

Be smart with your money: Protecting your retirement savings

LASERS Self-Directed Plan

Employees and retirees are often approached by brokers or financial planners offering to manage their investments postretirement. Your nest egg represents many years of saving. You want to continue to protect your retirement assets throughout your lifetime and also consider your beneficiaries.

You have many options, so if you're approached about moving your LASERS Self-Directed Plan (Self-Directed Plan) account with Empower Retirement to a new company, please consider the following advantages of staying with your Self-Directed Plan:

1. Louisiana state income tax

It is important to note that you do not pay Louisiana state income taxes as long as your funds are distributed to you from the Self-Directed Plan. Although you will report withdrawals on your state tax return, no state income tax will be due on these funds. If you roll over your account to a 401(k) plan or other plan or to an IRA, you will pay state income tax on withdrawals from those accounts.

2. Rollover

Do your research. If you roll over all of your funds out of the Self-Directed Plan, it is an irrevocable decision. At that point, you permanently will have lost your Louisiana state income tax exemption. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options.

3. Fees

Your Self-Directed Plan has very competitive fees. This could mean more money in your pocket. Currently, administrative fees are covered by the operating expenses of the investments.^{1,2}

4. Penalties

With the Self-Directed Plan, if you are age 55 or older when you retire, you will not be subject to the 10% early withdrawal penalty. If you are younger than age 55 when you retire, you must wait until age 59½ to take a distribution to avoid the 10% penalty.

There are two exceptions to the 10% tax penalty. The first exemption is covered by the Pension Protection Act of 2006.

This legislation exempts you from the 10% penalty of lump-sum withdrawals if you're a qualified public safety employee in a governmental plan and you separate from state service the year you reach age 50 or later. This includes correctional officers and other agents with arrest power, such as wildlife agents, bridge police, public safety officers and peace officers.

The second exemption from the 10% penalty tax applies if you separate from service in the year you turn 55 or later. With the Self-Directed Plan, if you retire in the year you turn 55 or older, you will not be subject to the 10% early withdrawal penalty.

5. Withdrawals

Empower Retirement is required by law to withhold 20% from your requested withdrawal amount to help cover your income tax liability. If you are in a low tax bracket, you could be due a refund when you file your taxes. If you are in a high tax bracket, you could possibly owe more at tax time.

6. Withdrawal options

You have many options available for withdrawing your money from the Self-Directed Plan. You can customize your strategy to fit your needs, and you have the ability to change your options at any time. Your options include:

- A monthly supplement to pension.
- Random amounts as requested.
- A total withdrawal.



As you can see, your Self-Directed Plan offers you many benefits that most brokers or financial planners cannot provide.

Before making any kind of decision to move your account, be sure to compare all aspects and benefits available to you.

If you have any questions, please call Empower's Baton Rouge office at 225-926-8082 for one-on-one assistance.

Below is a hypothetical example of a participant who wants to take a \$50,000 withdrawal from his Self-Directed Plan. The illustration shows the mandatory 20% federal tax withholding and an additional 3% in taxes that were due to satisfy the participant's income tax bill.

SELF-DIRECTED PLAN WITHDRAWAL

Account balance	\$50,000
Mandatory 20% federal income tax	-\$10,000
Potential 3% additional tax owed	-\$1,500
What's left	\$38,500

FOR ILLUSTRATIVE PURPOSES ONLY. Withdrawals are subject to ordinary income tax. A 10% early withdrawal penalty may apply to withdrawals made prior to age 59½. (If you roll over your money out of the Self-Directed Plan to an IRA or other tax-deferred account, you will also owe state taxes when you withdraw the funds from your new account.) Assumes a 23% federal income tax bracket.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through your plan, you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds, and/or disclosure documents from your registered representative or plan website. Read them carefully before investing.

Other things to remember:

1. Assets are held in trust for the exclusive benefit of Self-Directed Plan participants, and all investment options offered by the Self-Directed Plan are monitored quarterly by the Self-Directed Plan's advisory committee with assistance from an independent investment consulting firm. They are responsible for ensuring that the Self-Directed Plan makes available a variety of appropriate and cost-effective investment choices.
2. The money held in your Self-Directed Plan account when you terminate your Deferred Retirement Option Plan (DROP) or retire with an Initial Benefit Option, by default, will be invested in the LASERS Stable Value Fund.³ However, you may choose other variable investment options offered by the Self-Directed Plan.
3. You will receive a personal identification number (PIN) letter when your funds move from DROP to the Self-Directed Plan.⁴ You will have access to your account 24 hours a day at **800-701-8255** or by logging on to **Louisianadcp.com**. You will also receive a statement in the mail on a quarterly basis.⁵
4. Distributions can be requested from Empower via phone at 225-926-8082, mail or the local office at 9100 Bluebonnet Centre Blvd, Suite 203, Baton Rouge, LA 70809.
5. A Form 1099 will be issued in January for the year in which any distributions are made from the Self-Directed Plan.
6. If you are 72 and have separated from service, you are required to take a required minimum distribution, which you will need to address by contacting Empower to avoid tax penalties.



¹ Each fund has its own fund operating expenses.

² Funds may impose redemption fees and/or transfer restrictions if assets are held for less than the published holding period. For more information, see the fund's prospectus and/or disclosure documents.

³ The LASERS Stable Value Fund is a separate account product offered by Great-West Life & Annuity Insurance and is not backed by the general assets of the insurer.

⁴ The account owner is responsible for keeping the assigned PIN confidential. Please contact Client Services immediately if you suspect any unauthorized use.

⁵ Access to the automated voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

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