



## Retirement Seminar

Help make a difference in your retirement future.  
Consider taking full advantage of the City's 457 Deferred  
Compensation Plan today!

*This presentation contains information regarding insurance products for sale.*  
**C10-0903-001R (9/10)**



## Important Information

Group annuities are intended as are long-term investments designed for retirement purposes. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits such as lifetime income payments and death benefits which may be valuable to you.

***Securities and seminars are offered through ING Financial Advisers, LLC (Member SIPC), One Orange Way, Windsor, CT 06095-4774.***  
*Insurance products are issued by ING Life Insurance and Annuity Company.*



## Important Information

***You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options carefully before investing. Fund prospectuses and an information booklet containing this and other information can be obtained from your local representative. Please read the information carefully before investing.***



## Highlights

- Still a long term investor?
- Various opportunities for investing
- Distribution options
- Planning considerations
- Let ING help
- Questions and Answers

Your  
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PICTURE



## We're Talking About the Next 1/3 of Your Life!

Your  
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50% of males age 65  
may live past age **84**



65

70

75

80

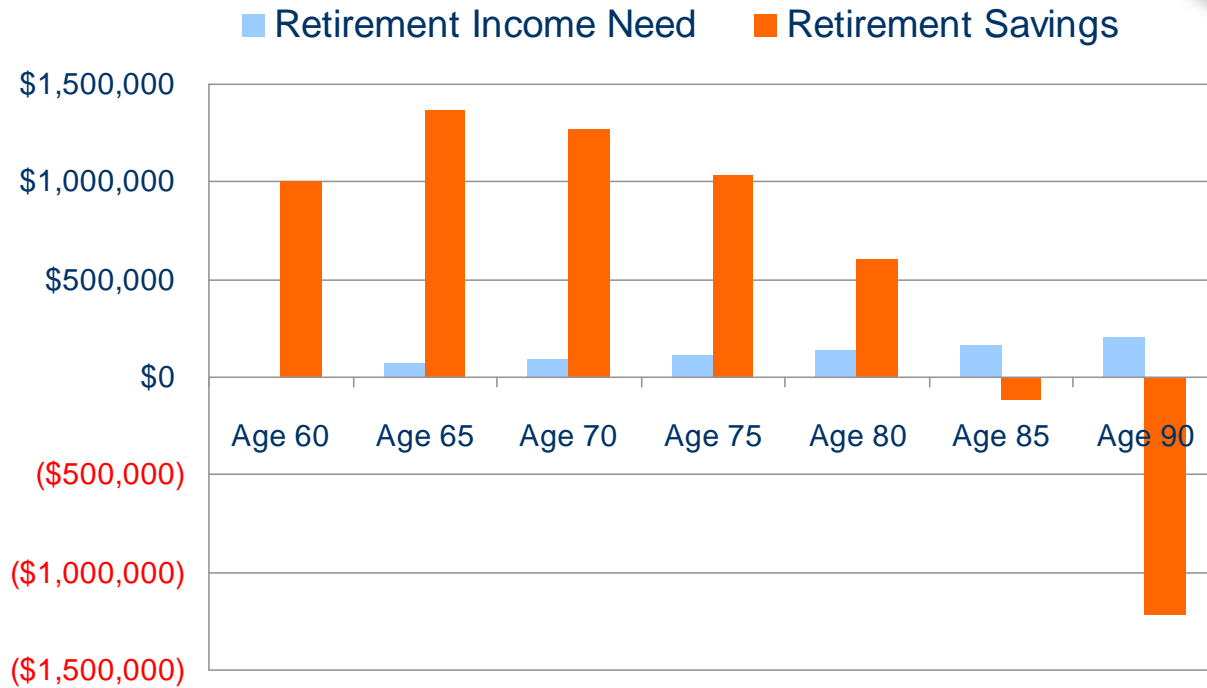
85

50% of females age 65  
may live past age **88**



Today's healthy 65-year olds may live **20-30 more years ...**  
Are you financially and emotionally ready for retirement?

