



Arizona Public Safety Personnel
Defined Contribution
Retirement Plan (PSPDCRP)

A 401(a) Defined
Contribution Plan



CONTENTS

- History and Eligibility
- Management and Administration
- Contributions
- Contribution Rates
- Vesting Schedules
- Investment Options
- Rollovers
- Withdrawing Funds
- Fund Expenses
- Support and Account Access
- Contacts including Nationwide's PSPRS Education Team



HISTORY AND ELIGIBILITY

- In 2016, legislators created the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP); effective July 1, 2017
- Offered to Tier 3 public safety members (hired on/after July 1, 2017) as alternative to defined benefit (pension)
- Included as benefit for Tier 2 (hired Jan. 1, 2012 - June 30, 2017) and Tier 3 public safety members who do not contribute to Social Security through their employers
- Assigned benefit for Tier 3 corrections/detention officers hired on/after July 1, 2018
- Offered for Tier 3 probation/surveillance officers (hired on/after July 1, 2018, by the Administrative Office of the Courts) as an alternative to defined benefit (pension)
- Default account for exiting Tier 1 public safety deferred retirement option plan (DROP) members and CORP reverse DROP members

MANAGEMENT AND ADMINISTRATION

- Overseen by the PSPRS Defined Contribution Committee
 - Law enforcement (2 members)
 - Firefighters (2 members)
 - Elected officials (1 member)
 - Correction officers (1 member)
 - Trustee – must be a member trustee
 - 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

- Required employee contributions made on a pre-tax basis from payroll deduction
- Changing contribution rates is restricted and not allowed unless authorized by statute

CONTRIBUTION RATES

Member Plan & Tier	Member Rate	Employer Matching Rate
PSPRS Tier 3 “hybrid”*	3%	3%
PSPRS Tier 3 DC-only*	9%	9%
PSPRS Tier 2 “hybrid”	3%	3%
CORP Tier 3 DC-only*	7%	5%

* Indicates member contribution rate can be adjusted during benefit election period.

- “Hybrid” refers to members contributing towards pension and 401(a) defined contribution plans; limited to those who do not contribute to Social Security through their employer
- CORP Tier 3 DC-only includes corrections and detention officers, probation and surveillance officers who elect to receive 401(a) defined contribution benefits (no hybrid option for corrections)
- CORP Tier 3 participants can increase their contribution rate or lower it to as low as 5 percent; Tier 3 public safety members can elect to increase their contribution rate

VESTING SCHEDULE

Member Plan & Tier	Annual Rate	Full vesting
PSPRS Tier 3 “hybrid”	10%	10 years
PSPRS Tier 3 DC-only	10%	10 years
PSPRS Tier 2 “hybrid”	10%	10 years
CORP Tier 3 DC-only	25% each for years 1 and 2, 50% for year 3	3 years

- Vesting schedule refers to the period and timing in which a member gains ownership of employer contributions, including related investment returns, made into a defined contribution retirement plan
- Members retain full and immediate ownership of their contributions and related investment returns

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.psprsdcpplan.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

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

- A defined contribution plan rollover is the process of transferring funds from one retirement plan to another without incurring taxes or financial penalties
- Members and retirees of PSPRS-managed plans may rollover tax-advantaged retirement account plan balances into the 401(a) PSPDCRP
- Rollovers out of the PSPDCRP into qualified tax-advantaged retirement accounts are permitted upon members' separation from service
- Members are encouraged to seek professional tax and investing advice when considering retirement plan rollovers

WITHDRAWING FUNDS

- Participating members may take loans or distributions for hardships or financial emergencies from this plan
- Upon separation of service, account assets can be but are not required to be rolled over to another qualified retirement plan like a 401(k), 403(b), 401(a) or 457 plan in which the participant participates, or even to an Individual Retirement Account (IRA).
- If a lump sum payout is requested upon retirement, federal/state taxes and penalties may apply
- The public safety penalty exemption for law enforcement, fire fighters, and corrections officers applies when the individual retires in the year they turn 50 or older
- Required Minimum Distributions (RMD) must begin no later than age 73; if separated from service or retired
- Taxes may be withheld at the time of distribution

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. Fees may be paid entirely through 'forfeited' plan assets leaving no cost to participating members
- Underlying institutional level mutual fund expense management charges also apply

SUPPORT & ACCOUNT ACCESS

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

CONTACTS

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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.

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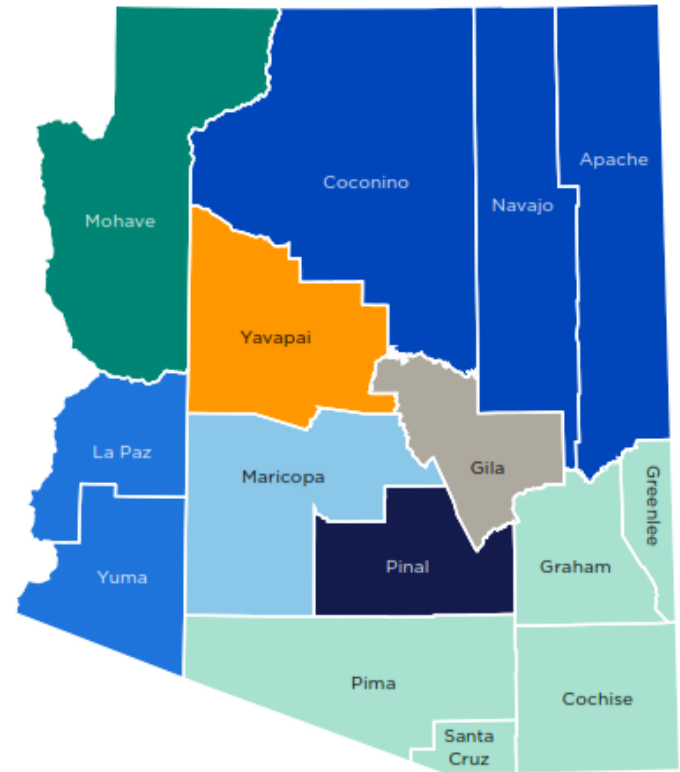
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