

**PERA** *SmartSave*

Deferred Compensation Plan 

Retirement Plans

457(b) Plan Highlights

# Plan Highlights

The State of New Mexico Deferred Compensation



**Nationwide**<sup>®</sup>

The NM PERA SmartSave Plan is administered by Nationwide.

# Get started in three steps

The PERA Smart Save Deferred Compensation Plan is a 457(b) supplemental retirement plan. It is an optional program that compliments the regular PERA retirement plan. The 457(b) plan is designed for State, city, and county government employees as well as other public sector employees.

## 1 Find your comfort zone.

Consider your interest and confidence levels, then choose the investment strategy that's right for your unique situation.

## 2 Choose the investment options that are right for you.

Choose your funds from your Plan's investment options, and think about how much you want to contribute.

## 3 Enroll in the plan.

Follow the instructions on the enrollment packet, which will be provided by your Retirement Specialist. Complete and turn in any applicable forms.

## Still need more information about retirement?

Planning shouldn't be overwhelming, and we have resources to help. Learn more about smart preparation in Planning for Retirement 101, a guide available from your Retirement Specialist. Request a copy today.

## Questions?

### Just call us at 1-866-827-NMEX (1-866-827-6639)

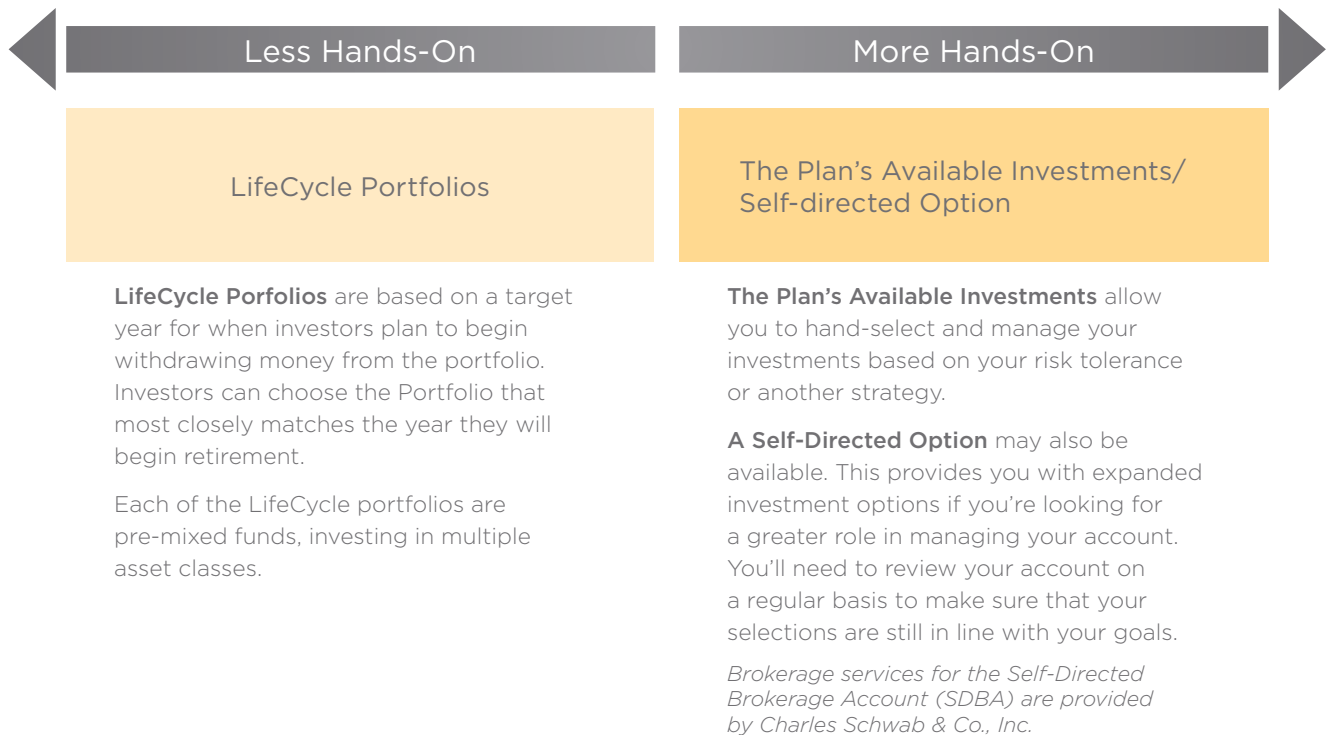
We are here to help you and to give you the information you need to feel confident about your retirement decisions. You can also visit us on the web at [NewMexico457DC.com](http://NewMexico457DC.com).

