



MAKE AN INFORMED DECISION WITH YOUR 401(a) RETIREMENT SAVINGS

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Your Options Upon Retirement or Separation from Service

The benefits and consequences associated with each of the options are unique, and your decision can have long-lasting implications.

1. You may keep your assets invested in the Aurora Police 401(a) Retirement Plan.
 - a. Installment payments may be established upon reaching retirement age.
2. You may transfer your balance to another employer sponsored retirement plan, but doing so will prevent you from re-entering this retirement plan.
3. You may make a rollover to another retirement investment vehicle (e.g., Traditional IRA, Roth IRA, or Annuity), but doing so will prevent you from re-entering this retirement plan.
4. You may request a distribution. Distributions often result in significant tax implications (see page 3).
5. Any combination of the above options.

Aurora Police 401(a) Plan Fees

All retirement plans contain fees and participants pay those fees either directly or indirectly. Your 401(a) Plan has a transparent fee structure – you’ll know exactly what you are being charged for plan services and investment management. Whether you leave your money in the Aurora Police 401(a) Plan or choose to invest elsewhere, you should be aware of the fees that you pay and the services that the plan provides.

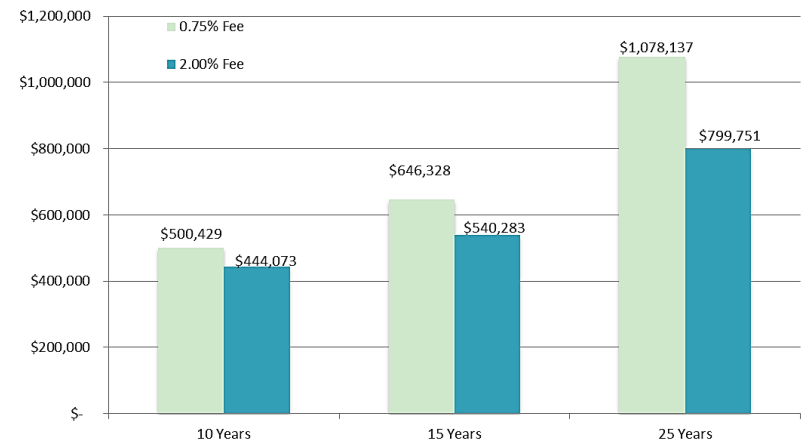
The amount of fees you pay can have a significant impact on your account balance which the chart to the right illustrates.

Aurora Police 401(a) Plan Fees

Annual administration fee	0.24%
Distribution/Withdrawal Fees	Installments: \$0 One-Time Withdrawals: \$0
Investment Manager Fees	Expense ratio is 0.04%-0.83%

The annual plan service fee includes unlimited access to personalized investment advice from Innovest, periodic webinars, and a suite of online tools.

Effects of Fees on Growth of \$300,000 Savings



The chart assumes a 6% return before fees and no annual contributions to the account.



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Checklist: How Will Social Security Benefits Potentially Be Impacted (If Eligible)?

