

# WITHDRAWALS

The primary purpose of your PERSI Choice 401(k) account is saving for retirement. That means waiting until you have retired or terminated employment to take a withdrawal.

However, the PERSI Choice 401(k) Plan has various withdrawal options that may help you meet your financial needs during your employment:

- **LOAN** – A loan (up to 50% of the available account balance, minimum of \$1,000 maximum of \$50,000) may allow you to access a portion of your account's available balance during your employment. To find out more details and to discuss if a loan option may be right for you, call Empower and speak to a representative at **866-437-3774**.
- **TRANSFER** – You may transfer funds from your PERSI Choice 401(k) Plan account to the PERSI Base Plan while you're still working to buy back Base Plan separation benefits, waiting periods or delinquent contributions.
- **WITHDRAWAL** – The PERSI Choice 401(k) Plan offers multiple in-service withdrawal options for qualified members. If you are at least age 70½, you may request a withdrawal of any contribution source (excluding any gain sharing contributions) while you are actively employed without penalty. A withdrawal of any rollover contributions from your account can be made for any reason. However, unless the funds are rolled over into an eligible retirement account, they will be subject to an early distribution penalty (if you are under age 59½) and the mandated federal income tax withholding.
- **HARDSHIP WITHDRAWAL** – A hardship withdrawal may only be taken for certain immediate and significant financial needs as determined by IRS regulations. In addition, funds from a hardship withdrawal will be subject to normal income taxes and an early distribution penalty if you are under age 59½.

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 investing.



## At a glance, with a PERSI Choice 401(k) Plan...

### LOAN:

- You don't pay taxes if repayments stay on schedule.
- Your PERSI Choice 401(k) Plan balance is reduced.
- You have to repay the loan, plus interest, or incur taxes and penalties.
- You can continue to contribute to the PERSI Choice 401(k) Plan.

### WITHDRAWAL:

- Usually, you will have to pay taxes and may incur an IRS 10% penalty for withdrawals prior to age 59½.
- You cannot repay it.
- Your PERSI Choice 401(k) Plan balance is permanently reduced.
- Certain withdrawals cause a six-month suspension of contributions.

### TRANSFERS

- You may transfer funds from your PERSI Choice 401(k) Plan account to the PERSI Base Plan while you're still working to repay Base Plan separation benefits, waiting periods, or delinquent contributions.

Keeping your money in the PERSI Choice 401(k) Plan may provide you with better retirement opportunities than other investment products. You still have options available for the funds remaining in your plan after you no longer work for a PERSI employer.

YOU DO NOT HAVE TO DO ANYTHING with your PERSI Choice 401(k) Plan account. You can leave it right where it is, as long as you maintain the minimum \$1,000 required balance.

## WHEN YOU'RE READY TO RETIRE OR END EMPLOYMENT, YOU CAN:

- Take advantage of the opportunity to consolidate your retirement accounts and possibly save on fees! Roll over contributions from another qualified retirement savings plan or pre-tax IRA into your PERSI Choice 401(k) Plan account.
- Roll over to an eligible retirement plan — 401(a), 401(k), 403(b), 457 or a traditional or Roth IRA. 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 investing.
- Receive periodic installment payments if your account balance is at least \$5,000 and you are over age 50 when you request the distribution.
- You may convert all or part of your PERSI Choice 401(k) Plan account to purchase credited service under the PERSI Base Plan. You can purchase up to 48 months of credited service. Call PERSI for more information.
- Receive a lump sum (part or all of your account) paid directly to you (this option may result in mandatory 20% federal tax withholding and may result in a 10% early distribution penalty if you are under age 59½). The IRS has exceptions to its 10% penalty, including the two described below:
  - Exception from early withdrawal penalty for public safety officers between the ages of 50 and 59½. — If you are a public safety employee who separated from employment in or after the year in which you reach age 50, you are permitted to take a withdrawal from your governmental defined contribution plan without incurring the 10% early withdrawal tax penalty. For purposes of this exception, you cannot separate from employment before you reach age 50, even if you wait until age 50 to take a withdrawal.
  - The **IRS Rule of 55** allows an employee who has ended employment with a PERSI employer between the ages of 55 and 59½ to pull money out of his 401(k) or 403(b) plan without penalty. This applies to workers who leave their jobs anytime during or after the year of their 55th birthdays.

For more information on these exceptions, please refer to IRS.gov or speak to your tax advisor.

- Utilize any combination of these options.

Once your money is depleted, your account will be closed.

## WITHDRAWAL Q&A:

### WHAT ABOUT MY INVESTMENTS?

Your account continues to be invested the same as it was before your termination. To change the investment allocation of your future contributions, or to redistribute your existing funds to a different investment allocation, link to your PERSI Choice Plan account from your myPERSI account at [www.persi.idaho.gov](http://www.persi.idaho.gov) and select *CHOICE 401K PLAN*. You can also log in to your account directly through the website, [www.mypersi401k.com](http://www.mypersi401k.com), or call Empower Customer Service at **866-437-3774**. Keep in mind, your plan counselors are here to assist you as long as you have a balance in the PERSI Choice 401(k) Plan.

### WHAT IF I HAVE AN OUTSTANDING LOAN?

If you currently have an outstanding loan balance and do not pay the amount in full, your loan will be considered in default if no payment is made by the end of the quarter after the previous quarter when a payment was due but not made, unless you complete the Loan Offset for Account Reduction Loans Form. In most cases, unless you repay your loan in full, you will have to pay taxes on the amount of your outstanding loan balance. You may also have to pay an additional 10% excise tax and state or local income tax on this amount. More information on the tax consequences of your distribution is contained in the enclosed Special Tax Notice. If you wish to pay off your loan, call Empower at **866-437-3774** to speak with a Customer Service Representative. They are available Monday through Friday, except holidays, from 6 a.m. to 8 p.m. and Saturday from 7 a.m. to 3:30 p.m. Mountain time.

### WILL I EVER BE FORCED TO WITHDRAW FUNDS FROM MY ACCOUNT?

The IRS requires you to begin receiving minimum distributions once you reach age 70½ and terminate employment. If you are age 70½, the elections you make regarding your payment may be impacted by the amount of the IRS-mandated required minimum distribution.



## Required Minimum Distributions (RMD)

Empower Retirement assists you in meeting your Internal Revenue Service (IRS)-mandated required minimum distribution (RMD) requirements on an annual basis. Empower will notify you the first year you're affected by the RMD rule. After that, RMD payments are automatically processed, either as instructed on the form completed by the member, or the default arrangement if no form is submitted. Terminated members who have not met their RMD requirements for the year receive a letter and form notifying them of their RMD requirements. Active members will receive a letter informing them of their options should they retire prior to the end of the year.

You can choose from several payment options to meet the RMD requirements. If you have a termination date on file and you meet the RMD age requirement, the Plan will force your RMD payment if you don't select a payment option. You can also log into your account to set up or request your RMD online.

For more information, visit [www.mypersi401k.com](http://www.mypersi401k.com) or call Empower Customer Service at **866-437-3774**. To contact a local plan counselor, visit [www.mypersi401k.com](http://www.mypersi401k.com) and select *Meet Your Plan Representatives*.



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