*Investors must ultimately rely on their own judgment, or that of an investment professional, in making suitability determinations. Nationwide representatives cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions.*

# Step 1

## Find your comfort zone.

As mentioned in *Planning for Retirement 101*, everyone is different when it comes to managing their deferred compensation accounts. Consider your interest and confidence levels when choosing your strategy. What's your preference?



<sup>1</sup> The LifeCycle portfolios are comprised of underlying investment strategies available in the Plan on a stand alone basis. The Portfolios themselves are not registered investment options. The LifeCycle portfolios are administered by Nationwide Retirement Solutions according to direction provided by the Board of the Public Employees Retirement Association of New Mexico based on advice from Mercer Investment Consulting, Inc. The information contained herein has been provided by Mercer Investment Consulting or the representative investment managers. Like other funds, target date funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

## Step 2

# Choose the investment options that are right for you.

If you chose “Less Hands-on,” consider the Lifecycle Portfolio Funds listed in your Participation Agreement. If you chose “More Hands-on,” consider the funds other than Asset Allocation or the Lifecycle Portfolio Funds listed in your Participation Agreement to create your own asset mix.

### LifeCycle Portfolio Funds

The LifeCycle Portfolio names are based on a target year for when investors plan to begin withdrawing money from the portfolio. Investors can choose the Portfolio that most closely matches the year they will begin retirement. Each of the LifeCycle portfolios are pre-mixed funds, investing in multiple asset classes.

Each portfolio combines a blend of stock, fixed income, and other investments seeking to produce competitive returns over a set period of time. The LifeCycle Portfolios may invest in up to seven major asset classes - Bonds, US Large Cap Stocks, US Small/Mid Cap Stocks, International (non-US) Stocks, Stable Value, Global Real Estate Securities and Real Assets. Investing in these Portfolios provides a diversified asset allocation strategy.

On an annual basis, the target allocation for each LifeCycle Portfolio will systematically become more conservative (lower stock exposure) until the Portfolio's allocation will eventually match the allocation and be merged into the Conservative Portfolio. The portfolios change their investment mix gradually becoming more conservative as they approach their target dates.

### Specialty Funds

Funds that invest in a concentrated sector or focus on a relatively small number of securities may be subject to greater volatility than a more diversified investment. Funds that focus on real estate investing are sensitive to economic and business cycles, changing demographic patterns and government actions.

### International Funds

These funds include stock in companies located outside of the United States. These stocks may trade on either the U.S. or foreign stock exchanges and are generally considered higher-risk investments. Additional risks include currency fluctuations, political instability, differences in accounting standards and foreign regulations.

### Small-cap Funds

Small-cap refers to companies with market values (or capitalization) under \$2 billion. Small companies can often grow much faster than big companies, but their stocks also tend to be more risky.

### Mid-cap Funds

Mid-cap refers to companies with market values (or capitalization) between \$2 and \$10 billion. These stocks are typically more volatile than large-cap stocks, but less risky than small-cap stocks.

### Large-cap Funds

Large-cap refers to companies with market values (or capitalization) greater than \$10 billion. Because these tend to be large, established corporations, their stocks generally offer lower risk than stocks from mid and small cap companies.

### Balanced Funds

Balanced funds typically invest in a combination of stocks (which tend to be higher risk), bonds (which tend to be more stable), and, occasionally, short-term investments. This is similar

to an asset allocation approach, but the asset mix is never adjusted in response to the investor's age or risk tolerance.

### Bond Funds

Bond funds are made up of bonds purchased from a government entity or corporation who agrees to pay back the original amount paid along with interest on a specified date. Many bonds are generally more stable than stocks and provide a more steady flow of income. However, they also typically provide a lower rate of return. High-yield bond securities are typically subject to greater risk and price volatility than funds which invest in higher rated securities.

### Short-term Investments (fixed accounts/cash)

Short-term investments are sometimes referred to as cash equivalents because they can be easily sold (converted to cash) without affecting their value. While these short-term investments are generally less risky than stocks or bonds, their returns are also usually much lower and may not keep pace with inflation. A variety of investment types can be generally categorized as short-term investments, including certificates of deposit (CDs), money-market accounts (MMAs), and treasury bills (T-bills).

**Fund prospectuses can be obtained by calling 1-877-NRSforU. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read the prospectuses carefully before investing.**

## Step 3

### Enroll in the plan.

Ask your Retirement Specialist for an enrollment packet today. It includes everything you need to complete and mail your applicable forms. If you need further help, just use the contact information below to get the answers you need.

