

State of Alaska
Division of Retirement & Benefits

Deferred Compensation Plan



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Deferred Compensation Overview

- State of Alaska employees and participating Political Subdivisions
- Eligible governmental deferred compensation plan under Internal Revenue code (IRC) Section 457(b)
- Employee contributions only
- Administered by the Alaska Division of Retirement & Benefits
- Empower Retirement is the contract record-keeper and payer



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Getting Started

- Eligible to participate the first of month after enrollment
- Regular and Long-term nonpermanent employees
- Can defer up to 100% of net pay, pre-tax or/and post-tax
 - subject to annual maximum
- Enrollment available on-line akdrb.com



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Roth 457 Option – Effective July 1, 2015

- Roth is a *post-tax* deferral option
- May allocate deferral on both pre-tax and post-tax at the same time
- Same annual maximums joint with pre-tax option
- Not taxed when taken as distribution if;
 - Account held for 5 years; and
 - Age 59 ½; or you become disabled; or
 - At Participant's Death (beneficiaries take withdrawal)



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Deferrals

- Minimum \$25 per pay period
- Subject to IRS annual maximum contribution limit
- Age 50 and older: additional contributions allowed by IRS
- Limits are based on current tax year



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Deferral Changes



- Increase, decrease, discontinue or reinstate contributions
- Changes effective first of month
- Set up future date changes
- Schedule annual increases



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Catch-up Program

- Make up for contributions not previously made during state employment
- Start as early as three years prior to normal retirement (age or service)
- Utilize over three consecutive years
- Contact Empower Retirement (Anchorage)
(907) 276-1500 / Direct (800) 526-0560 / Toll Free



Leave Cash-in Contributions

- Cash in leave hours
 - Assists with maximizing annual deferrals
 - Reduces tax liability when terminating employment
- Contact Member Services Contact Center:

8:30am - 4pm Monday - Thursday & 8:30am - 3pm Friday

(907) 465-4460 (800) 821-2251

doa.drb.dcp@alaska.gov



DCP Contributions from Final Check

- Request must be received by Retirement & Benefits the month **prior** to your last day of employment
- Subject to annual maximums
- May defer terminal leave payout including unpaid wages
- Must request in writing to Retirement Customer Service Center
- Deferral must occur in year worked



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Hardship Provision for Active Employees

- Filed with Empower Retirement
- Must be an extreme financial emergency
 - Sudden and unexpected
 - Loss of property due to event beyond control of participant
 - Illness/accident to participant or dependent
- Strict provisions
- Subject to applicable IRC code
- Contact Empower Retirement for application



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Account Information

- Account balance and activity included on statements from Empower Retirement
- General information including Quarterly (investment performance) Reports, available on-line
- For specific account information contact Empower Retirement:



Online - akdrb.com
Phone - 1-800-232-0859



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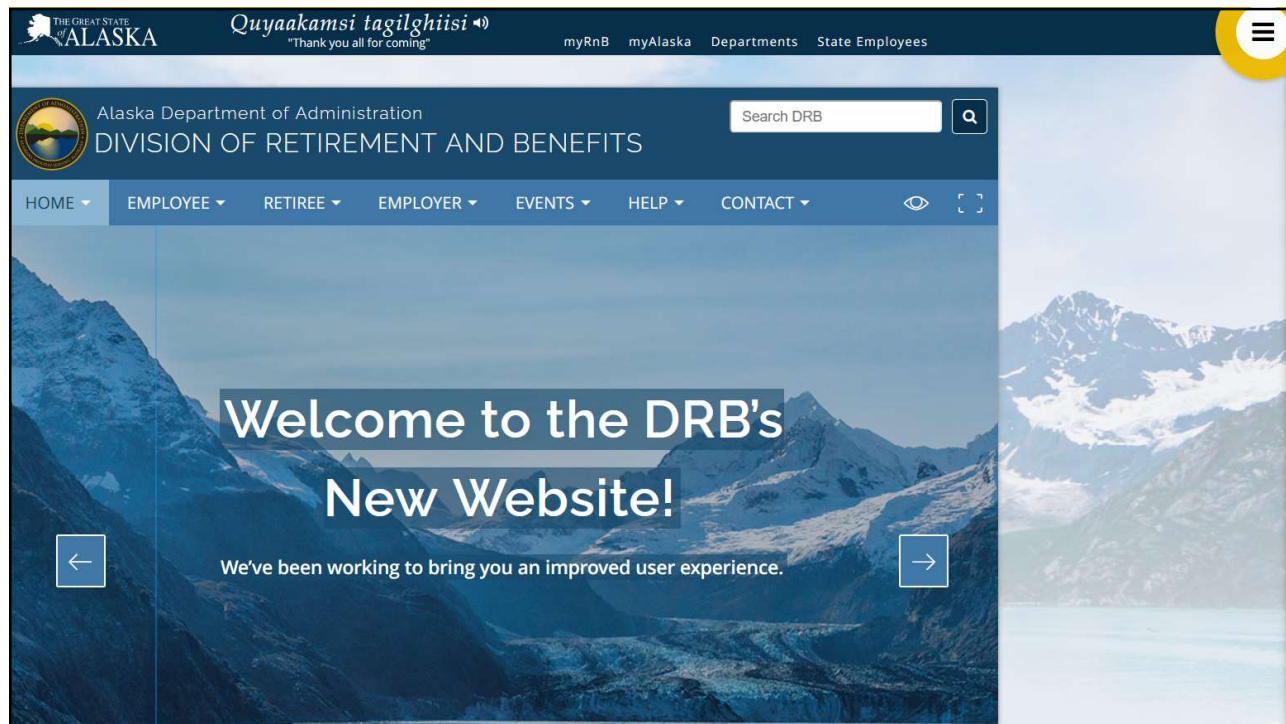
Investments

Participant is in the Driver Seat

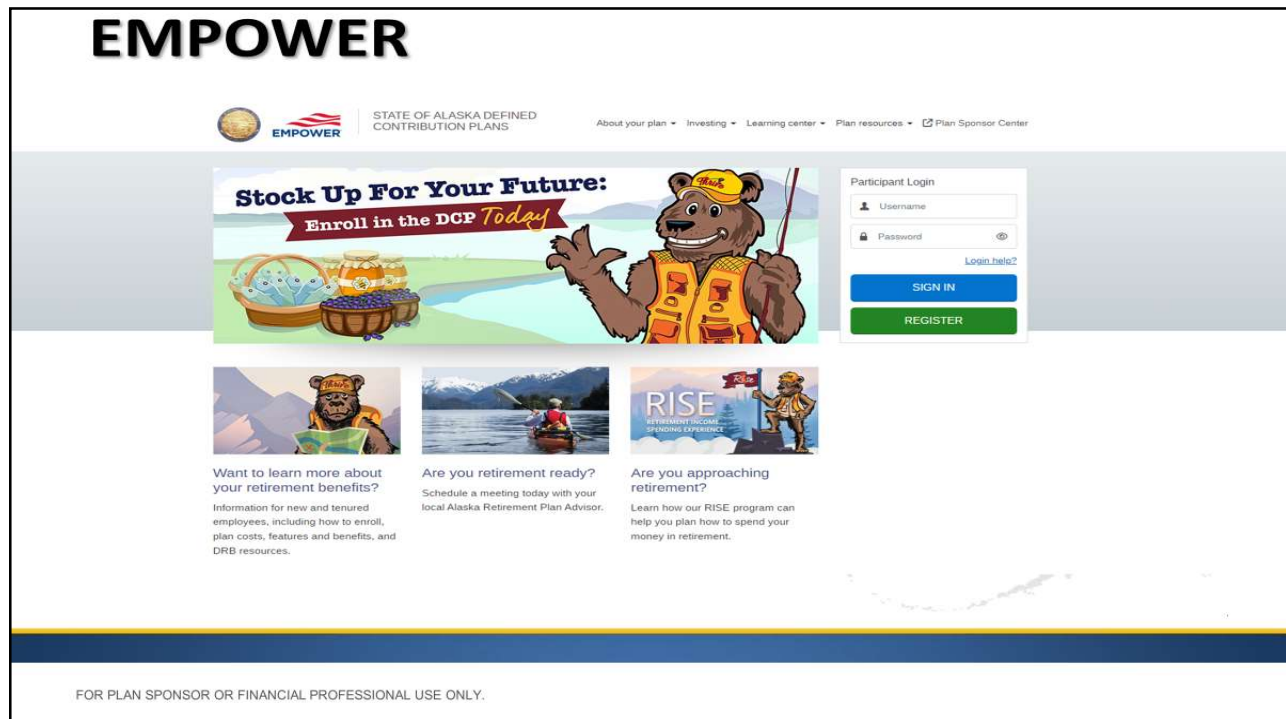
- Default into one of 11 Target Retirement Funds
- Can self direct to numerous other funds

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Multi-factor Authentication

Enhanced security (2 of 3)

To confirm your identity, we will send a verification code to the phone number or email address listed for your account.

