



City of Milwaukee

Deferred Compensation Plan

Financial independence. It starts today.



City of Milwaukee Deferred Compensation Plan Newsletter

Fourth Quarter 2019

2020 contribution and catch-up limits

The Internal Revenue Service has announced the limits on the amounts participants may contribute to the Plan in 2020.

Maximum Annual Deferral*	\$19,500
Maximum including Age 50+ Catch-Up**	\$26,000
Maximum including Three-Year Special 457(b) Catch-Up	Up to \$39,000

* Applicable to 401(k), 403(b), and 457(b) plans.

** The Age 50+ Catch-Up is available to eligible participants in a 401(k), 403(b), or governmental 457(b) plan.

Beginning in the year in which you will reach age 50, you are allowed to contribute an extra \$6,500 with the Age 50+ Catch-Up, for a total of up to \$26,000.

If you are within three years before the year in which you will reach Normal Retirement Age defined by the Plan, you may be eligible to contribute up to \$39,000 with the Three-Year Special 457(b) Catch-Up. Since the Three-Year Special 457(b) Catch-Up takes into account your prior contributions, please work closely with your employer to calculate the catch-up amount available to you.

If you are eligible for both catch-up options in the same year, IRS rules provide that you cannot use both in the same tax year and must use the option that lets you defer the greater amount.

How technology can help improve your future retirement

Preparing for and then living in retirement is quite different for you than it was for your parents or grandparents.

Today, more of us are living to age 80, 90 or even 100. Scientists even hypothesize that the first person to live to age 150 has already been born! By contrast, the average life expectancy at birth was just 58 for men and 62 for women when Social Security was introduced in the US in the 1930s. With the greater potential of reaching your 100th birthday, you could enjoy a retirement that lasts decades. And thanks to innovations in technology, you can prepare yourself better than ever to spend that time the way you envision.

You can log in to see how your current retirement account translates into estimated future monthly income in retirement when you engage with the myOrangeMoney® online experience. And, while you're logged in, double check to make sure you've entered in your projected pension benefit information!

Modifications to the Required Minimum Distribution (RMD) Rules

The Setting Every Community Up for Retirement Enhancement (SECURE) Act provisions of the Further Consolidated Appropriations Act, 2020 that was signed into law on December 20, 2019, will result in changes to the Required Minimum Distribution (RMD) rules. One of those changes is to the age triggering the required beginning date to take RMDs for retirement plans and traditional IRAs. This age was formerly 70½ and has increased to age 72.

These changes apply to individuals who attain age 70½ after December 31, 2019.

Example

- If you are retired and turned age 70½ in 2019, under the old rules you must begin taking RMDs by April 1, 2020.
- If you are retired and turn age 70½ in 2020 or after, under the new rules you must begin taking RMDs by April 1st of the year following the year you turn age 72.

These changes apply to 401(k), 403(b), 401(a) and 457(b) plans and traditional IRAs.

Subsequent RMDs must be taken by December 31 each year. If you do not take all or a portion of your RMD by the required deadline, you may be subject to a 50 percent IRS penalty tax on the amount not taken on time, even if you withdraw it later. For more information, call the Plan Information Line or talk with your financial or tax adviser.

This material is provided for general and educational purposes only; it is not intended to provide legal, tax or investment advice. All investments are subject to risk. Please consult an independent legal or financial advisor for specific advice about your individual situation.

For more information on the SECURE Act, visit blog.voya.com.

myOrangeMoney is designed to help you picture when you'll have enough to retire. A dollar bill graphic represents the estimated retirement income you'll need each month. It shows the progress you've made toward your income goal so far, based on when you plan to retire and how you're saving and investing in your account now.

To actively pursue your passions over a much longer retirement, planning today for that future tomorrow is crucial. Before and after you retire, take full advantage of everything your Plan offers, including online planning tools and people who can help you. Log in today to experience Orange Money.

IMPORTANT: The illustrations or other information generated by the calculators are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. This information does not serve, either directly or indirectly, as legal, financial or tax advice and you should always consult a qualified professional legal, financial and/or tax advisor when making decisions related to your individual tax situation.

