

Retirement Plans Highlights for Full-Time Employees

(hired on/after January 1, 2015)



January 2024

DRBA Retirement Plans

The Authority Provides Three (3) Plans:

- **DRBA Employees' Retirement Plan ('the Pension Plan')**
 - Participation in the Pension Plan is Mandatory
- **DRBA Employees' Defined Contribution Plan ('the 401(a) Plan')**
 - Participation in the 401(a) Plan is Mandatory
- **DRBA Employees' Deferred Compensation Plan ('the 457(b) Plan')**
 - Participation in the 457(b) Plan is Voluntary
 - **Plus, Social Security Retirement (62, 65, 66+)**

Eligibility to Participate in Retirement Plans

- Full-time active employees are eligible
- Participation begins on the first (1st) of the month following 30 days of active full-time employment
- Employee (EE) contributions:
 - Must contribute 3% of base pay to the Pension Plan
 - Must contribute 2% of base pay to the 401(a) Plan
 - May elect to contribute 2% of base pay plus additional \$ to the 457(b) Plan, subject to IRS limits on contributions

Vesting under DRBA Retirement Plans

- “Vested” refers to the portion of a Participant’s benefits under the Plan that is non-forfeitable. “Fully Vested” means the Participant is eligible to receive benefits under the Plan.
- Vesting is based on years of full-time service with the Authority
 - The Pension Plan:
 - You are fully vested after ten (10) Years of Service
 - For vesting purposes, a Year of Service shall be a calendar year (Plan Year) in which you complete 1,000 Hours of Service
 - *Note: if you had prior casual service with DRBA you may elect to purchase that prior service upon becoming fully vested in the Pension Plan. You will have 180 days from the date you become fully vested to elect to exercise this option.*
 - The 401(a) and 457(b) Plans (Retirement Savings Plans):
 - You are always 100% vested in your contributions to the Plans
 - You are fully vested after five (5) Years of Service for DRBA’s matching contributions
 - For vesting purposes, a Year of Service shall be a calendar year (Plan Year) in which participant completes 1,000 Hours of Service

The Pension Plan *When Can I Retire?*

Retirement Dates:

Normal Retirement Date (NRD):

1st day of the month coinciding with or next following...

- Date you reach Age 60 with 10 Years of Service (for Non-Police)
- Date you reach Age 55 with 10 Years of Service (for Authority Police)

Early Retirement Date (ERD):

1st day of the month coinciding with or next following...

- Date you reach Age 55 with 10 Years of Service (for Non-Police)
- Date you reach Age 50 with 10 Years of Service (for Authority Police)
- Date you reach 25 Years of Service regardless of your age

Note: Early retirement benefits are reduced by 4% per year for each year before your NRD.

Reduction does not apply if you have 25 Years of Service.

The Pension Plan

How Can I Estimate my Pension Benefit?

Variables used in calculation of retirement annuity :

- **Based on Average Monthly Compensation (AMC)**
 - “AMC” = monthly average of highest consecutive 36 months (3 years) during plan participation (excluding overtime, commissions and bonuses)
- **1.75% of the AMC multiplied by # of years of Benefit Service**
 - “Benefit Service” includes the total years and months that the employee is making the mandatory employee contribution under the Pension Plan
- **NRD = Normal Retirement Date**

The Pension Plan

How Can I Estimate my Pension Benefit?

Formula to calculate your monthly retirement annuity:

Example at Normal Retirement Date (NRD):

Estimated AMC = \$6,250

Estimated Benefit Service = 20 years

Calculation: $\$6,250 \times 1.75\% \times 20 = \$2,187.50$ per month

Example at Early Retirement Date (ERD):

*{*Early retirement benefits are reduced by 4% per year for each year before your NRD}*

Assume 2 years prior to NRD

Calculation: $\$2,187.50 \times .92 = \$2,012.50$ per month

Reduction factor = $.92 (1 - (.04 \times 2))$

**Early Retirement reduction does not apply for those with 25 or more Years of Service*

The Pension Plan

What Payment Options do I have Upon Retirement?

- Plan pays a defined benefit (annuity) – issued by PNC Bank
- **Upon retirement...**
 - **You will elect between distribution types:**
 - **Annuity Only**
 - **Withdrawal of Employee Contributions with interest plus a reduced annuity**
(Withdrawal must be deposited in qualified retirement plan (roll-over); else, it becomes taxable income in the year received)
 - **You will also elect from benefit options:**
 - **Straight Life (Normal Form)**
 - **10 Year Certain and Life**
 - **Joint & Survivor options:**
 - **100% - upon death, spouse receives same amount**
 - **66 2/3% - upon death, spouse receives 66 2/3% of original benefit**
 - **50% - upon death, spouse receives 50% of original benefit**
- **You cannot change the distribution type or benefit option after annuity payments commence**

The Pension Plan

Are there other Benefits if I Don't Reach Retirement Date?


