Retirement Plans Highlights for Full-Time Employees

(hired prior to January 1, 2015)

DRBA

DELAWARE RIVER & BAY AUTHORITY

January 2027

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 an additional discretionary amount of base salary to 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 five (5) 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 for employee hired prior to 01/01/2015:

- **AMC = Average Monthly Compensation based on monthly average of highest consecutive 36 months (3 years) during plan participation (excluding overtime, commissions and bonuses)**
- **CC = Covered Compensation under Social Security based on the 35-year average of taxable wage bases up to the employee's Social Security retirement age**
- **BS = Benefit Service is the total years and months that the employee made the mandatory employee contributions under the Plan**
- **NRD = Normal Retirement Date**
- **ERD = Early Retirement Date**
- **Formula: [(75% of AMC) - (8.75% of AMC up to CC)] x (BS at NRD, up to 25/25) x (BS at Termination / BS at NRD)**

The Pension Plan
How Can I Estimate my Pension Benefit?

Formula to calculate monthly retirement annuity for employee hired prior to 01/01/2015:

Example at Normal Retirement Date (NRD):

Estimated AMC = $6,250

AMC up to Covered Compensation = $6,250

Estimated Benefit Service = 20 years

Calculation: [($6,250 x 75%) – ($6,250 x 8.75%)] x (20/25) x (20/20) = $3,312.50 per month

[($4,687.50) – ($546.88)] x (.80) x (1.0)

($4,140.62 x 80%)

$3,312.50, payable at NRD

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Example at Early Retirement Date (ERD):

Assume 2 years prior to NRD

Estimated Benefits Service = 18 years, 20 years at NRD

Calculation: [($6,250 x 75%) – ($6,250 x 8.75%)] x (20/25) x (18/20) = $2,981.25 per month

[($4,687.50) – ($546.88)] x (.80) x (.90)

($4,140.62 x .72)

$2,981.25, payable at NRD

***Reduced for Early Retirement**

$2,981.25 x (1– 4%*2 {.92}) =$2,742.75, per month payable at ERD

[*Early retirement benefits are reduced by 4% per year for each year before your NRD. 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 U.S. 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)

If you were hired prior to January 1, 2015,

you can elect to continue your current health, dental, vision plan for yourself only*
Covered dependents are not eligible for coverage under the retiree plans.

- **Retiree Life Insurance at no cost to you**
  - **DRBA provides 50% of the Life Insurance coverage in force as an active employee**
  - **Coverage amount is reduced another 50% upon reaching age 70, if not already 70 upon retirement**

- **Retiree Dental and Vision at no cost to you**
  - **DRBA continues your current Dental coverage when you retire**
  - **DRBA continues the Base Vision insurance plan when you retire**

- **Retiree Health Insurance (Medical with RX) at no cost to you**
  - **DRBA continues your current health plan or if you retire at age 65 or older, you will be moved to a Medicare Advantage plan**

The eligible dependent of a retiree who had been hired prior to March 1, 2005 and was covered as an eligible dependent while the retiree was an active employee, are eligible for coverage under the retiree's health (medical and prescription drugs), dental and vision plans.



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

VOYA

401(a) and 457(b) Retirement Plans

Account access and support

Voya offers monthly on-site education and individual appointments.

Access your account online or through the Voya Retire app. Customer Service: 1-800-584-6001.

Change 457(b) contributions and investment elections through Voya. Contribution changes generally take effect the next month.

Mandatory 401(a) plan

Required employee contribution: 2% of pay.

DRBA matches that 2% contribution at 25%.

You own your contributions immediately. DRBA matching contributions vest after five years of full-time service.

Voluntary 457(b) plan

Optional retirement savings, subject to IRS limits.

Choose pre-tax contributions, Roth contributions, or a combination.

You own your contributions immediately. See the 2027 limits and catch-up rules on the following slides.

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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 Contributions	Hired prior to 1/1/2015 - matches the 2% employee contribution at 25%
Distribution options	Separation from Service, Death, Disability or Retirement

401(a) Benefits and 2027 Limits

Tax treatment and withdrawals

Pre-tax contributions can lower current taxable income and supplement retirement income.

Investments grow tax-deferred. Taxable withdrawals count as income.

Before age 59½, taxable distributions generally face an additional 10% federal tax unless an exception applies.

One exception covers separation from service in or after the year you turn 55. Special public-safety exceptions may also apply.

2027 annual contribution limit

2027 dollar limit: Based on IRS limits*
Annual contribution also cannot exceed 100% of compensation.

This total generally includes employee contributions, employer contributions and allocated forfeitures.

The IRS ceiling does not change DRBA's required contribution or matching formula.

The 457(b) limit applies separately.

- **View all contribution limits at* ***http://www.voyadelivers.com/irslimits***

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	Voluntary
Employee Contributions	Minimum of 2% contribution Additional contributions in increments of 1% or flat dollar amounts
Employer Contributions	Hired prior to 1/1/2015- matches 2% deferred at 75% Match is deposited into 401(a) Plan account
Rollovers into the Plan	Allowed from other Employer plans
"Unforeseeable Emergency" Withdrawals	Voya reviews & approves in accordance with IRS guidelines
Distribution options	Separation from Service, Death, Loans, Disability or Retirement

457(b) 2027 IRS Limits

Annual contribution limits

2027 base limit: Based on IRS limits*

Pre-tax and Roth contributions share one limit, also capped at 100% of includible compensation.

Age 50+ catch-up
2027 amount: Based on IRS limits*

See the next slide for special catch-up and Roth requirements.

- *View all limits at **http://www.voyadelivers.com/irslimits***

* Roth withdrawals, including earnings, are free of federal income tax if the five-tax-year holding period is met and the distribution occurs at age 59½ or later, due to disability, or after death. The period begins January 1 of the year of your first designated Roth contribution to the plan. Earnings in nonqualified distributions are taxable.

457(b) Catch-up Rules

Special catch-up before retirement

The plan permits special catch-up in the three tax years before normal retirement age. Compensation limits apply.

2027 total limit: the lesser of
twice the annual base limit, or
the base limit + eligible unused prior-year limits.

This is a total annual limit, not an extra contribution. You cannot combine special and age-based catch-ups in the same year.

2027 dollar amounts: Based on IRS limits*. HR/Voya must calculate eligible unused prior-year contributions before you elect this catch-up.

Roth catch-up requirements

2027 Roth catch-up requirement

Age-based catch-ups generally must be Roth when prior-year FICA wages from the plan sponsor exceed the applicable IRS threshold*.

- **View all limits at **http://www.voyadelivers.com/irslimits***

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)
  - Dodge & Cox Income Fund X
- **TARGET DATE FUNDS: (*Default Investment Option)**
  - ***American Funds Target Date: 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065,2070**
- **LARGE CAP VALUE FUND:**
  - Columbia Dividend Income Fund – Int Class
- **LARGE BLEND FUND:**
  - Fidelity 500 Index Fund
- **LARGE CAP GROWTH FUND:**
  - AB Large Cape Growth Fund – Advisor Class
- **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
  - Allspring Special Mid Cap Value
- **GLOBAL/INTERNATIONAL FUND:**
  - American Funds Euro-Pacific Fund

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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
- Monitors your investment selections on a regular basis
- Initiates transaction requests
- Provides annual progress reports mailed to your home

Enrollment and Support

HR Specialist, Pension & Benefits
302-571-6470

Visit enroll.voya.com and enroll in each plan separately.

Mandatory 401(a) plan
Plan number: 664106
Verification code: 019673

Voluntary 457(b) plan
Plan number: 664105
Verification code: 019673



Any Questions?