This Distribution Guide provides educational information to help you successfully transition into retirement. As a participant, you will receive unbiased and accurate information for your distribution.
LEAVING EMPLOYMENT? LEAVE YOUR MONEY IN THE DEFERRED COMPENSATION PLAN!

Even though you have left employment with the State of Florida and are no longer making payroll contributions to your Deferred Compensation account, you continue to have access to the full services of the Plan. You are under no obligation to withdraw or transfer your retirement savings. In fact, leaving your retirement savings in the Deferred Compensation Plan gives you the advantage of:

1. Excellent, low cost investment products, including over 80 mutual funds.
2. Fully liquid investment products guaranteeing principal and interest that offer annual interest rates up to a 3.5% return with no penalty or charge for withdrawal.
3. No administrative, maintenance, or commission fees
4. Tax deferred growth
5. Full account value for you and your beneficiaries, with no restrictions or limitations

To be eligible for distributions, you must be officially separated from employment for 31 days following your last official work day. Remember, you are not required to start taking distributions when you leave employment or retire.

However, a mandatory distribution must begin by April 1st of the calendar year following the latter of:

1) The calendar year in which you reach age 70 ½, or
2) The calendar year in which you separate from service, if the separation is after age 70 ½.

Consolidate all of your retirement accounts into your Deferred Compensation Plan

As a participant, you have the advantage to consolidate other retirement savings accounts into your Deferred Compensation Plan such as:

- 401k, 403b, Traditional IRA,
- DROP and FRS Investment Plan accounts
- Annual and Sick Leave (all or a portion of it)

Adding these accounts into your Deferred Compensation Plan allows you to enjoy all the benefits of the Plan in one, easy-to-manage account. For more information about consolidating, contact your Investment Provider(s), or the Bureau of Deferred Compensation.
MAKE YOUR RETIREMENT INCOME GO THE DISTANCE

Each Investment Provider in the Plan offers a complete list of distribution and periodic payment options, such as installments and annuities. If you select an installment or annuity, you will need to decide:

- The amount of money you would like to receive annually
- The number of years you want your savings to last
- The frequency you will receive your distributions (monthly, quarterly, etc.)

These can often be difficult decisions. Speak to your Deferred Compensation Investment Provider(s) for professional guidance.

Should you be advised to roll your money out of the Deferred Compensation Plan—which has low-cost, high quality investments—and move it into an IRA, you will be moving your assets into a pricier and unstable retail environment. Overtime, you may see your account deplete while you’re still alive.

How often do you want to receive income?
Receive distributions monthly, quarterly, semi-annually, or annually depending on your needs and the Investment Provider’s options. Consider your current budget, spending patterns, and tax implications when deciding how often you want to receive distribution payments.

Your distribution options are:
1. Take periodic payments (monthly, quarterly, etc.)
2. Withdraw a lump sum.
3. Withdraw a partial lump sum and leave the remaining balance in the Plan.
4. Transfer or roll out a partial amount or all of your balance into a qualified outside investment plan. Remember, assets rolled out of the Deferred Compensation Plan will not be allowed back in, unless, the employee is re-employed with the State of Florida.

Required minimum distribution
The latest you must begin receiving distributions is April 1st of the calendar year following the year in which you reach age 70½. However, if still employed when you turn 70½, you are not required to take any distributions. In fact, you may continue making payroll contributions into the Plan. Once you leave employment after 70½, you must begin receiving benefits by April 1st following the calendar year you leave employment. Please see your tax advisor for additional information.

GETTING STARTED:

1. Select a distribution option
   Compare the available options. Which combination of income and time frame best suits you? Investment Provider information is available on pages 8 to 12. Contact your Investment Provider(s) directly for further distribution details.

2. Complete a distribution request form(s)
   Call your Investment Provider(s) at the toll-free number listed on page one to ask for a distribution request form and any other additional information.

3. Return completed form(s) to your Investment Provider(s)
   Send completed distribution paperwork to your Investment Provider(s). After processing, the Investment Provider(s) will forward your paperwork to the Bureau of Deferred Compensation for review.
DELAYING YOUR DISTRIBUTION

If you prefer, delay taking distributions from the Deferred Compensation Plan. However, please keep in mind that distributions must begin by April 1st of the calendar year following the year in which you reach age 70 ½ or when you retire, whichever is later.