Financial Wellness Seminars

Learn more about your DCP benefits by attending a Financial Wellness Session! Sign up for a variety of Financial Wellness Seminars and earn Healthy Rewards points (5 points, each; max 30). Visit DER's Training Bulletin of Courses for more information at www.city.milwaukee.gov/ImageLibrary/User/jkamme/TrainingBulletins/TrainingBulletin.pdf or the Wellness Website www.milwaukee.gov/WYCM and select "Upcoming Presentations".

Attend EVENING Financial Wellness Seminars

You asked, we responded! Additional Financial Wellness Seminars are being offered in the evening from 6-7 p.m. at the Voya Office at 10700 W. Research Drive, Milwaukee. Employees and spouses earn 5 healthy rewards points for attending. Advanced registration is required by calling **414-286-5541**.

- February 19 – Three steps to a Social Security Strategy
- March 19 – Estate Planning for Everyone
- April 21 – Foundations of Financial Wellness
- May 20 – Save for your Goals with Smart Budgeting
- June 25 – Retirement Readiness with MyOrangeMoney

Making changes to your Plan account

Did you know that you can make changes, such as your contribution amount, investments and beneficiaries, at any time throughout the year? Just log in to your account at www.milwaukeeedcp.com and in a few clicks you'll be on your way! If you need assistance, reach out to Voya via the contact information, below.

Changes to Target Date Funds

The Board has approved a new approach to our target date fund lineup, taking advantage of lower cost investments. Effective January 1, 2020, for participants invested in the Target Date Funds, your existing balances and future contributions automatically transferred to this new style of management, which uses a combination of active and passive investing. By moving to a strategy that contains more passive investments, we're able to lower the cost of investing in the Target Date Funds.

As with the previous Target Date Funds, each Fund is a well-diversified, professionally managed automatic investment option designed to care for all of your assets within the retirement plan. Each fund has a date in its name—the fund's target date—designed to be the approximate retirement year when withdrawals begin. For many people, that date is the year they turn 65. Keep in mind that the portfolios are designed for you to put your entire balance into one fund. Please note: Allocations to the Target Date Funds must be at least 75%.

The principal value of an investment in a target date fund is not guaranteed at any time, including the time of the target date and/or withdrawal.

Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc., member SIPC. Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS). VIPS is a member of the Voya® family of companies and is not affiliated with the City of Milwaukee.

Simple steps to financial balance

No matter where you are in life or what comes your way, figuring out how to balance your family, future and your finances can be overwhelming. Here are some simple steps and considerations you can take as you create a healthier financial future for you and your family.

Know where your money goes

You can't manage what you don't measure. Knowing where your money goes can help you track and save. Track your regular monthly expenses and include periodic purchases like going to the vet, signing the kids up for soccer, or picking up medications for yourself and others.

Talk about your goals

There are many priorities competing for your money. Talking about money with your entire family will help establish and prioritize the "needs" from the "wants." It is also a great chance to model positive money behaviors for kids and teach healthy habits early.

Make a realistic budgeting plan

Once you understand where your money goes, create a realistic budget that includes all things family and fun (you still have to live a little). Start with a list of expenses that includes your everyday needs, retirement savings, monthly bills and debts, and your family's other savings goals and wants. Then, find ways to reduce spending and limit impulse purchases of things that are outside your budget.

Find a balance

Financial wellness is about balancing the freedom of living for today, while preparing financially for tomorrow. Knowing where your money is going and that you've got everything covered will help you find some balance and focus on what matters most – you and your family.

Accessing Your Account

 Log on to www.milwaukeeedcp.com

 Call **844-360-MDCP** (6327)

Use our online scheduling tool at www.milwaukeeedcp.com or call **414-286-5541** to book a one-on-one appointment with a local Voya representative.



Quarterly calendar

Transactions made on these dates when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open:

- Wednesday, January 1 *New Years Day*
- Monday, January 20 *Martin Luther King, Jr. Day*
- Monday, February 17 *Washington's Birthday*