 457 contributions up front rather than deferring those taxes until you take a distribution.

You will not owe any additional income tax if you withdraw your Roth contributions and any earnings after a five-year taxable period and as long as the withdrawal is one of the following:

- Made on or after the date you attain age 59½
- Made after your death (your beneficiary will receive your account)
- Attributable to your being disabled

If a distribution is made from your Roth 457 account before you reach age 59½ and is not due to death or disability or is made before five taxable years (beginning on the first day of the tax year when you made your first Roth contribution), you will pay income taxes on any earnings that are distributed. Otherwise, there is no income or penalty tax due on the Roth contributions distributed from the Plan because they were made with after-tax dollars. It's important to remember that you must have a distribution event before you can take a withdrawal of your Roth 457 account.

Investment assistance

Can I get help with my investment decisions?

Employees of the State of New Hampshire cannot give investment advice. There are financial calculators and tools on the website that can help you determine which investment options might be best for you if you would like to construct your Plan account yourself, or you can speak with an NHDCP retirement plan advisor at **603-224-7701**.

How can I get help choosing my investment options?

Your Plan offers access to two levels of investment advisory services called Empower Retirement Advisory Services, offered by Advised Assets Group, LLC, a registered investment adviser. You can have AAG manage your retirement account for you through My Total Retirement™. Or if you prefer to manage your retirement account on your own, you can use Online Advice. Each of these services provides a personalized retirement strategy based on your investment goals, time horizon and tolerance for risk. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

For more detailed information, log on to www.NHDCP.com (click on *My Accounts > Guidance*) or call the voice response system at **877-457-3535** to speak to an AAG investment adviser representative.

What fees do I pay to participate in Advisory Services?

Online Advice is available at no additional cost to you. If you enroll in My Total Retirement, the annual fee is assessed to your account in quarterly installments based on a percentage of your account balance, as follows:

Participant account balance	Annual My Total Retirement fee
Up to \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

For example, if your account balance is \$50,000, the maximum annual fee will be 0.45% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to an annual maximum fee of 0.45%; the next \$150,000 will be subject to a maximum annual fee of 0.35%; the next \$150,000 will be subject to a maximum annual fee of 0.25%; and any amounts over \$400,000 will be subject to a maximum annual fee of 0.15%.

How do I get more information?

Visit www.NHDCP.com for more information or call the voice response system toll free at **877-457-3535** to speak with a customer service representative. The website provides information regarding your Plan and financial education as well as financial calculators and other tools to help you manage your account.

To make an appointment to speak with your local Empower retirement plan advisor, contact them at:

2 Capital Plaza
3rd Floor, Suite 307
Concord, NH 03301
603-224-7701

If there are any discrepancies between this document and the Plan Document or Summary Plan Description, the Plan Document and/or Summary Plan Description will govern.

- 1 Transfer requests received on business days prior to close of the New York Stock Exchange (4 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.
- 2 Money from other types of plans or accounts that are rolled over into a governmental 457 plan may still be subject to the 10% federal early withdrawal penalty upon distribution from the 457 account prior to the investor reaching age 59½.
- 3 The guarantee benefit fee is paid for through the sale of shares/units of the applicable Great-West SecureFoundation covered fund, which reduces the covered fund value and is deducted quarterly. GWL&A, or GWL&A of NY as applicable, reserves the right to change the guarantee benefit fee upon 30 days' written notice. The amount of the annualized guarantee benefit fee will not be higher than 1.5% or lower than 0.7% of your covered fund value. The dollar amount of this fee will fluctuate depending upon your covered fund value.

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Variable annuities are long-term investments and may not be suitable for all investors. Any withdrawals of earnings prior to age 59½ may be subject to income tax and a 10% penalty. An investment in variable annuity is subject to fluctuating values of the underlying investment options, including the possible loss of principal.

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