- *Disability Pension Benefits* may be available to you prior to reaching your retirement date if you become 'Disabled' and are approved for Long Term Disability and Social Security Disability benefits within the 'Initial 12-Month Disability Period'.
- *Pre-retirement Survivor Death Benefits* may be available to your surviving spouse if you are fully vested in the Pension Plan with 10-Years of Service and are married for at least one year ending on your date of death.

Do I get Health Insurance in Retirement?

Other Post Employment Benefits (OPEB)

- **Retiree Life Insurance**
 - DRBA provides a flat \$10,000 of group term life insurance with no reduction due to age
- **Retiree Dental and Vision**
 - DRBA continues your current Dental coverage when you retire
 - DRBA continues the Base Vision insurance plan for you when you retire
- **Retiree Health Insurance (Medical with RX)**
 - If you were hired on or after January 1, 2015, you can elect to continue your current health plan for yourself only or join the Medicare Advantage plan upon reaching age 65 – you will be required to contribute a percentage of the plan costs based on whole Years of Service

<u>Whole Years of Service</u>	<u>Retiree Contribution</u>	<u>DRBA Contribution</u>
10	60%	40%
11	57%	43%
12	54%	46%
13	51%	49%
14	48%	52%
15	45%	55%
16	42%	58%
17	39%	61%
18	36%	64%
19	33%	67%
20	30%	70%
21	27%	73%
22	24%	76%
23	21%	79%
24	18%	82%
25+	15%	85%



The 401(a) & 457(b) Plans
are administered by Voya Financial®

The Defined Contribution 401(a) and The Deferred Compensation 457(b) Plans

401(a) Plan (Mandatory)

- The 401(a) plan is a defined contribution plan, with a mandatory 2% employee contribution requirement.
- **The Authority matches the 2% employee contribution at 100%.**
- Employees are always fully vested (non-forfeitable) in their own contributions to the plan.
- Employees become 100% vested in DRBA's matching contributions to the plans after five (5) years of full-time service.

457(b) Plan (Voluntary)

- The 457(b) plan is a voluntary deferred compensation plan.
- **The Authority matches 100% of the first 2% an employee defers.**
- DRBA's matching contributions are deposited to the employee's 401(a) account.
- Additional contributions may be made to the 457(b), up to the IRS annual maximums, without DRBA matching contributions.
- Employees are always fully vested (non-forfeitable) in their own contributions to the plan.
- **Contributions can be made on a pre-tax or Roth basis, or a combination.**

Support 24/7

- Regularly scheduled, face-to-face service, education, and guidance from Voya representative available quarterly. Individual meetings can also be scheduled at any time.
- Best in class technology allowing access to your account from both Voya's website and mobile app. *(Search Voya Retire from your Apple or Android app store.)*
- Can make changes to your contribution rate and/or investments at any time.
- **Changes in contributions are effective on the first (1st) of the month following the date of change.**
- *Call Customer Service at 1-800-584-6001.*

The 401(a) Defined Contribution Plan Provisions

- Eligibility Requirement
 - Eligible on first (1st) day of the month following 30 days of full-time employment
- Eligible employees
 - Permanent Full-time
- **Enrollment**
 - **Participation is mandatory**
- **Employee Contributions**
 - **Mandatory 2% employee contribution**
- **Employer Matching Contributions**
 - **Hired 1/1/2015 or later - matches 100% of the 2% employee contribution**
- Rollovers into the Plan
 - Allowed from other Employer plans
- Hardship withdrawals
 - Not Available
- Distribution options
 - Separation from Service, Death, Disability or Retirement

Benefits of Participation in the 401(a) Plan

Pre-Tax Contributions

- Saving on a pre-tax basis and lower the taxes you pay today.
- **Provide income source to supplement your pension in retirement.**
- **Assets grow tax deferred; you pay taxes only upon withdrawal.**
- **A 10% penalty for distributions taken before age 59.5 will apply.**

Contribution Limits

- IRS annual contribution limit to 401(a) plan for **2024 is \$23,000**:
- Combination of Employee and Employer contributions is limited to **\$69,000**.
- *View all contribution limits at <http://www.voyadelivers.com/irslimits>*

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- Best in class technology allowing access to your account from both Voya's website and mobile app. *(Search Voya Retire from your Apple or Android app store.)*
- **Can make changes to your investments at any time.**
- **Changes in contributions are not permitted.**
- **Call *Customer Service* at 1-800-584-6001 or visit the Voya website to make changes.**

