



## **Nevada Public Employees' FICA Alternative Deferred Compensation Plan**

### **Summary Plan Document**

This Summary Plan Document (SPD) explains the provisions, policies and rules that govern the Nevada Public Employees' FICA Alternative Deferred Compensation Plan (FICA Plan or the Plan). The FICA Plan document contains details of the provisions of the Plan. If a conflict exists between this SPD and the Plan document, the Plan document governs.

The FICA Plan is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). By virtue of participating in the Plan, you, as a FICA Alternative employee, are not subject to tax on compensation under the Old Age, Survivors and Disability Income portion of FICA. You will be subject to the Medicare portion of FICA.

#### **Eligibility**

As a part-time, seasonal, or temporary employee of the State of Nevada, Nevada System of Higher Education (NHSE) or a participating political subdivision, you are required to participate in the FICA Plan, if you were hired on or after January 1, 2004 (state government employees) or July 1, 2005 (NHSE employees). FICA is the Federal Insurance Contributions Act.

#### **Contributing to FICA**

As a FICA-Alternative employee, you must contribute 7.5% of your gross compensation per pay period to the Plan. Your contributions are made on a tax deferred basis. This means that your contributions are not subject to federal income tax at the time they are made. You will be taxed on the value of your contribution (including any earnings) when you receive a distribution of your benefits from the Plan.

Unless your status as a FICA employee changes, you may NOT stop or reduce mandatory contributions to the Plan. No additional contributions are permitted under the Plan.

#### **Where Your Money is Invested**

As required by OBRA, the Plan must limit its investment options to those that provide a stable rate of return and cannot be variable options. Your contributions are automatically invested in the Voya Fixed Account with an annual interest rate of 2.25% effective January 1, 2020, guaranteed through December 31, 2024. The Voya Fixed Account is offered under a group annuity contract issued by the NDC contracted recordkeeper, Voya Financial, and is backed upon the claims paying ability of Voya Retirement Insurance and Annuity Company.

#### **Withdrawing Money from Your Account**

You are able to withdrawal money from your account after you separate from service. The following section outlines the distribution options.

### **Distribution Options – When you separate from service**

When you permanently leave work with the State of Nevada, NSHE, or a participating employer for a variety of reasons, you may decide either to begin to receive payments or defer payments to a future date, but to an age not later than age 72. If you choose to defer payments, you will continue to accumulate earnings until benefits are paid to you.

There are three conditions under which benefit payments can be made to you:

- Reach the age of 72, if still working or separated from service;
- Separation of service, including regular retirement;
- Death.

### **To Begin Distribution**

To initiate a payout for any of these reasons, participants must contact the NDC contracted recordkeeper for the forms to complete. (Voya Financial: 1-855-467-3868) You may receive benefits under the eligible circumstances in a variety of ways.

1. You may take a one-time full withdrawal of your NDC account.
2. Establish a regular period payment of benefits to be paid monthly, quarterly, semi-annually or annually.
3. Take a partial withdrawal of your NDC account.
4. Defer receiving your benefits to a later date.

All distributions at termination are subject to payroll center deadlines. No distribution can be made until all payroll activity is complete, which can take 4 to 6 weeks after your termination date.

As long as there is a balance in your account, you may change your benefit payment option.

### **Taxes on Distributions**

The amount of federal and state income taxes (if applicable) that are withheld from benefit payments is dependent on which benefit payment option you select.

- Lump sum distributions and periodic payments of less than ten (10) years (except when this is a Required Minimum Distribution) are subject to a mandatory 20% federal income tax withholding.
- Period payments scheduled to continue ten (10) years or more, Required Minimum Distributions, and withdrawals for Unforeseen Emergencies are subject to 10% federal income tax withholding.

Distributions are reported annually on IRS form 1099R, which is sent in January following the calendar year in which the distribution was issued. You are encouraged to talk with your tax advisor before deciding to take your distribution.

### **Early Distribution Penalties**

Unlike other retirement plans, distribution from an IRC 457(b) plans, such as NDC, are **NOT** subject to any early withdrawal penalties, regardless of age.

### **Minimum Required Distributions**

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which they reach age 72, or
- The year in which they leave employment

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50% excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover and are calculated in accordance with Treasury Regulations.

### **Designation of Beneficiary**

You should designate a beneficiary to receive your money in the Plan in the event of your death. You may name more than one beneficiary and specify the percentage of the Plan balance that each beneficiary is to receive. A beneficiary may be a person, trust, or organization. You can update your beneficiary by contacting the NDC contracted recordkeeper, Voya Financial, at 1-855-467-3868 or through your Voya online user account by logging in at <https://nevada.beready2retire.com>.

### **Plan Fees**

The Plan's administrative expenses are funded by participant fees. All revenues, except recordkeeper revenues, are used to pay the Plan's administrative expenses.

Quarterly fee: Please note your account with the NDC contracted recordkeeper, Voya Financial, will be subject to a \$0.55 quarterly charge. This is for the administration of your plan account and will be deducted automatically. For a complete description, please refer to the fund prospectus or visit the NDC website.

The administrative costs for participating in NDC are competitive when compared to other public employer-sponsored deferred compensation plans throughout the country. The NDC Committee has and will continue to control Plan expenses and maximize value to participants.

### **Keeping Track of Your Account**

There are three primary ways to track your account information. First, you will receive an annual statement of your NDC account, mailed to your address of record. Each statement shows the contributions received during the period and how your plan account is performing. Second, you may call the NDC contracted recordkeeper's toll-free line (Voya Financial: 1-855-467-3868) to obtain Plan account information. You may also access your account information by setting up an online user account through the NDC contracted recordkeeper's website at <https://nevada.beready2retire.com>.

### **Additional Information**

For additional information, visit the NDC website <http://defcomp.nv.gov/>.