Guidelines

1. Upon leaving employment, you can leave your savings in the Plan and watch it continue to grow. You are not required to set a date for your distributions to begin. However, to ensure a proper distribution method is setup, notify your Investment Provider(s) at least 60 days before you wish for distributions to begin.

2. If you are still employed by the State of Florida when you turn 70 ½, you are not required to begin taking distributions. In fact, you may continue making contributions into the Plan, but, when you do terminate employment, you must begin receiving benefits by April 1st following the calendar year you leave employment.

3. If you return to work for the State of Florida before receiving a distribution, you may continue to contribute into the same account or open a new account with a different Investment Provider. If distributions have already begun, contact your Investment Provider for options.

For help and additional information, contact the Bureau of Deferred Compensation or your Investment Provider(s). See pages 8 - 12 for more details regarding each of the Investment Providers’ distribution options. Information about the available distribution options can also be found on the Plan website: www.MyFloridaDeferredComp.com.

Considering your beneficiaries

Most people want to ensure the financial well-being of loved ones. If you are concerned about your beneficiaries, it is important to recognize that not all distribution options offer beneficiary provisions. Be sure to review your choices carefully and contact your Investment Provider(s) for more information.

THE IMPACT OF TAXES

To help maximize the growth of long term savings, all contributions and earnings in the Plan are tax-deferred. Any distribution from the Plan is taxed as ordinary income in the year the distribution occurs. The more income you receive in any single year, the greater your tax burden.
THINKING OF ROLLING OVER TO ANOTHER TAX-DEFERRED PLAN?

Although it is allowed, you should always think carefully before rolling over your Deferred Compensation Plan. What advantages will you receive by moving funds out of this Plan? How is the new investment company making money from this relationship? Remember, once funds are taken out, they lose the characteristics of this Plan, including protection from the 10% early withdrawal penalty. Staying in this Plan is often the best vehicle for growing your retirement assets when you leave state employment by providing lower costs and excellent investment options.

Additional considerations before rolling out of the Plan

Compare the investment options and any associated costs and fees from the prospective investment company to the current investment options within the Deferred Compensation Plan. Are the alternative investments competitive with what you already have in the Plan?

The Deferred Compensation Plan has a fiduciary duty to ensure the investment products offered in the Plan are of the highest quality and lowest cost to the participant. The Plan also ensures the Investment Providers offer the best possible services to our participants. This is done through in-depth analysis and quarterly reviews of all the Investment Providers and investment options offered by the Plan (except for the self directed brokerage account - Charles Schwab).

Here are some additional questions to ask before rolling your Deferred Compensation Plan into another investment account:

- What is the expense of the investment options in your IRA or annuity?
- Are there “load” or sales charges should you need access to your money?
- What are the additional fees and restrictions for rolling over to an annuity?
- How is the historical performance of the investment?
- Does your beneficiary receive both the full principle and interest that the account accumulates at the time of your death?

Is a Rollover IRA the right “vehicle” for you?

If deciding whether an IRA is right for you, consider the following:

- As a participant in the Deferred Compensation Plan, you may take a withdrawal before age 59 ½ and avoid the 10% IRS excise tax that an IRA will charge (a 10% excise tax applies to most other similar retirement accounts). Any distributions from the Plan are taxable as ordinary income.
- Balances rolled out of the Plan into an IRA will lose their status as Deferred Compensation Plan assets and will be subject to a 10% excise tax if you are under the age of 59 ½ and take a distribution from the IRA.
- If you decide at a later date to roll over assets from an IRA back into the Deferred Compensation Plan, the assets will still be subject to the 10% excise tax (up to age 59 ½)—even though they are coming out of an IRA and going back into a Deferred Compensation Plan (monies rolled in will retain any account characteristics of their previous Plan). You must leave a balance in your Deferred Compensation Plan to roll assets back into the State’s Plan.
INVESTMENT PRODUCTS:

- Secure retirement income through these investment products that have minimal risk of losing value:
  a) Fixed-rate accounts. Each Investment Provider in the Plan offers a retirement product that guarantees principle and interest rates (ranging from 2.0% - 3.5%).*
  b) FDIC insured bank products.
- Additionally, the Plan’s Investment Providers collectively offer over 70 mutual funds with many investment choices and styles.
- The Plan also offers a self-directed online brokerage account, Charles Schwab, which is administered by Nationwide. This option offers a greater selection of mutual funds, stocks, and ETFs.