#### Keeping up and getting help is easy.

##### Easy 24/7 Web access at NewMexico457DC.com

Account actions include:

- > Set up Web access to your account
- > Find out your account balance
- > Make deferral/allocation changes
- > Exchange funds or restructure your account
- > View fund pricing and performance
- > Change your personal information and password

Online planning tools include:

- > My Interactive Retirement Planner<sup>SM</sup>
- > Account growth estimator
- > Take-home pay calculator
- > Asset allocation tool

##### Easy phone access at 1-866-827-NMEX (1-866-827-6639)

Nationwide Retirement Specialists are available 8:30 a.m. to 6:30 p.m. EST and Customer Service Reps are available 8 a.m. to 11 p.m. EST:

- > To take your questions over the phone
- > Set up a one-on-one appointment

##### The automated Voice Response Unit (VRU) is available 24/7.

Account actions include:

- > Find out your account balance
- > Make deferral/allocation changes
- > Exchange funds or restructure your account
- > Change future allocations
- > Change your PIN

## Questions?

### Just call us at 1-866-827-NMEX (1-866-827-6639)

We are here to help you and can give you the information you need to feel confident about your retirement decisions. You can also visit us on the web at NewMexico457DC.com.

*Investors must ultimately rely on their own judgment, or that of an investment professional, in making suitability determinations. Nationwide representatives cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions.*

# Frequently asked questions about contributions.

## What's the minimum I need to contribute to be in the plan?

\$10.00 per pay.

## What's the maximum I can contribute?

Unless you qualify for one of the "catch-up" provisions discussed later, the maximum that you can contribute to the Plan is 100% of your includible compensation or the applicable dollar amount for the year found in Internal Revenue Code Section 457(e)(15), whichever is less. This calendar year, the maximum applicable deferral amount is \$18,000.

## If I'm participating in another 457(b) plan, what's the maximum I can contribute then?

If you are a member of another plan governed by Section 457(b) of the Internal Revenue Code, your total deferrals to all Section 457 plans combined, not including catch-up deferrals, may not exceed \$18,000 this calendar year.

## What's the maximum contribution limit for me if I'm currently in a 401(k) and/or 403(b) plan?

If you are currently participating in another elective deferral plan that is not a 457(b) plan, such as a 401(k) plan or 403(b) plan, the maximum deferrals to your 457(b) plan are not affected by the deferral limits for those other non-457(b) plans.

## If I'm close to retirement, is there a way to contribute more?

If you are within three years of the year in which you will attain Normal Retirement Age under the Plan, and are making the maximum contribution to your plan, you may be eligible for a catch-up contribution through the Special 457 Catch-up provision. If you have not contributed the maximum in the past, you may be able to increase your deferral amount to up to two times the maximum contribution limit (for example, this calendar year you may be able to contribute as much as \$36,000). **Important:** Special 457 Catch-up cannot be used in the same year as Age 50 Catch-up.

## If I'm not so close to retirement, can I still contribute more?

If you are 50 years or older, you may use the Age 50 Catch-up provision. With the Age 50 Catch-up provision you can contribute an additional \$6,000 this calendar year over the normal deferral limit. **Important:** Age 50 Catch-up cannot be used in the same year as the Special 457 Catch-up.

## Can I roll over my balance from another plan into this one?

Yes, the Plan accepts eligible rollover distributions from other eligible retirement plans. In addition, plan-to-plan transfers from another governmental 457(b) plan are permitted under this Plan, if the other governmental 457(b) plan permits such transfers. There are differences between deferred compensation plans, individual retirement accounts, and qualified plans, including fees and when you can access funds. There may be sales charges or other fees when you move money out of your current account. You should consider all factors before making a decision. Assets rolled over from a qualified plan, DROP plan or IRA may be subject to a 10% excise tax if withdrawn prior to age 59½.

## Can I ever stop my payroll deferrals?

You may stop payroll deferrals to your plan at any time.

## Are there any fees I need to be aware of?

The quarterly administrative fee for costs related to the Plan's third-party administration, investment consultant and PERA administration is taken directly from your account(s) at a quarterly rate featured on the quarterly investment performance report or on page eight of participant statements. You can also access this on the website [www.newmexico457dc.com](http://www.newmexico457dc.com) by clicking the "About Deferred Comp" tab and then selecting "What are my investment options?".