# Is There a Potential Downside to a Long Life?



## Common Mistakes to Avoid

- Not maximizing your contributions while working
- Miscalculating everyday living expenses
- Underestimating possible health care costs
- Underestimating life expectancy and possibly outliving assets
- Possibly investing too conservatively before or after retirement
- Not considering the possible impact of inflation
- Withdrawing assets in the wrong order





## Two 457(b) Catch Up Provisions

### 457(b) 3-Year Catch Up

- Available in 3 consecutive years prior to attainment of Normal Retirement Age
- Maximum is the lesser of
  - Twice the normal annual contribution limit (\$33,000 for 2010)
  - The normal annual limit plus any underutilized amounts from prior years with San José prior to 1979

### Age 50+ Catch Up

- Available each year beginning in year participant reaches age 50
- Normal limit increased by \$5,500 (2010)
- Maximum with catch-up is \$22,000 (2010)

## Contribute your Leave Balance Payoff – Vacation, Sick and Comp Time

- Consider deferring all or a portion of your Payoff upon severance from employment\*
- Election must be made in the month prior to receipt of lump sum payments
- Compensation must be paid within 75 days after severance
- Usually contributed 2 pay periods after separation from service





## When Are CSJDCP Benefits Available?

- **Retirement** – distribution available after 30 days
- **Severance from employment** – distribution available after 30 days
- **Approved Unforeseeable emergency**
- **Loan provision** – *(Loans may impact your withdrawal value and limit participation in future growth potential.)*
- **Death** - Keep beneficiary designation up to date
- **In-service distribution** of accounts  $\leq$  \$5,000, if certain conditions are met

## When are CSJDCP Benefits Taxed?

- Benefits are taxed when distributed from the Plan
- Benefits are taxed as ordinary income
- Reported on 1099-R as income
- Your payment choice helps determine the timing of taxation



## When Must CSJDCP Distributions Begin?



**Latest beginning date is April 1<sup>st</sup> following year you attain age 70½ or retire, whichever is later**

**IRS required minimum distribution rules apply**

**IRS 50% excise tax on minimum amount required but not taken**



## Available Distribution Options

- Leave account balance in Plan until later date
  - No later than age 70½ or retire, whichever is later
- Lump sum and partial lump sum payments
- Systematic Withdrawal Option
- Estate Conservation Option
- Annuity options
- Rollover of eligible distribution to another eligible retirement plan\*
- Combination of options
- After separation from service no additional contributions are permitted to the plan

**Payment options available when participant/beneficiary entitled to a distribution under the Plan.**



## Lump Sum

- Single sum or partial payment(s) of your account
- No lifetime payment guarantees or payments to heirs
  - Guarantees are generally based on the claims-paying ability of the issuing insurance company and do not apply to any variable investment option
- Immediate taxation
- Potential for outliving assets
- Mandatory 20% federal tax withholding applies





## Systematic Withdrawal Option (SWO)

- Must have a minimum of \$5,000 account balance
- Specified Amount
  - Not more than 20% of account value or less than \$250 per period
- Specified Period
  - Not less than 3 years, not more than 30 years
- Account balance remains invested; can continue to make investment option transfers, still receive statements, etc.
- Not an annuity option
  - California premium tax not applicable
- Federal tax withholding of 10% unless payments will not last 10 years then 20%





## Estate Conservation Option (ECO)

- Designed to distribute IRS required minimum
- Available only at the later of age 70½ or severance from employment
- ING calculates minimum required amount
- Automatically distributed; no need to request payments after initial election
- Account balance remains invested; can continue to make investment option transfers, still receive statements, etc.
- Federal tax withholding of 10% unless payments will not last 10 years then 20%

## Annuity Options

- Annuities provide lifetime income for you (and any designated beneficiary)
- Cannot outlive this income source
- Available on a fixed or variable basis
- Choice of 5 annuity options
- Federal tax withholding of 10%



## Portability – Rollovers into CSJDCP

- Allows you to aggregate assets from other retirement plans under CSJDCP
- CSJDCP accepts rollovers from 401, 403(b), and other government 457(b) plans
- Rollover amounts subject to distribution rules of previous plan
  - IRS 10% premature distribution penalty tax applies for distributions prior to 59½ (on rollover amounts from eligible 401 and 403(b) plans)



## Portability – Rollovers out of CSJDCP

- Allowed at retirement or severance from employment
- Rollovers to eligible 403(b), 401 and other government 457(b) plans and traditional IRAs
- Amounts rolled to non-457(b) plans become subject to IRS 10% premature distribution penalty tax if distributed prior to 59½



## Possible Advantages of Remaining in the City's Plan

- Diversified investment choices
  - Broad spectrum of asset classes
  - Access to Self-Directed Brokerage Account
    - Available through TD AMERITRADE\*
- Continued tax deferral (until amounts are withdrawn or distributed from the Plan)
- Potential for lower expenses
- Continued access to ING local representatives



\* Brokerage services provided by TD AMERITRADE, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA. TD AMERITRADE is a trademark jointly owned by TD AMERITRADE IP Company, Inc. and The Toronto-Dominion Bank. © 2010 TD AMERITRADE IP Company, Inc. All rights reserved. Used with permission. TD AMERITRADE is an independent entity and not a corporate affiliate of ING Financial Advisers, LLC (Member SIPC).



