

The Next You – Exploring Your Distribution Options



West Virginia Retirement Plus Deferred Compensation Plan

A Program Sponsored by State Treasurer John D. Perdue



The Beginning of a New Lifestyle.

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This brochure contains a general discussion of the Plan's distribution features for informational purposes. It is not intended as legal or tax advice. In the event of a difference between this brochure and the Plan document, the provisions of the Plan document will control.

Ready to Reap the Rewards of Your Labor?

After years of saving for the future, the future is here. And the time to begin the next chapter in your life is now.

Retirement can be whatever you want it to be. A chance to revive old interests. Or a time to explore new ones. Or an opportunity to begin a second career. All you have to decide is how to turn your retirement savings into income – income that may now help fund your retirement.

We want to help you understand your distribution options under the West Virginia Retirement Plus Deferred Compensation Plan and make the most informed election possible. In this booklet, you'll learn about the Plan's distribution options and how they can help you transform years of labor into retirement income!

Retirement doesn't have to be a red light. It can be a green light.



Distributions

When Can I Receive a Distribution of My Benefits Under the Plan?

You can only receive a distribution when you incur a triggering event. Triggering events for the Plan are:

- severance from employment,
- attainment of age 70½,
- death, or
- an unforeseeable emergency.

You may also be able to transfer funds from the Plan directly to a defined benefit plan for the purchase of service credits.

The Plan also includes a provision, known as a "small account distribution," allowing the in-service distribution of accounts that do not exceed \$5,000, if certain conditions are met.

When Must I Begin Taking Distributions From the Plan?

The IRS requires that benefits must begin when you reach age 70½ or retire, whichever occurs later.

What Do I Need to Do When I Become Entitled to a Distribution From the Plan?

You are not required to make a benefit election when you retire or separate from service. You have several options to choose from:

- leave your benefits in the Plan and postpone your decision on a payment option to a future date (if you have separated or retired prior to age 70½, that date must be no later than April 1st following the calendar year in which you reach age 70½);
- receive your benefits immediately, under one of the Plan's payment options; or
- roll over your eligible benefits into another employer-sponsored, eligible retirement plan or traditional IRA (an eligible retirement plan is a 401 qualified plan, a 403(b) tax deferred annuity program, or another government 457 deferred compensation plan).

Why Should I Consider Leaving My Money in the Plan?

There are a number of beneficial reasons. The West Virginia Retirement Plus Deferred Compensation Plan offers:

- Potentially lower investment management expenses.
- No deferred sales charges or transaction fees.
- Convenient account access with one website, one toll-free number, and one consolidated statement.
- Continued availability of a variety of investment choices.
- Access to in-person support from your local ING representatives.

Once I Choose a Payment Method, Can I Change How I'd Like to Receive My Benefits?

Yes, if at a later date you decide your existing benefit option may not be appropriate for your current situation, you may make a change. However, you will not be permitted to make a change if you previously elected an annuity payout option.

Can I Roll Over My Benefits to Another Plan?

Yes, when you are entitled to a distribution from the Plan, you can roll over your eligible benefits to another employer-sponsored eligible retirement plan or traditional IRA. Any amounts rolled over, when ultimately distributed from the receiving plan, will be subject to the IRS 10% premature distribution penalty tax if made prior to age 59½ (unless an exception applies).

Certain distributions cannot be rolled over. They are: 1) unforeseeable emergency withdrawals; 2) required minimum distributions; and 3) periodic payments of 10 or more years.

Can I Roll Over Benefits from Other Retirement Plans into the West Virginia Plan?

Yes. Once you are entitled to a distribution under another employer-sponsored retirement plan or a traditional IRA, you may roll over those eligible assets into the Plan. Amounts rolled over which are not from other government 457(b) plans will remain subject to the IRS 10% penalty tax if distributed prior to your attainment of age 59½ (unless an exception applies).

How Will My Deferred Compensation Benefits Be Taxed?

Amounts distributed to you from the Plan will be taxable when paid, and will be reported on IRS Form 1099R. Amounts are subject to federal and state taxes as ordinary income in the year they are distributed. ING is required to withhold 20% federal income tax for eligible rollover distributions.

For additional tax information, see the "Special Tax Notice" in the distribution packet available from your local representative.

If I receive a distribution before turning age 59½, will I be subject to the IRS premature distribution penalty tax?

No. Distributions from a 457(b) plan like the West Virginia Retirement Plus Deferred Compensation Plan are not subject to the IRS 10% premature distribution penalty tax, except for the distribution of any amounts rolled over from a non-457(b) plan.

Payment Options

What Are My Benefit Payment Options Under the Plan?

Since each individual has different needs and preferences, the Plan has several options to choose from. The options are designed to give you the maximum flexibility in planning for your retirement income needs. As you select your benefit payment option, you should consider the tax consequences of your election. You may want to consult a tax advisor before making your decision. The ING does not offer legal or tax advice.

You may receive your account value in any one of the following ways:

- Over a specified period or as a specified amount;
- Over your lifetime, or over your lifetime and the lifetime of your designated beneficiary;
- Over a set time period, not exceeding your life expectancy or the joint and last survivor life expectancy of both you and your designated beneficiary;
- Required minimum distributions at age 70½;
- Lump sum or partial lump sum; or
- A combination of options.

You should consider the investment objectives, risks, charges and expenses of the investment options carefully before investing. Fund prospectuses and an information booklet, containing this and other information, can be obtained by contacting your local representative. Please read the information carefully before investing.



What Happens When I Reach Age 70½?


The Internal Revenue Code requires that distributions under the Plan begin no later than April 1 of the calendar year following the year in which you reach age 70½, or retire (if later).

Under the required minimum distribution rules you must begin receiving a minimum amount from your deferred compensation account each year. Generally, the amount is determined by dividing your previous December 31 account value by a life expectancy factor.

Note: If you fail to receive the required minimum distribution for any tax year, a 50% excise tax, plus federal and state income taxes, will be imposed on the required amount that was not distributed.

What Happens if I Die?

Upon your death, benefits will be payable to the beneficiary or beneficiaries that you have designated under the Plan. The Plan provides a variety of payout options available for the payment of death benefits. Your beneficiary must notify ING of your death and make a payment election in accordance with the Plan.



A beneficiary is an individual whom you designate under the Plan who will receive payment of benefits in the event of your death. It's important that you periodically review your beneficiary selection to ensure that benefits are paid to the individual or individuals of your choice. You may make a change at any time.

You are Never Too Old to
Set Another Goal or
Dream a New Dream.

How Do I Find Out More?

For additional assistance in making the choice that is right for you, contact your ING local representative.

ING makes getting help easy!

- Call us at **(877) 786-2982** to schedule an appointment
- Email us at **WVField@us.ing.com**
- Go online at **www.WV457.com** for more information

IMPORTANT INFORMATION

Group annuities are intended as long-term investments designed for retirement purposes. Money distributed will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax deferral benefits, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Insurance products, annuities and funding agreements are issued by (third party administrative services may also be provided by) ING Life Insurance and Annuity Company, One Orange Way, Windsor, CT 06095. **Local representatives are registered with ING Financial Partners, member SIPC. Securities are distributed by ING Financial Advisers, LLC (member SIPC).** These companies are wholly owned, indirect subsidiaries of ING Groep N.V. **Securities may also be distributed through other broker-dealers with which ING has selling agreements.**



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