

SPECIAL REPORT

# In a New Job?

## Options for your retirement investment



We live in a rapidly changing world. Current events, new technologies, economic changes, and more all affect our personal and work lives. In keeping with this rapid pace of change, one in five Americans will change jobs this year, like those of you who have recently become members of PSERS.

When changing jobs, don't forget to protect the retirement benefit you spent years building. Investments in a former employer's retirement plans provided the opportunity to save, pre-tax, for retirement without paying income taxes on investment earnings. Keeping those assets invested offers the continued potential of long-term growth of capital.

If you've recently changed jobs, you have a decision to make. You could leave the plan where it is or roll the account to your PSERS Defined Contribution (DC) Plan if it's eligible to transfer. You can also withdraw your old retirement plan in cash, but that could be a big mistake.

First, when you withdraw a pre-tax investment as a lump sum, you're required to pay all those deferred taxes up front. That's current income taxes on the entire amount of the investment, plus its earnings.

Further, if you withdraw before you reach age 59½, you may be subject to an additional 10% IRS penalty tax. To help offset this, you could choose to withhold a percentage of the distribution for taxes, but if you don't withhold enough you'd pay the remainder of the bill with your next income tax filing. That could be substantial.

<b>Withdrawn investment:</b>	<b>\$100,000</b>
Taxes at 28%	\$28,000
Early withdrawal penalty	\$10,000
Net value of your \$100,000	\$62,000

At the 28% tax bracket, a \$100,000 investment automatically shrinks to only \$62,000 when withdrawn pre-retirement (before age 59½) from an employer's plan. At higher tax brackets, the shrinkage is even more dramatic. What's more, that \$100,000 is no longer invested for your ultimate goal: your financial needs in retirement.

This information is provided by the Voya family of companies for financial education and awareness purposes to all PSERS members and participants in PSERS Class T-G, Class T-H, and Class DC and does not constitute financial advice.

With PSERS, you're on your way!

# Exploring your options

Your retirement investment doesn't have to suffer just because you change jobs.

## Leaving the money where it is

If allowed by your plan, you may simply leave your investment in your old employer's plan. You won't be able to contribute once you've stopped working there, but your investment earnings will be tax-deferred. You'll still receive the same reports as before you left, and you'll still be able to allocate your investment among available options, as outlined in the plan.

If you leave the money where it is, make sure to note that balance in your myOrangeMoney® experience. Go to your PSERS DC Plan account through PSERS Member Self-Service (MSS) and select "Let's talk about your other retirement savings and income" above the orange dollar bill. This allows you to add outside balances, including your guaranteed monthly PSERS benefit, and get a complete picture of your future retirement income.

## Rolling the money into the PSERS DC Plan

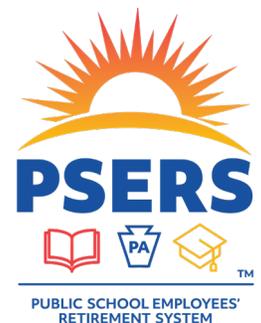
Your PSERS DC Plan allows you to roll your qualified former employer retirement plans to maintain tax-deferred status and streamline your retirement investments into one account. It also allows you to see all of your PSERS DC Plan savings in the same place and invested in the same way.

You may wish to consider comparing your options for differences in cost, benefits, charges, and other important features before rolling assets out of your former employer's retirement plan.

Once you've decided to roll your qualified former employer plan to your PSERS DC Plan, contact your former employer's retirement plan provider for their requirements to request and process a rollover. Then go to the PSERS DC Plan account through PSERS MSS Portal and click on *Plan Info > Forms* to download the *Rollover Contribution Form*. For assistance with the rollover process, please contact Voya at 1.833.432.6627 (1.833.4DC.MMBR)

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For PSERS members in Class T-G, Class T-H, and Class DC, you can review your PSERS DC account balance online and determine if you're on track for retirement. Visit your DC account through PSERS MSS Portal for more information on what you're contributing, where it's being invested, how the investments are performing, and where you stand on your retirement journey.



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