Benefits of Enrolling in Your 457 Plan

AS A PUBLIC EMPLOYEE OF THE STATE OF LOUISIANA, YOU CAN CHOOSE TO PARTICIPATE IN THE LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN (“PLAN” OR “DCP”).

This 457 Plan, administered by Empower Retirement, allows eligible employees to supplement their existing retirement/pension benefits by saving and investing before-tax and Roth after-tax dollars through voluntary salary contributions.

Save on taxes now or later

When you contribute to the DCP, the amount of tax you pay is figured after your contribution, so you may pay less in taxes now if contributing pre-tax dollars or later if contributing Roth after-tax dollars.

Automatic deposits from payroll

The amount you contribute will be automatically taken out of each paycheck and deposited in your 457 account.

Payouts without penalties

Once you terminate service (e.g., retire, leave employment, etc.) as a public/government employee, you may make withdrawals of your 457 Plan money before age 59½ without incurring a penalty. You’ll only pay taxes on the amount withdrawn.¹

LouisianaDCP.com — open 24/7

You can visit the website at any time to view your balance, use educational tools and manage your account. You may also elect to receive paperless statements by logging in to your account, clicking on your name and changing your Communication Preference.

Two ways to catch up

The Age 50+ Catch-up provision allows you to contribute more to your account once you reach age 50. The Special Catch-up provision allows you to contribute up to double the normal annual limit during the three years prior to the Normal Retirement Age (defined by the Retirement System and the participant). A Special Catch-up worksheet is needed to determine eligibility. Contact the Baton Rouge office of Empower Retirement to start the process. You may use only one catch-up provision per calendar year.

Retirement plan advisors

There are many Retirement Plan Advisors located throughout Louisiana, and there’s a staffed administrative office in Baton Rouge. Contact the Baton Rouge office with questions or to schedule a meeting with an advisor in your area at (800) 937-7604.

Stay as long as you like

Even if you are no longer a Louisiana public employee, you can keep your 457 account right where it is.² The DCP may cost less than some alternatives, and it gives you access to all the Plan services long after you retire.

Investment assistance

The Plan offers investment assistance through local Retirement Plan Advisors who will guide you through a Retirement Readiness Review at a location near you. This type of assistance will help you prepare for retirement by recommending a savings rate, an asset allocation strategy and a retirement age individualized for your situation. As you approach retirement, a spend-down strategy will help you use your retirement funds appropriately throughout your life expectancy. Contact the Baton Rouge office for your Retirement Readiness Review.

Loans

Your Plan allows you to borrow the lesser of $50,000 or 50% of your total account balance. The minimum loan amount is $1,000, and you have up to five years to repay your loan—up to 15 years if the money is used to purchase your primary residence.

You may have a maximum of one outstanding loan at any time. There is a $50 origination fee for each loan plus an ongoing quarterly maintenance fee of $6.25. The loan origination fee is deducted from the principal balance of the loan proceeds.
The quarterly maintenance fee is assessed against your remaining account balance. The interest rate for the loan is 2% over the prime rate as published in The Wall Street Journal on the first business day of the month before the loan is originated. For more information on loans, contact the Louisiana 457 DCP office at (800) 937-7604.

Administrative fees

The Plan will assess an administrative fee quarterly, which will be disclosed in the Transaction History section of your quarterly statement under the Withdrawals/Expenses heading. All loads (sales charges) on purchase transactions are waived on core investment options within the Plan.

The administrative fee structure is tiered and based on account balance. Participants will pay a $2.50 quarterly flat fee on the first $5,000 of their balance or $10 annually. Participants will pay a 0.20% annual fee (0.05% quarterly) on the next balance amount of $5,000.01 to $50,000. There is no fee on balances at $50,000.01 and above.

Examples

For a $10,000 balance:
- $2.50 quarterly flat fee for first $5,000
- 0.05% for the remaining $5,000 balance or $2.50 quarterly ($5,000 x 0.0005 = $2.50)
- The total charged on the $10,000 balance will be $5 per quarter.

For a $100,000 balance:
- $2.50 quarterly flat fee for first $5,000
- 0.05% for the remaining $45,000 balance or $22.50 quarterly ($45,000 x 0.0005 = $22.50)
- No fees for the remaining $50,000.01 balance
- The total charged on the $100,000 balance will be $25 per quarter.

Account consolidation

Simplicity

Consolidating your accounts from other employer-sponsored retirement plans or IRAs is a simple process. By rolling your money into this Plan, you’ll only have to concern yourself with one account statement.

In addition, you will enjoy account management through a single resource, allowing you to change your investment mix quickly and easily. However, keep in mind that by consolidating accounts, your choice of investment options may be limited to those offered by your Plan.

Cost

Another important consideration is the fees you may be charged for every account you have open. It is important to investigate and compare the fees on all of your accounts, including this one, before you make any decisions. Some accounts have administrative fees. You might be able to avoid paying multiple fees if you consolidate your retirement accounts into just one account. If you can pay less in fees on your accounts, more of your money may be available to be invested – now and in the future. You may discover money you didn’t know you had.

Rollovers

Only approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an IRA may be rolled over to the Plan. As with any financial decision, you are encouraged to discuss moving money between accounts, including rollovers, with a financial advisor and to consider costs, risks, investment options and limitations prior to investing.

What are you waiting for? Enroll today!

Call the local Baton Rouge office toll free at (800) 937-7604, or you can also visit LouisianaDCP.com.

Enroll today!

- Visit our website at LouisianaDCP.com and click on Register. Follow the prompts to enroll.
- Contact the Louisiana Deferred Compensation Plan by calling (800) 937-7604 and receive enrollment assistance or schedule a Retirement Readiness Review.

1 Withdrawals may be subject to ordinary income tax. The 10% federal early withdrawal penalty does not apply to 457 plan withdrawals except for withdrawals attributable to rollovers from another type of plan or account.

2 Your plan may contain provisions that provide for the automatic distribution of small balances. You should consult with your plan for more details.

3 Money from other types of plans or accounts that are rolled over into a governmental 457 plan may still be subject to the 10% federal early withdrawal penalty upon distribution from the 457 account prior to the investor reaching age 59½.

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