- Windfall Elimination Provision (WEP) - Applies if you reach 62 after 1985, become disabled after 1985, or become eligible for a monthly pension based on Social Security Tax-exempt work after 1985.
 - This impacts individuals that earn a retirement or disability pension from an employer who did not withhold Social Security taxes **and** you qualify for Social Security retirement or disability benefits from work in other jobs where you did pay into Social Security.
 - The WEP provision is triggered when you receive a pension benefit based on work where you did not pay into Social Security. This includes taking a lump sum distribution, installment payments, and a qualified rollover to another plan or IRA. **Social Security treats a lump sum rollover as if you were paid on a monthly basis for purposes of the WEP provision.**
 - How the WEP impacts your Social Security benefit:
 - Normally, Social Security benefits are calculated based on separate Average Indexed Monthly Earnings (AIME) across three tiers, using different weights to calculate the total benefit amount:
 - Tier 1: the first \$996 of AIME * 90% (WEP can reduce factor as low as 40%)
 - Tier 2: \$996 - \$6,002 of AIME * 32%
 - Tier 3: AIME in excess of \$6,002 * 15%
 - **IMPORTANT: The WEP calculation replicates the regular PIA formula but scales down the Tier 1 calculation from 90 percent to 40 percent in increments of five percentage points for workers with less than 30 years of coverage (YOCs).**
 - However, “WEP guarantee” ensures that the difference between the regular PIA and the WEP PIA cannot exceed one-half of the monthly non-covered pension.
- Government Pension Offset (GPO)
 - Beneficiaries eligible for spouse or survivor benefits who also receive a non-covered pension are affected by another provision, the Government Pension Offset (GPO).
 - **Like the WEP provision, if you take your government pension annuity in a lump sum, Social Security will calculate the reduction as if you chose to get monthly benefit payments your government pension.**
 - Your spouses or survivors Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you receive a monthly government pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits.
 - For example, if you are eligible for a \$500 spouses, widows, or widowers benefit from Social Security, you will get \$100 a month from Social Security (\$500 – \$400 = \$100) based on the GPO reduction.
 - **IMPORTANT: If two-thirds of your government pension is more than your Social Security benefit, your benefit could be reduced to zero.**



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Checklist: Before Transferring Assets Out of the Plan

- Evaluate expenses in the Aurora Police 401(a) Plan relative to the new account you are considering:
 - Administrative/annual fees and investment management fees apply to most investment accounts. How do the new fees compare to those charged to your 401(a) account? Use the worksheet on page 4 to help you compare.
 - Brokers, advisers and money managers can capture fees and commissions from your investable assets. Ensure all commissions and fees are disclosed up front in writing.
 - Because of the size of the Aurora Police 401(a) Plan, it can offer low-cost institutional share classes that investors typically do not have access to through individual accounts or smaller employer sponsored plans. What share classes are available to you in the account you are considering?

- Compare the investment options:
 - Your Aurora Police 401(a) Plan account benefits from professional investment management and oversight. The funds are continually monitored by the Retirement Plan Committee with professional guidance from the plan's independent retirement plan consultant (Innovest Portfolio Solutions) in order to give you access to best-in-class funds on an ongoing basis. How are the funds in your potential new account selected and monitored?
 - The Aurora Police 401(a) Plan features unique custom portfolios that were designed by, and continually monitored by, the plan's investment consultant (Innovest Portfolio Solutions). These portfolios give participants access to non-traditional asset classes such as commodities and floating rate loans, and cannot be utilized outside of the plan. Does your potential new account have access to a low-cost, professionally managed option?

- Additional Considerations for Public Safety:
 - Eligible retired Public Safety Officers (PSO) are allowed to use up to \$3,000 per year from their qualified government retirement plan, on a pre-tax basis, to pay for health insurance or long-term care insurance premiums for the retired PSO, and/or their spouse, and/or their dependent(s). In order to qualify for the pre-tax benefit, the payment must be made directly from your qualified retirement plan to a health or long-term care insurance company. Payments from an IRA do not qualify for this benefit.
 - Beginning January 2016, police officers who separate from service after age 50 will be exempt from the 10% early distribution penalty tax on withdrawals taken from a governmental defined contribution plan. Distributions taken from an IRA or other retirement account may be subject to the 10% early distribution penalty tax prior to reaching age 59.5.



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Transferring: Annuity Considerations

- Are there initial sales commissions?
- Are there withdrawal fees?
- What are the ongoing management and mortality and expense fees?
- Is any portion of the account value available for withdrawal? If so, how much or what percentage and is there a withdrawal penalty?
- How are the underlying assets of the annuity invested?
- Am I comfortable with the stability and rating of the insurer guaranteeing the annuity product?
- What if any, death benefits are payable?

