

City of Aurora Police Money Purchase Plan Highlights

Read these highlights to learn more about your Plan. If there are any discrepancies between this document and the Plan Document the Plan Document will govern.

About the Aurora Police MPPP

The APD-MPPP is what is known as a Social Security Replacement plan. Like many Colorado public entities, the City of Aurora opted to not participate in Social Security and this plan is designed to “replace” the income that Social Security would otherwise provide at retirement. You will not receive credit under Social Security for the time you work for the City of Aurora Police Department.

Eligibility Requirements

Must be age 21 or older and you are automatically enrolled as on your first day of employment.

Employee & Employer Contributions

The APD-MPPP is a mandatory defined contribution plan. Your mandatory pre-tax contributions will be deducted from each paycheck and the City of Aurora will also contribute to your retirement account each pay period.

Contributions for 2020 are:

- Employee contribution = 12% of pay
- Employer contribution = 12% of pay

Vesting Schedule

Vesting refers to the percentage of your account you are entitled to receive when upon the occurrence of distributable events.

- Your contributions are always 100% vested.
- Your employer contributions are 0% vested until you reach 5 years of employment. Once you reach your 5 year anniversary date you will be 100% vested in your employer contribution account.

Investment Options

You may select how to invest your account from a menu of 14 mutual funds or you may choose from 8 Custom Target Date funds. Please go

online to the Empower Retirement website for additional information regarding the available investment options.

The Custom Target Date funds are specifically designed for Public Safety employees whose average retirement age is 55. These funds will have a different rate of return than other off the shelf Target Date funds that assume normal retirement age is 65. The Retirement age for the APD-MPPP is 50.

If you do not choose your own investment options, you will be defaulted into the Custom Target Date Fund whose end date most closely aligns with your 60th birthdate.

The Great-West Secure Foundation fund is an in-plan annuity option for investors that want a promised stream of income at retirement, but still achieve potential gains of the market.

You also have the option to open a PSCA Self Directed Brokerage Account through Charles Schwab and choose investments that are not available in the current investment menu. There is an annual fee of \$60 for this service.

Plan Fees

APD employees currently pay a 0.02% per month asset based fee (0.24% annually) to cover the cost of administering and recordkeeping the plan. Account balances are capped at \$500,000, so all employees with balances in excess of \$500,000 will pay the same fee.

Withdrawals

Qualifying distribution events are as follows:

- Retirement
- Permanent on-duty occupational disability
- Termination of employment
- Death
- Attainment of age 50

Types of withdrawals

- Direct Rollover
- Lump Sum
- Installment
- In-service withdrawals are available upon attainment of age 50 but require notarized spousal consent if applicable.

Important Note: Remember this is a Social Security Replacement plan and is meant to fund your retirement income.

Withdrawals (Cont.)

Once you redeem your entire account, you may not roll your funds back into the plan, however if you leave some funds in your account, you may roll your balance back into the plan should you wish to do so.

10% early withdrawal penalty exemption

Ordinary income tax will apply to each distribution that is not rolled over to an IRA or other retirement account.

Beginning January 2016 public safety employees who separate from service after age 50 will be exempt from paying the 10% early withdrawal penalty if you withdraw funds from your APD-MPPP. The same rule may not apply to withdrawals from an IRA or other non-governmental retirement plan, where you need to be at least 59 1/2 to avoid the penalty.

Windfall Elimination Provision (WEP) Government Pension Offset (GPO)

Please consult your tax advisor and Social Security prior to taking a withdrawal or rolling over your account to another retirement account or IRA.

Careful planning needs to be done to maximize your benefits. Government Money Purchase Pension plans may be subject to the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) – (Please refer to the attached flyers for more details.

Retired Officer Health Insurance Benefit

If you are retired, you may be eligible to withdraw up to \$3,000 per year from your APD-MPPP account tax free to pay for health insurance or long-term care premiums for you, your spouse and any legal dependents. In order to qualify for this tax free benefit, payments must be made directly from the APD-MPPP to the insurance company. Check with your plan administrator for additional details.

How Can I Get More Information?

Visit the website at www.apmPPP.org or contact your Empower Retirement Participant Call Center at 1-844-677-7427 for more information.

The website provides information regarding the plan, as well as videos, financial calculators, financial education information and other tools to help you manage your account.

Empower Participant Call Center representatives are available Monday through Friday from 6:30 am until 6:00 pm MT and on Saturday from 9:00 am until 1:00 pm MT.

Your Innovest team is available to assist you with investment education, withdrawal information and other life events that may occur. Please call the Money Purchase Pension direct line at 303-221-5900.