## Information for your Beneficiary



- Make sure your beneficiary information is up to date. ING now collects and maintains beneficiary information for the San José Deferred Compensation Plan. To designate a beneficiary, log on to your account [www.ingretirementplans.com/custom/sanjose](http://www.ingretirementplans.com/custom/sanjose).
- Payment timing and options, including rollover rights, depend on whether spouse or non-spouse beneficiary
- Beneficiary should contact ING upon participant's death



## Tap into the “jars” in the right order

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**Be methodical about  
cashing in your  
*personal savings.***

- Liquidate taxable\* investments first
- Maintain and invest tax-deferred funds as long as possible
- Consider whether the IRS 10% penalty tax applies to pre-age 59½ distributions
- Tap into ROTH dollars as a last resort

**Don't dip into your long-term money jar too fast, too often.**



**Many experts suggest a target of spending only 4% of your personal savings per year.**

## The Timing of Withdrawals Could Matter!

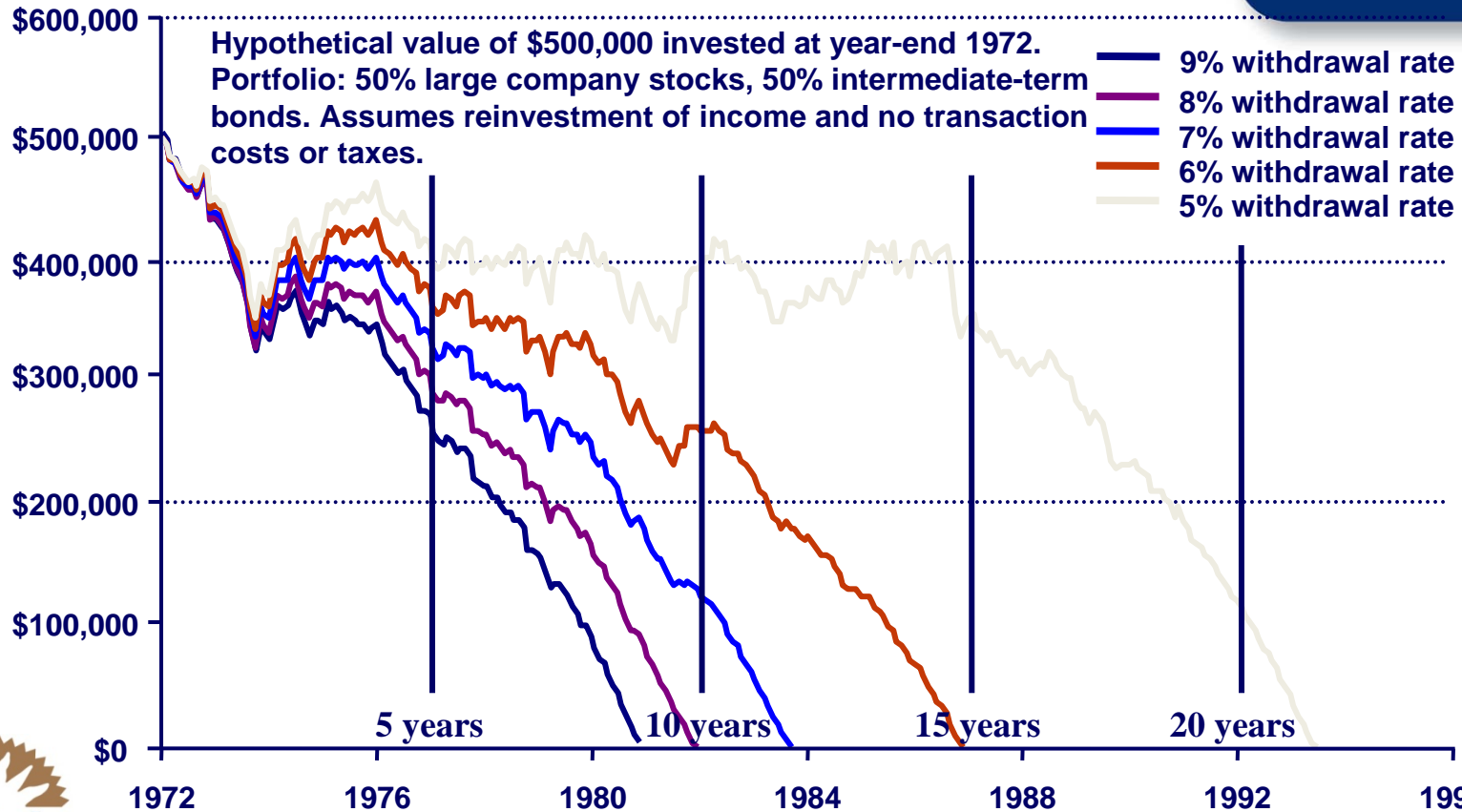
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- **Poor performance in the early years of retirement could significantly impact the lifespan of retirement assets.**
- **The results can follow you throughout retirement**



