

WHAT IS THE DEFERRED COMPENSATION PROGRAM?

For School District Employees

The Washington State Deferred Compensation Program (DCP) is a 457(b) pre-tax salary deferral retirement savings plan.

ELIGIBILITY

All regularly scheduled School District employees (Part-time, Full-time, Classified & Certificated) may voluntarily choose to participate in the Deferred Compensation Program.

MAXIMUM DEFERRAL

For the year 2015 participants may contribute 100% of adjusted gross income up to \$18,000 per year. Minimum deferral is \$30 per month.

"CATCH-UP PROVISION"

Plan participants that are age 50 or older at any point during the plan year are eligible to make an additional "catch-up" contribution. For 2015 the allowed "catch-up" contribution may be as much as \$6,000. Such contributions to this plan directly reduce your current taxable income.

ACCOUNT MANAGEMENT

Accounts can be accessed and managed by logging on to the Web site or by calling the DCP Information Line at 1-888-327-5596 (TDD 1-877-847-6041). Account balances are updated each business day and available 24 hours a day, 7 days a week. Management of an account includes the transfer of account balances between the investment options, changing deferral amounts, changing investment elections, and account rebalancing. Deferrals can be suspended at any time by changing the contribution rate to "0".

LOANS

Loans from this plan are not available.

PENALTIES AT DISTRIBUTION

There is **NO** 10% penalty tax on a distribution at any age after separation from employment.

DISTRIBUTION AVAILABLE

Withdrawals allowed at separation from employment, death, or for a qualified unforeseeable financial hardship/emergency.

PURCHASE SERVICE CREDIT

Yes for **eligible** TRS, PERS, and SERS service credit. TRS members may also be able to purchase an annuity.

What is the difference between the Deferred Compensation Program and a Tax Sheltered Annuity 403(b) Plan?

They both have similar features but the primary difference is the account balance at retirement. DCP has some of the lowest fees in the United States. If two funds have similar investment objectives, the DCP fund balance could be considerably larger over the long term due to its very low investment fees.

TSA plans may allow for loans to the extent provided by the annuity contract or custodial account. TSA plans allow for purchase of a primary residence and tuition expenses under financial hardship/emergency withdrawals. They also have a 10% early withdrawal penalty which applies to certain allowable distributions.

Employees can contribute to both a 403(b) TSA and DCP to the maximum deferral amount allowed in each plan without coordination. Rollovers between plans are permitted at separation from employment.

Administrator: **Washington State Department of Retirement Systems**

DCP Customer Service: **(360) 664-7111 or 1-888-327-5596**

Web site: www.drs.wa.gov/dcp

If you enroll in the Deferred Compensation Program, there are two different investment approaches you can take. One is the Build and Monitor approach and the other is One-Step Investing.

BUILD AND MONITOR – YOU SELECT, MONITOR AND ADJUST YOUR INVESTMENTS

With Build and Monitor, you select your own mix of individual funds and decide how much to invest in each one. You choose from a menu of professionally-managed funds listed in the chart below. The **risk** and **return** profiles of the funds range from high to low. You are responsible for monitoring your investments and making changes as you near retirement.

BUILD AND MONITOR FUNDS
Emerging Market Equity Index
U.S. Small Cap Value Equity Index
Global Equity Index
U.S. Large Cap Equity Index
Socially Responsible Balanced
Washington State Bond
Savings Pool

ONE-STEP INVESTING – YOUR INVESTMENTS ARE AUTOMATICALLY ADJUSTED FOR YOU

The One-Step Investing approach is made up of 12 Retirement Strategy Funds. Each one is diversified and **automatically rebalances**, adjusting your **asset mix** as you move toward a **target date** for retirement that meets your needs and lifestyle.

To select the Retirement Strategy Fund that's right for you, take the year you were born and add it to the age you expect to retire or withdraw your funds. The sum is your target date.

HOW IT WORKS EXAMPLE

$$1968 \text{ (birth year)} + 65 \text{ (retirement age)} = 2033 \text{ (target date)}$$

Pick the fund with the date closest to your target date (in our example above, 2035 would be the target date):

RETIREMENT STRATEGY FUNDS	
2060	2025
2055	2020
2050	2015
2045	2010
2040	2005
2035	Maturity Strategy*
2030	

*The Retirement Maturity Strategy Fund is allocated for investors who have been retired for 15 years or more.

Please consult the DCP website at www.drs.wa.gov/dcp for complete details on all funds prior to investing.