Fixed rate of return
A fixed rate product offers a guarantee of principle and rate of return on your investments while receiving distribution payments. This may offer you peace of mind, but it may not be enough to stay ahead of inflation or your financial goals.

MANAGED ACCOUNTS:

Professionally managed accounts are available through VALIC, Nationwide, and Empower Retirement. A Managed Account is a retirement planning service that offers personal investment advice and portfolio management. This comprehensive investment advice includes:

- Wealth forecasting
- Asset allocation
- Investment selection
  › Extensive manager research
- Asset management

A Managed Account allows professional investment advisors to actively build and rebalance your investment portfolio by:

- Determining what type of investor you are
- Defining your retirement goals
- Determining if you are on track to meet your goals
- Determining how much you should save
- Developing an asset allocation policy
- Determining the funds in which to invest
- Monitoring and managing your portfolio

This service is available for a small fee. Contact your Investment Provider to inquire about this service (see pages 8 – 12).

*The assets in the guarantee of principle and interest accounts are backed by the financial strength of the insurance companies offering them. Additionally, the Office of Insurance Regulation analyzes the financial condition of the insurance companies on a quarterly basis.
INVESTMENT PROVIDER INFORMATION
**DISTRIBUTION OPTIONS**

**Lump sum**

Two options:

1. **A single lump sum:**
   Receive the entire value of your account in a single payment, less the mandatory 20% withholding for federal income taxes.

2. **A partial lump sum:**
   Receive a portion of the value of your account in a single payment, less the mandatory 20% withholding for federal income taxes. You may choose to distribute the remaining savings through different options.

**Installment***

Three options:

1. **Payments over a fixed period:**
   Receive payments monthly, quarterly, semi-annually, or annually over a designated period, no longer than your life expectancy. Amounts are recalculated based on your remaining account balance.

2. **Fixed payment over an anticipated number of years:**
   Receive payments as a designated dollar amount until your account is depleted (minimum 36 months).

3. **Minimum distribution payments:**
   Receive periodic payments distributing the minimum allowed by the IRS. You can elect this option in the year you reach 70½, assuming you have delayed your distribution until this age, or the year you retire, whichever is later.

* Installment options allow you to keep your account invested while you receive distributions. You cannot extend distributions beyond your life expectancy. Once you reach age 70½, your distributions will be evaluated annually to determine if you are meeting the minimum distribution requirements set by law.

Contact a VALIC financial advisor to receive a retirement income financial plan and to help determine which options may be best for you. Ask whether our managed account advice platform or Guided Portfolio Services can help you manage your portfolio while taking partial lump sum or installment distributions.
## DISTRIBUTION OPTIONS

### Lump Sum
Two options:

1. **A single lump sum:**
   Receive the entire value in your account in a single payment, less the mandatory 20% withholding for federal income taxes.

2. **A partial lump sum:**
   Receive payment of a portion of the value of your account, less the mandatory 20% withholding for federal income taxes. You may choose to distribute the remaining account through a different option.

### Installment*
Three options:

1. **Periodic Payment Options**
   - **Income for a specified amount**
     The total number of payments will vary depending on the rate of return of your investments. Payments to you will continue until your account balance is zero.
   - **Income for a specified number of years.**
     Payment amounts will vary based on the length of time you choose to receive distributions, the frequency, and the rate of return of your investments. Your payment is recalculated each time a payment is distributed. Therefore, your payment will not be the same amount each time. With this payment method, your balance will be zero by the end of the term you select.
     
     Frequency of payments can be monthly, quarterly, semi-annually or annually.
     
     Once you reach your Required Minimum Distribution (RMD) start date, you must ensure that your periodic payment meets or exceeds your RMD amount.

