



Arizona Elected Officials' Defined Contribution Retirement System (EODCRS)

**A 401(a) Defined
Contribution Plan**

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HISTORY AND ELIGIBILITY

- In July 2013, Arizona state legislators created the Elected Officials' Defined Contribution Retirement System (EODCRS) for newly appointed or elected officials
- EODCRS is a 401(a) retirement plan
- EODCRS became effective for new members appointed or elected on and after January 1, 2014
- Serves appointed, elected or re-elected officials and members of the judiciary who do not have active or inactive accounts or draw retirement benefits from the Elected Officials Retirement Plan or the Arizona State Retirement System

MANAGEMENT AND ADMINISTRATION

- Plan is overseen by the PSPRS Defined Contribution Committee
 - Law enforcement (2 members)
 - Firefighters (2 members)
 - Elected officials (1 member)
 - Corrections officer (1 member)
 - PSPRS trustee – must be a plan member
 - PSPRS staff (1 member, non-voting)
- Nationwide Retirement Solutions is the recordkeeper
 - Selected through competitive bidding process
- SageView is the investment consultant
- Public Safety Financial/Galloway provides member plan education
 - PSPRS does not endorse any firms for asset management services for plan members

CONTRIBUTIONS AND VESTING

- Required employee contributions made on a pre-tax basis from payroll deduction
- Changing contribution rates is restricted and not allowed unless authorized by statute
- 8% pre-tax employee contribution
- 6% pre-tax employer matching contribution
- Full and immediate vesting of member and employer contributions, including investment earnings

INVESTMENT OPTIONS

- Employees may change their investment lineup with no transaction fees or penalties
- Plan features:
 - Assortment of 5-year incremental target date asset allocation funds from American Funds (*see important information on next slide*)
 - More than 20 mutual funds representing recognized fund companies, including Vanguard, American Funds, MFS, Putnam, Hartford and BlackRock
 - Guaranteed interest account option from Nationwide
 - Managed account service (Proaccount and Indexed Principal Protection)
 - Schwab Self-Directed Brokerage Option (SDBO)

Investing involves risk, including possible loss of principal.

Fund prospectuses can be obtained by going to <https://www.psprsdcpn.com>. Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. The fund prospectus contains this and other important information. Read the prospectuses carefully before investing.

The use of asset allocation does not guarantee returns or insulate you from potential losses.

INVESTMENT OPTIONS (CONT.)

Target Date Maturity Funds

Target date maturity funds simplify retirement investing by providing participants a mix of stocks, bonds, and other investment funds. Over time, the investment allocation is automatically adjusted to lower the risk of loss to participants as they approach retirement.

Target date maturity funds are typically titled with a year that marks a participant's expected retirement date. For example, a target date maturity fund including the year 2045 is intended for a member expecting to retire in 2045.

Like other funds, target date maturity funds have fees and are subject to market risk and loss of value, which can occur before, during or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

ROLLOVERS & SERVICE PURCHASE

- A defined contribution plan rollover is the process of transferring funds from one retirement plan to another without incurring taxes or financial penalties
- Participants may rollover tax-advantaged retirement account plan balances into the 401(a) EODCRS
- Rollovers out of the EODCRS into qualified tax-advantaged retirement accounts, including 401(k), 403(b), 401(a), 457 or Individual Retirement Account (IRA), are permitted upon members' separation from service
- Members are encouraged to seek professional tax and investing advice when considering retirement plan rollovers
- This plan may be used to purchase defined benefit plan service credits on a pre-tax basis

WITHDRAWING FUNDS

- Participating members may not take distributions for hardships or financial emergencies from this plan
- Participating members may take loans, up to 50% of balance (minimum \$1,000 – maximum \$50,000)
- If the participant is not age 59½, a 10% early withdrawal penalty may apply
- Taxes may be withheld at the time of distribution
- If a lump sum payout is requested upon retirement, federal/state taxes and penalties may apply
- The Public Safety exemption for sworn officers does apply when the individual retires in the year they turn age 50 or older
- Required Minimum Distributions (RMD) must begin no later than age 73; if separated from service or retired

FUND EXPENSES

- There are no front-end, back-end, or early withdrawal charges or loads in the core funds
- PSPRS DC Committee negotiates for low administration and recordkeeping fees
- Underlying institutional level mutual fund expense management charges also apply

Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA. The information they provide is for educational purposes only and is not investment, legal or tax advice.

SUPPORT AND ACCOUNT ACCESS

- Quarterly statements with educational messages
- Toll-free customer service line
- Online web access
- Local Phoenix office with representatives throughout Arizona

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CONTACTS

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