The 457(b) Deferred Compensation Plan Provisions

- Eligibility Requirement
 - Eligible on first (1st) day of the month following 30 days of full-time employment
- Eligible employees
 - Permanent Full-Time
- **Enrollment**
 - **Participation is voluntary**
- **Employee Contributions can be made on Pre-tax and/or Roth (after-tax) basis**
 - **Minimum of 2% contribution**
 - **Additional contributions in increments of 1% or flat dollar amounts**
- **Employer Contributions**
 - **Hired 1/1/2015 or later - matches 100% of the first 2% deferred**
 - **Match is deposited into 401(a) Plan account**
- Rollovers into the Plan
 - Allowed from other Employer plans
- “Unforeseeable Emergency” Withdrawals
 - Yes, Voya reviews & approves in accordance with IRS guidelines
- Distribution options
 - Separation from Service, Death, Disability or Retirement

Benefits of Participation in the 457(b) Plan

Pre-Tax or Roth Contributions

- Save on a **pre-tax** basis and lower the taxes you pay today.
 - **Assets grow tax deferred**; you pay taxes only upon withdrawal.
- Save on a **Roth** basis after wage taxes are applied.
 - **Assets grow tax-free**; eligible distributions from the account (including earnings) are generally **tax-free**.
- **You may also qualify for the Savers Tax Credit in 2023 is your adjusted gross income (AGI) is below:**
 - **\$36,500 Single Filers**
 - **\$54,750 Head of Householder**
 - **\$73,000 Married (Joint Filers)**
 - **Check with your tax advisor to determine if you qualify for the Savers Tax Credit.**

Contribution Limits

- IRS annual contribution limits to 457(b) plan for **2023**, pre-tax and Roth contributions combined:
 - Up to **\$23,000** for all employees
 - Plus, an additional **\$7,500** for employees aged 50 and older (referred to as the 'Age 50+ Catch-up')
- Or, plus, during the three (3) years prior to your normal retirement age under the plan (age 62 for non-Police and, age 57 for Police) the lesser of
 - an additional **\$22,500**; or
 - the sum of your unused annual contribution limits in the prior years during which you were eligible to participate in the 457(b) Plan (e.g., the annual limit in 2020 was \$19,500 but you contributed only \$10,000 – you have an unused annual contribution limit of \$9,500 for 2020). This is referred to as the 'Pre-retirement Catch-up'.
- **You can also contribute to an IRA in addition to the 457(b) plan. Check with your tax advisor for information on IRA contribution limits.**

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- **Can make changes to your investments at any time.**
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Investment Options for 401(a) and 457(b) Plans

- **STABLE VALUE FUND:**
 - Voya Fixed Plus Account III
- **BOND FUNDS:**
 - PIMCO International Bond Fund
 - Vanguard Inflation Protected Securities Fund (Admiral Shares)
 - Vanguard Total Bond Market Index Fund (Admiral Shares)
 - Western Asset Core Plus Bond Fund
- **ASSET ALLOCATION FUNDS: (*Default Investment Option)**
 - *American Funds Target Date: 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065
- **LARGE CAP VALUE FUND:**
 - JP Morgan Equity Income Fund
 - Fidelity 500 Index Fund (Admiral Shares)
- **LARGE CAP GROWTH FUND:**
 - Loomis Sayles Growth Fund
- **SMALL/MID/SPECIALTY FUNDS:**
 - Mass Mutual Select Mid-Cap Growth Fund
 - Vanguard Mid-Cap Index Fund (Admiral Shares)
 - Vanguard Small-Cap Index Fund (Admiral Shares)
 - Victory Sycamore Small Company Opportunity Fund
 - Wasatch Core Growth Fund
 - Wells Fargo Specialized Mid-Cap Value Fund
- **GLOBAL/INTERNATIONAL FUND:**
 - American Funds Euro-Pacific Fund

Investment Management Options

- **Target Date Funds (help given each step of the way): (DRBA'S DEFAULT INVESTMENT FUNDS)**
 - Target Date retirement funds from American Funds
 - Targets a certain date range for retirement or the date the employee plans to start withdrawing money
 - Each fund provides a portfolio of investments that track a certain date for retirement (stocks and bonds)
 - Automatically rebalanced and, over time, shifts to a more conservative investment mix
- **Self-Directed Brokerage (do it yourself):**
 - Up to 50% can be managed by you
 - Able to buy stocks and bonds outside the menu
 - If select this option, not under the Authority's review through Voya
 - Brokerage services provided by TD Ameritrade, Inc.
 - Annual account fee is \$50
 - Transaction fees depend on investment selected
- **Morningstar – Managed By You – No Cost to You:**
 - You can maintain control of your investment
 - Provides personalized asset allocation strategy (free on-line advice)
 - Investment selections based on plan availability
 - You initiate the transaction requests based on this strategy
- **Morningstar – Managed by Morningstar – Annual Fee of 0.50%:**
 - An investment professional manages your account on your behalf
 - Provides personalized asset allocation strategy (fee based managed accounts)
 - Investment selections based on plan availability
 - Automatically rebalances your account for your
 - Monitors your investment selections on a regular basis
 - Initiates transaction requests
 - Provides annual progress reports mailed to your home

Any Questions?