# An Unrealistic Withdrawal Plan



## Carefully consider your choices



Receiving Social Security benefits at an earlier age, could lower your monthly benefit amount.



Age	Social Security Monthly Income
62	\$1,474
65	\$1,875
70	\$2,793

## Take Time to Get Up to Speed

- Possible options for a smoother transition into retirement
  - Spend less in early years
  - Consider working as a consultant or part-time employee
  - Consider continuing to invest during retirement

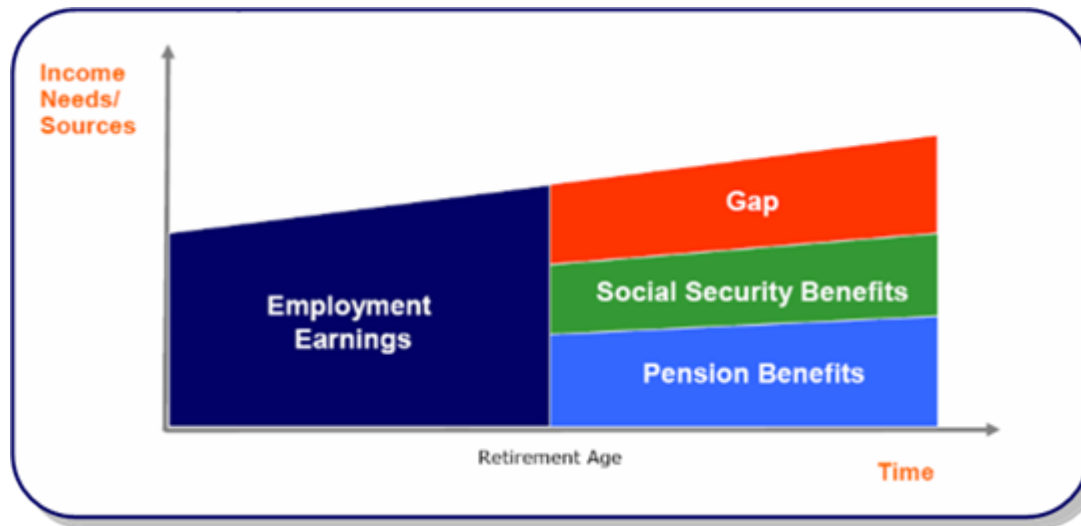
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## Retirement Planning Illustrations Can Help You

- Evaluate your current retirement plan account and identify whether increased contributions are needed
- Identify the potential sources of your retirement income
- Compare your objectives and identify possible gaps



## Let **ING** Help

Request a hypothetical benefit illustration from the ING San José Regional Office  
**1.877.464.4748 or 1.408.881.0110 | 4 North Second Street, Suite 440**

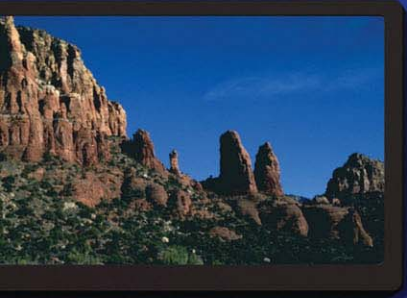
Access online retirement planning information  
[www.ingretirementplans.com/custom/sanjose](http://www.ingretirementplans.com/custom/sanjose)

Meet with your local ING representative



NATIONAL  
**SAVE** for  
RETIREMENT  
Week **10.17-21**





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Thank you for **Participating!**

