

Making your Retirement Choice

Decision planning tools for pension plan participants



Gwinnett County Retirement Programs

Each day, we make choices that affect our future, and some have a bigger impact than others. As a new employee, you will make an important choice that will help determine the financial resources available to you in retirement.

Getting ready to make your retirement choice

Being prepared for retirement takes careful planning. Together, you and Gwinnett County can build financial resources for your retirement during your career. As a newly hired Gwinnett County employee, you choose how much you want to save for retirement while you're working for the County.

- Choose to make an employee contribution of 2.5 percent, 5.0 percent, or 7.5 percent, with the County contributing 7.0 percent of your pensionable earnings, per pay period
- If you contribute at least 2.5 percent of your base pay to the 457 Deferred Compensation (DC) plan, Gwinnett County will contribute an additional 1 percent (for a total of 8 percent) to your 401(a) plan

Regardless which DC contribution level you choose, consider using the 457 Deferred Compensation Plan to supplement your retirement through pre-tax or after-tax payroll deduction. 457 funds are flexible: You can increase, decrease, start, or stop any time during the year. You will have to contribute at least 2.5 percent of your base pay to the 457 Plan to receive the additional 1 percent employer contribution to your 401(a) Plan.

You must choose your DC contribution rate within 30 days of your hire date. If you do not elect a contribution rate during this 30-day period, the plan will default to a 5 percent employee contribution from you. The employer contribution will be the same, regardless which DC contribution level you choose.

The purpose of this decision planner is to review the DC Pension Plan in detail and offer key information to help you make your decisions. Some things to consider:

- How you could combine the 457 Plan and your pension plan choice to meet future income goals
- The age at which you would like to retire and where you are today
- The affordability of the available options
- The relative importance of:
 - Flexibility to direct your investments, change the amount of contributions in your 457 Plan, or borrow against your 457 Plan funds
 - Portability that allows you to take your benefit with you when you leave
 - Your comfort with investing

You must choose your contribution level within 30 days of your hire date, using the Employee Self-Service (ESS) Website. You can not opt out of the pension plan. If you do not elect your contribution rate within 30 days of your hire date, your rate will default to an employee contribution of 5.0 percent.

3 Steps to making your decision

You're being asked to make a key decision about your future. The choice you're making is irreversible – so gather the facts you need so you can make the best decision for your future.

Step 1:
Know your options

Step 2:
Consider your goals and where you are today

Step 3:
Make your choice

Step I: Know your options

As a newly hired employee, you choose how much to contribute to the Pension Plan.

	DC Pension Plan	457 Deferred Compensation
Pension benefits are funded by: your contributions of...	2.5%, 5.0%, OR 7.5% of pay	\$10 minimum - \$17,000 maximum in 2012 (2.5% or more of base compensation to a 457 plan is required to receive an additional 1% employer contribution to the 401(a) Plan).
and by County contributions of...	7.0% of pay to the DC pension plan	
Vesting period	0 years employment – 0% 1 years employment – 33% 2 years employment – 67% 3 or more years employment – 100%	100% of your contributions
Retirement Eligibility	Rule of 65 (age plus years of service, minimum age 55)	At termination or retirement
Your normal retirement benefit will be...	Based on the value of your DC Plan account. Distributions are flexible to meet your needs. Taxes are due at the time of withdrawal. Penalty is assessed on distributions if terminated prior to retirement.	Based on the value of your 457 Plan account. Distributions are flexible to meet your needs. Taxes are due at the time of withdrawal.
Benefits are payable when you...	Terminate (subject to vesting rules) or retire	When you retire, experience disability or unforeseen emergency, or separate from service.
Portable	Yes	Yes
Loan-option	No	Yes

New in 2012 – Roth 457 Option

In 2012, the County added a Roth 457 option to the deferred compensation plan. Visit the Gwinnett County/Great West retirement plan website at www.gcretirement.com for information about this exciting new option.



Step 2: Consider your goals and where you are today

In thinking about your pension plan choice, it may help to take a broad view of your life and your plans. You may need to think about:

- Your own individual financial goals
- Your plans for your career and retirement
- The lifestyle you want now and in retirement and what expenses that entails
- All your expected sources of future income, including Social Security, other County programs (457 Plan), and personal savings
- How much you want or can afford to contribute, now and in the future; you won't be able to change your decision in your DC Plan but you can start or stop your 457 amounts at any time
- The flexibility to change your contributions to the 457 Plan

Factoring the 457 Plan into Your Decision

The 457 Plan provides another option for you to save for the future while working for the County. The Plan:

- Allows you to set aside pre-tax dollars from your pay in an individual account to save for the future and contribute up to 100 percent of "includible compensation," up to the IRS annual limit
- Grows through your contributions and any investment return from the investment options you choose

Funds that accumulate in your account are yours and are portable if you leave employment with the County before you retire.

Why is the 457 Plan a factor in choosing a contribution rate for the pension plan? You can't change your contribution rate to the DC pension plans. The 457 Plan offers flexibility because you can change your contribution at any time. **It may make sense to elect a lower DC Plan contribution rate and invest more through the 457 Plan to receive the extra 1 percent employer contribution to your 401(a) plan.** The 457 Plan has fewer restrictions and provides you with loan and hardship distributions. As you consider these choices, use this chart to see how some of the key features of the Pension Plans and the 457 Plan compare:

	DC Plan	457 Plan
Contributions	You make required contributions over your County career	You set your contribution level and can change it any time
Predictability	Your benefits are based on your account balance, which can fluctuate based on the performance of the investments you choose	
Investment control and investment risk	You make your own investment decisions, and take the risk and responsibility for investment returns.	
Portability (ease of taking plan value with you)	Your benefits are portable – you can take the account balance with you when you leave Gwinnett County	
Ability to withdraw money or borrow from your retirement plan while still employed	Not Applicable	You may be able to take a loan or make an emergency withdrawal while an active employee

Step 3: Make your choice

Consider a few key questions

As you decide which pension option better meets your financial needs, ask yourself:

- How much can you afford to contribute now and in the future? Your answer may affect your choices
- When do you plan to retire?
- Which investment options are most suitable for you?

Use the modeling tools/calculators

Modeling tools and calculators are available on the Gwinnett County/Great-West website, www.gcretirement.com, for you to compare future benefits under different scenarios and help you decide what's best for your future. The Paycheck Comparison Calculator can be used to see the effect of possible contribution levels on your take-home pay and to project the future value of plan contributions.

Meet one-on-one with an on-site Great West Retirement Services representative

Gwinnett County employees have the option of meeting one-on-one with Great West Retirement Services Representative Fred Minot to discuss their retirement saving opportunities. Fred's office is at the Gwinnett Justice Administration Center (GJAC), but he visits other County sites regularly to conduct employee educational meetings and meet with employees one-on-one. Take advantage of this excellent service. Make an appointment to see Fred and discuss how to plan successfully for your retirement. You may contact Fred by phone at 770.822.7874 or by email at greatwestrepresentative@gwinnettcountry.com or frederick.minot@gwrs.com.



Seek financial advice

You may want to seek professional financial advice, at your own expense.

Details of the plans described in this summary are found in the official plan documents. The information contained in those official documents will control in the event of conflict, difference, or error regarding the information in this summary. The County reserves the right to change or terminate any of the retirement program benefits in the future.