## How often can I change my investment options?

You may make changes to your fund selections at any time. However, each mutual fund has specific rules and guidelines that may restrict frequent transactions in and out of that fund. These rules and guidelines are generally included in the prospectus of each mutual fund. You can obtain prospectus(es) from the Fund Performance section of our Website or by contacting a Nationwide representative. Additionally, to protect the interests of all participants, your plan may impose plan level restrictions that restrict frequent trading.

## Frequently asked questions about distributions.

### Can I withdraw my funds before I retire?

Because your funds receive the benefit of tax-deferred status, there are limits to when you can withdraw them. If you are still employed, you can withdraw money from your plan:

- If you experience an unforeseeable emergency that is approved by the Plan
- If your account balance is \$5,000 or less and you have not deferred into the Plan for at least two years, and you have not made prior withdrawals of this type
- If you have reached age 70½

### Are there any penalties when I withdraw my money after I leave my job?

There are no excise taxes from the amount withdrawn from your 457 (b) account. However, if you take distributions before age 59½ from a rollover account from a qualified plan such as a 401(k) or an IRA, you may be subject to early withdrawal excise taxes.

### Will I have to pay taxes on the funds I withdraw?

When you withdraw your funds or start to receive distributions, they are considered taxable income. This means you will have to pay taxes on them and you will need to complete federal and state income tax withholding forms for the year the withdrawal/ distributions are made. The benefit payments made to you are reported on Form 1099R.

*Neither Nationwide nor its representatives give tax or legal advice. Please consult with a tax or legal advisor for such advice.*

### When I retire or leave my job, what are my options?

If you choose to leave your employment, or your employment ends because of retirement or permanent disability, there are many options available to you. Contact a Nationwide representative to discuss the details.

You can either leave your money where it is or select from the following payout options:

- Taking it in a lump sum
- Making systematic withdrawals
- Annuity payout options
- Rolling your money over to another plan or into an IRA

### Do I have to withdraw my money right away when I retire?

No, if you are not ready to take any portion of your account now, you can leave it invested where it has the potential to continue to grow.

### When must I begin withdrawing my money?

You must begin taking a Required Minimum Distribution, as defined by the Internal Revenue Service, no later than April 1st of the year following the year you turn age 70½ or separate from employment, whichever is later.

### How soon do I need to notify someone so my distributions can start?

If you are planning to stop working, contact a Nationwide Representative as soon as possible to receive assistance in planning your distributions.

### How do I receive my distribution?

You can either receive it as a direct deposit into a savings or checking account, or through the mail. If you choose direct deposit you will receive your initial payments through the mail until your account is set up and your bank account information is confirmed.

### Can I change how often I receive my distribution?

Yes, if you decide you want to change the frequency of your payments, simply fill out a new Benefit Payment Election form with your preferred payment schedule. If you elect an annuity payout option, other restrictions apply.



**Nationwide®**

The unregistered group variable and fixed annuities are issued by Nationwide Life Insurance Company, Columbus, OH. Annuity guarantees are subject to the claims-paying ability of Nationwide Life Insurance Company. Contract number NRC-0105AO, NRC-0105OR, NRC-0106AO, NRC-0106OR, NRZ-0102AO, NRZ-0102OR. In Oklahoma only: NRC-0105OK.

Nationwide representatives are Registered Representatives of Nationwide Investment Services Corporation, member FINRA. Nationwide representatives cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions.

Nationwide Retirement Solutions (Nationwide) makes payments to the National Association of Counties (NACo), NACo PEB LLC and the NACo Financial Services Center Partnership (FSC) for services and endorsements that NACo provides for all its members generally related to Nationwide's products and services sold exclusively in public sector retirement markets. More detail about these payments is available at [NRSforU.com](http://NRSforU.com).

NACo PEB LLC does not provide advice or make recommendations regarding the purchase or sale of securities, or the products and services of Nationwide affiliates. NACo PEB LLC acts as a third party marketer, and does not hold or maintain funds or securities. NACo PEB LLC is NOT an affiliate of Nationwide Investment Services Corp. or Nationwide.

Nationwide Retirement Solutions, Inc. and its affiliates (Nationwide) offer a variety of investment options to public sector retirement plans through variable annuity contracts, trust or custodial accounts. Nationwide may receive payments from mutual funds or their affiliates in connection with those investment options. For more detail about the payments Nationwide receives, please visit [NRSforU.com](http://NRSforU.com).

Nationwide, the Nationwide N and Eagle, Nationwide is on your side, Nationwide ProAccount and My Interactive Retirement Planner are service marks of Nationwide Mutual Insurance Company. © 2014 Nationwide

NRM-3039NM.23 (1/16)