   2. **Automated Minimum distribution.**
      This option enables you to automatically meet RMD requirements. Your RMD amount is calculated automatically and distributed to you each year. Using your age in the year of distribution, payments are calculated by dividing your prior year’s December 31 account balance by the life expectancy table figures contained in the applicable Treasury regulations.

### Fixed Annuities**

Fixed Annuity Options are available. Please consult your Empower Retirement Plan Counselor.

Once you elect an annuity method and distributions begin, your election becomes irrevocable.

Please contact an Empower Retirement Education Counselor to discuss the distribution options available to you.

Reality Investing Advisory Services participants may take advantage of the Spend-Down advice which assists you when you retire and begin taking distributions from your retirement account. Additional fees may apply. Consult your Empower Retirement advisor for more information.

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*Installment options allow you to keep your account invested while you receive distributions. Your distribution amount may vary depending on the performance of the investments in your account. You may make up to two changes per year, free of charge.

**Annuity options require a minimum account balance of $2,000, and each payment must be at least $50.00.
DISTRIBUTION OPTIONS

**Lump sum**
Two options:

1. A single lump sum:
   Receive payment of the entire value in your account, less the mandatory 20% withholding for federal income taxes.

2. A partial lump sum:
   Receive payment of a portion of the value of your account, less the mandatory 20% withholding for federal income taxes. You may choose to distribute the remaining savings through a different option.

**Installment***
Two options:

1. Systematic withdrawal option (SWO):
   Receive periodic payments in two ways:
   - Specified dollar amount of at least $250 but not more than 20% of your account value until your account is depleted.
   - Specified period of years (five to 30 years but not longer than your life expectancy). The minimum payment is $250.

   Life expectancy factors are recalculated every year. You may elect a joint life expectancy if your beneficiary is your spouse, your sole primary beneficiary, and is 11 or more years younger than you.

   Beneficiary provision: Payments may continue to your beneficiary upon your death.

2. Estate conservation option (ECO):
   Receive periodic payments distributing the minimum amount required by the IRS. You may elect ECO in the year you reach 70 ½ or the year you retire, whichever is later. Life expectancy factors are recalculated every year. You may elect a joint life expectancy if your beneficiary is your spouse, your sole primary beneficiary, and is 11 or more years younger than you.

   Beneficiary provision: Payments may continue to your beneficiary upon your death.

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*The value of your account must be $5,000 or greater to choose these options.*
### DISTRIBUTION OPTIONS

**Lump sum**
Two options:

1. **A single lump sum:**
   Receive the entire value of your account in a single payment, less the mandatory 20% withholding for federal income taxes.

2. **A partial lump sum:**
   Receive a partial payment of your account balance, less the mandatory 20% withholding for federal income taxes. A partial lump-sum payment can be combined with a subsequent periodic payment that would begin at a later time.

**Installment***
Three options:

1. **Payment of a designated amount:**
   Receive payments of a designated dollar amount; monthly, quarterly, semi-annually or annually. Payments will continue until your account balance is depleted. Fixed or variable rates are available. Cost of Living Adjustments (COLA) are available. An annual asset fee will be charged on account balances invested in the variable investment option.

   **Beneficiary provision:** Your beneficiary receives all remaining payments or a lump sum payment if you die before the value of your account balance has been distributed.

2. **Payments for a fixed time period:**
   Receive payments for a designated period of time (three to 30 years, but no longer than your life expectancy). Payments may increase with time, if rates of return increase. A fixed rate is available.

   **Beneficiary provision:** Your beneficiary receives the remaining payments if you die before the end of the distribution period.

3. **Variable payments based on life expectancies:**
   Periodic payments for a period of time based on your current life expectancy or a joint life expectancy based on the combined life expectancy of you and your beneficiary are available. The payment amount will vary. It may increase or decrease depending on the performance of your investments.

   **Beneficiary provision:** Your beneficiary receives the remaining payments if you die before the end of the distribution period.