WHERE SHOULD WE SEND YOUR CODE?

Choose delivery method ☐

[Already have a code?](#)

SEND ME A CODE

FOR ILLUSTRATIVE PURPOSES ONLY.

This is an additional layer of security

- Choose to receive the code via text message, phone call, or email
- Code is valid for 30 minutes
- Enter the code
- Hit the *Sign in* button



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- Re-enroll if a break in service
 - Returning legislative session employees
 - Lay-off status
- Plan-to-Plan transfer accepted from another eligible 457(b) plan



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Beneficiaries



Update with EMPOWER Retirement

- Hardcopies
- On-line updates

Default Beneficiary

- Spouse
- Children
- Parents
- Estate



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Death Benefits

- Available in the event participant deceases
- Benefit distribution options differ slightly for spouse and non-spouse beneficiaries
- Contact Division of Retirement & Benefits for detailed information regarding options



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Purchase of Service

- PERS Tiers I, II & III can utilize the DCP account funds and other qualified pre-tax plans to pay for
 - Temporary service
 - Military service
 - Workers' Compensation leave without pay
- Must complete prior to beginning retirement
- Contact Retirement & Benefits Accounting Section at:
(907) 465-4460 or (800) 821-2251



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Distribution

- Lump Sum
- Direct Transfer/Rollover to Non-Roth or ROTH IRA
- Periodic Payments
- Annuity Options
- Do nothing and maintain access to the account



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In-Service Distribution

- Under legislation that includes the SECURE Act, the Deferred Compensation 457(b) plan now offers:
 - Distributions to participants starting at age 59.5
 - allows participants who remain employed after age 59.5 the option of taking a distribution at any time
 - Small account distribution
 - a one-time only, in-service, small account balance distribution that applies to accounts valued at \$5,000 or less and to which no contributions were made for the preceding two years
 - Distribution in the event of birth or adoption
 - up to \$5,000, to help parents defray the expenses of a new baby or an adoption

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Stay in the Plan

- Potentially lower fees
- Access to local, dedicated representatives not compensated on a commission basis
- A wide variety of investment choices
- Easy account management
- Retirement planning tools
- Investing advisory services

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Distribution Taxes & Penalties

- Subject to income tax
 - 20% Withholding for lump sum, 5-year certain annuity
 - Choose withholding for payouts lasting 10 or more years
- State tax based on residence
- No 10% penalty for early withdrawal
- Special Provisions for Roth 457



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Distribution Procedures



- Requested distributions **do not** require a 60-day waiting period after termination
- Can defer payment until April 1st of calendar year after you turn age 72
- Submit distribution requests to Empower Retirement after termination of employment



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(800) 232-0859 or akdrb.com



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Other Considerations

Divorce & Dissolution

- Retirement accounts are considered a marital asset
- If married during employment and later divorce, former spouse may have a claim to part of retirement benefits
- Required to provide court certified copies of your divorce or dissolution documents



Keep Address Current

- Active through Employer
- Deferred – Online Instructions



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Next Steps

- Register to access your account information at <https://akdrb.empower-retirement.com>
- Identify your investments and associated risk level
- Utilize tools and educational resources to help you understand how much you might want to consider saving
- Consider contributing to Deferred Compensation if offered by your employer
- Check your beneficiaries, update if needed

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Contacts

DRB Member Services Center

- **(800) 821-2251** or **(907) 465-4460** –
- Monday - Thursday, 8:30am to 4pm
- Friday, 8:30 am to 3 pm

EMPOWER Customer Service

- **(800) 232-0859** - 5:00am to 5:30pm
- Voice Response System (24 hours)



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Thank You!

Please complete the seminar evaluation located in your folder.

