

# Withdrawal Options Guide

## A Guide to Your Withdrawal Options When Separating from Service



Retirement Savings, Simplified

modeferredcomp.org | 800-392-0925

Upon separation of service and notification from your employer – either voluntary, by retirement, or otherwise – you are eligible to take a withdrawal from MO Deferred Comp. Before making a request for a withdrawal, deferred comp suggests that you check with your financial or tax advisor and review the Special Tax Notice at [www.modeferredcomp.org](http://www.modeferredcomp.org).

| Your Withdrawal Options   | Is there federal tax withholding per withdrawal? <sup>3</sup>  | How can I request this withdrawal option?   | Is there a penalty for early withdrawal?   |
|---|--|---|--|
| <b>Keep Money in Deferred Comp<sup>1</sup></b><br>Your account grows tax-deferred until age 72 at which time you must begin to take your Required Minimum Distribution (RMD) payments.  | N/A  | N/A   | N/A  |
| <b>Withdraw Money at a Later Date</b><br>You have until April 1 of the year following the calendar year you turn 72 to take your first RMD. If you are age 72 or older, your payments must meet RMD rules.  | N/A  | N/A   | N/A  |
| <b>Request a Withdrawal as Needed</b><br>Take a partial withdrawal or withdraw the your entire available account balance  | Mandatory 20% withholding of federal tax.  | Account Access or Participant Service Representative (PSR)                                      | 10% penalty may apply if under age 59 ½  |
| <b>Take a Withdrawal with Rollover<sup>2</sup></b><br>A portion of your withdrawal is rolled over to another qualified plan or IRA  | Mandatory 20% withholding of federal tax on one-time withdrawal. No withholding on rollover portion.   | Account Access or PSR for lump sum; Complete a <i>Rollover Out</i> form for a rollover request. | 10% penalty may apply if under age 59 ½ on the withdrawal, not the rolled over portion |
| <b>Setup Installment Payments</b><br>Receive reoccurring payments on a frequency of your choice, must be made at least annually. Payments can be a specific dollar amount over a specified period of time. Installment payments of ten years or more are not eligible for rollover. | Mandatory 20% withholding of federal tax for payments running less than 10 years. For payments running greater than 10 years, participants can elect the withholding amount. | Account Access or PSR   | 10% penalty may apply if under age 59 ½  |

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| Your Withdrawal Options  | Is there federal tax withholding per withdrawal? <sup>3</sup>   | How can I request this withdrawal option?                    | Is there a penalty for an early withdrawal?   |
|--|---|--|---|
| <b>Direct Rollover to an IRA or an Employer Plan</b><br>You will need to provide the name of the Custodian or Financial Institution that is receiving the rollover funds and the appropriate account number. | N/A   | Complete a <i>Rollover Out</i> form for a rollover request   | No penalty  |
| <b>Indirect Rollover to an IRA or an Employer Plan</b>   | Mandatory 20% withholding of federal tax. To rollover the entire amount, you must use other funds to make up for the 20% withheld. If you do not choose to make up the 20% withheld, the portion not rolled over will be taxed. Check is made payable to the participant. Participant must send the check to the institution receiving rollover money within 60 days. | Account Access or PSR  | The portion not rolled over is subject to the 10% penalty if under age 59 ½   |
| <b>Direct Rollover to a ROTH IRA</b>   | N/A. Participant is responsible for taxes in the year of withdrawal.  | Complete a <i>Rollover Out</i> form for a rollover request   | No 10% penalty unless you take a withdrawal from your Roth IRA within 5 years, counting from January 1 of the year of the rollover. |
| <b>Indirect Rollover to a ROTH IRA</b>   | Mandatory 20% withholding of federal tax. To rollover the entire amount, you must use other funds to make up for the 20% withheld. If you do not choose to make up the 20% withheld, the portion not rolled over will be taxed. Check is made payable to the participant. Participant must send the check to the institution receiving rollover money within 60 days. | Account Access or PSR  | No 10% penalty unless you take a withdrawal from your Roth IRA within 5 years, counting from January 1 of the year of the rollover. |
| <b>Purchase an Annuity</b>   | N/A   | Call a provider of your choice or 800-392-0925 for more info | N/A   |

<sup>1</sup> 457 plan participants who have separated from service, have an account balance less than \$1,000, and have not made a contribution in two years will receive a mandatory distribution of their account. 401(a) participants who have separated from service and have an account balance less than \$1,000 will receive a mandatory distribution of their account.

<sup>2</sup> You can elect to have your withdrawal rolled over to a qualified plan, such as a 401(a) plan, 403(b) plan, 457 plan, or to an IRA or Roth IRA (if the plan accepts rollover money from other plans). If you elect a direct rollover, you will owe federal income taxes when you begin taking withdrawals in the years they are paid to you by the IRA or other plan. Prior to rolling money over, you may want to confirm with the plan receiving the money any changes that may affect the withdrawal options of the rolled in money. If you do not elect a direct rollover, 20% of your withdrawal(s) from MO Deferred Comp will be withheld for federal taxes. Further, to the extent that you roll over money from a 457 plan to a non-457 plan, you should review whether a 10% early withdrawal tax penalty will apply when withdrawing from the non-457 plan.

<sup>3</sup> Applicable to withdrawals of pre-tax source money