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*Installment options allow you to keep your account invested while you receive distributions.*

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**Charles Schwab distributions are made through Nationwide.**
Contact Nationwide at 1-800-949-4457 for more information.
DISTRIBUTION OPTIONS

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<th>Lump sum</th>
<th>Installment*</th>
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<td>Two options:</td>
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| **1. A single total payment:**
Receive the entire value of your account in a single payment, less 20% mandatory withholding for federal taxes. |
| **1. Amount-certain option:**
Receive payments monthly, quarterly or annually for a designated dollar amount until your account is depleted. |
| **2. A partial lump sum:**
Receive a partial payment of your account balance, less the mandatory 20% withholding for federal income taxes. A partial lump-sum payment can be combined with a subsequent periodic payment that would begin at a later time. |
| **2. Time-certain option:**
Receive payments monthly, quarterly or annually for a designated period of time. The amount you receive will change each year because the market fluctuates and payment amounts are based on your investment earnings. |

*Installment options allow you to keep your account invested while you receive distributions. You cannot extend distributions beyond your life expectancy. Once you reach age 70 ½, your distributions will be evaluated annually to determine if you are meeting the minimum distribution requirements set by law.
FREQUENTLY ASKED QUESTIONS

Q: When can I begin to receive distributions from my account?
A: You become eligible to take a distribution from the Plan once separated from employment for 31 days. Once eligible for distributions, you are not subject to IRS early withdrawal penalties.

Q: Once I leave the state and become eligible for benefits, what will I need to do? How quickly can I receive my benefits?
A: If you leave employment and do not wish to start your distribution, you are not required to do so. You may leave your account with your investment provider(s) and continue to benefit from tax-deferred growth and all of the other benefits of the Plan. You are officially separated from service thirty-one (31) days following your last official workday. When this time period elapses, and you wish to start withdrawing funds, we can begin to process the distribution paperwork.

Q: When am I required to receive distributions from my account?
A: The latest you must begin receiving distributions is April 1st of the calendar year following the year in which you reach age 70½. However, if you are still employed when you turn 70½, you are not required to begin distributions. In fact, you may continue to make contributions into the Plan. When you leave employment after 70½, you must begin receiving benefits April 1st following the calendar year you leave employment. Please see your tax advisor for additional information.

Q: Will my Investment Provider withhold any taxes from my distribution?
A: Your Investment Provider will withhold the mandatory 20% for Federal income taxes for lump sum distributions, partial distributions and those with less than a 10 year distribution period. You may request that additional taxes be withheld. You may also request that zero taxes are withheld from your distributions. If you wish to increase the amount of your withholding, contact your Investment Provider(s). There may also be a 10% early withdrawal penalty if you are taking a distribution from your DROP 401a assets that have been rolled into the Plan if you are under the age of 59 ½. Exceptions to this 10% early withdrawal penalty are for:

1) Separation from service in or after the year you turn 55 OR
2) Distributions that are made at any age as part of substantially equal periodic payments (made at least annually) until you reach 59 ½, at which time you may change distribution methods. Please see your tax advisor or call the FRS Guidance Line at 1-866-446-9377, option 2.

Q: If I have more than one Investment Provider, do I have to begin receiving distributions from all of them at the same time?
A: No. Unless you must take a required minimum distribution (RMD), you may choose to have your benefits distributed at separate dates and use different distribution methods for each Investment Provider you have.

Q: Can I take a distribution from my Deferred Compensation account once I begin the DROP?
A: No. You are still employed when you enter the DROP program. It is only after you leave employment, and 31 days have passed from your last official workday, that you are considered separated from service and are able to access your Deferred Compensation Plan benefits.

Q: What happens to my account if I die while still employed by the state?
A: When you enroll in the Plan, name a beneficiary who will receive the balance of your account upon your death. Beneficiaries may elect to receive a one-time lump sum distribution, partial distributions, or receive payments for the remainder of their life or another specified period of time. If your beneficiaries die before you, the balance of your account will go to your estate unless you have named a contingent beneficiary.

Q: What happens if I die after I have begun receiving distributions from my account?
A: Your beneficiary will be paid in the same manner that distributions were being paid to you. Many of the payout options available to you through this Plan offer a guarantee of income for a beneficiary after your death. If the benefit option you chose was a “lifetime payment for yourself only,” then payments will cease upon your death. If you do not designate a beneficiary, the balance of your account will go to your estate.

Consult your Deferred Compensation Investment Provider(s) for a complete update on your distribution options.
Taxpayer funds were not used to produce or mail these materials.