Broker/Adviser Compensation Considerations

You have the right to know exactly what fees you are paying. Always ask that the fee information be put in writing so you can understand and record what and how you are paying.

- How does my broker/advisor charge for their services?
 - Flat fee only
 - Asset-based fee
 - Commission-based fee

Transferring: IRA Considerations

- Are there any fees if I take a withdrawal?
- What load, sales charges, and expense ratios are associated with the IRA mutual funds?
- Who will monitor my IRA investments on an ongoing basis?
 - Is there a fee for ongoing advice and/or fund monitoring?
 - Will any of my funds be subject to holding periods, redemption fees, or liquidity restrictions?
- If I roll to an IRA, how much income tax will I owe and how will it impact my tax bracket?
 - Traditional IRA: Rollover NONTAXABLE | Distributions TAXABLE
 - Roth IRA: Rollover TAXABLE | Distributions NONTAXABLE

Checklist: Before Cashing Out

- Evaluate the tax consequences.
 - A cash distribution of your retirement savings will be taxed as earned income at the federal and state level and could raise you to a higher tax bracket. You may wish to consult a tax professional prior to requesting a cash distribution.
 - Taking a cash distribution prior to reaching normal retirement age may result in an additional 10% IRS early distribution penalty tax.
 - Your retirement savings will continue to grow tax-deferred if it remains in your 401(a) Plan account.
- Evaluate the impact on your ability to retire as planned.
 - Saving enough money for a comfortable retirement can be difficult. Cashing out your retirement plan early will make it even tougher. Saving enough tomorrow to make up for today's cash out could be nearly impossible. You may wish to consult a financial professional prior to requesting a cash distribution.



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Aurora Police 401(a) Investment Options		
Fund Name	Ticker	Expense Ratio
Professionally-Managed Portfolios		
Aurora Police Custom Target Date Portfolios		0.51%-0.61%
Domestic Equity		
Vanguard Total Stock Market Index	VTSAX	0.04%
Domestic Large Cap Equity		
Dodge & Cox Stock	DODGX	0.52%
Vanguard Institutional Index	VINIX	0.04%
Harbor Capital Appreciation	HNACX	0.64%
Domestic Mid Cap Equity		
Vanguard Mid Cap Growth Index	VMGMX	0.07%
Domestic Small Cap Equity		
American Beacon Small Cap Value R6	AASRX	0.80%
Vanguard Small Cal Growth Index	VSGAX	0.07%
International Equity		
Oakmark International	OAKIX	1.03%
American Funds Europacific R4	REREX	0.46%
Invesco Developing Markets I	ODVIX	0.83%
Vanguard Developed Markets Index	VTMGX	0.07%
Fixed Income		
Met West Total Return Bond	MWTSX	0.38%
Cash		
Great-West Select Guaranteed Fund		N/A
a) Crediting Rate	1.95%	
Aurora Police 401(a) Administrative Fees		
Annual Plan Administration Fee	0.24%*	
Withdrawal Fees	Installments: \$0 One-time: \$0	
Sales Commissions	None	

New Plan / Rollover Account Investment Option		
Fund Name	Ticker	Expense Ratio
Professionally-Managed Portfolios		
Domestic Equity		
Domestic Large Cap		
Domestic Mid Cap		
Domestic Small Cap		
International Equity		
Fixed Income		
Annuities		Commission
New Plan / Rollover Account Administrative Fees		
Broker/Advisor Account Annual Fee(s)	% or \$	
Withdrawal Fees		
Sales Commissions		

Before transferring assets out of the Aurora Police 401(a) Plan, you should research and understand the fees associated with a direct rollover to an IRA or another retirement vehicle (e.g., to another employer sponsored retirement plan). Use this worksheet to compare the expenses of your current 401(a) investment(s) to those associated with the proposed account and/or investment portfolio.

*Admin fee only applicable to first \$500,000 of account balance. All revenue sharing, if any, returned to participant account that earned such revenue sharing.

