



## **Did you know that you can roll your Global Pension Settlement (“GPS”) into your Milwaukee Deferred Compensation Plan (“MDCP”) account?**

If you are eligible to receive a Global Pension Settlement, the City of Milwaukee allows you to invest any portion of it in your MDCP account. This “rollover” maintains the tax deferred status of your GPS, while providing the opportunity to invest in professionally managed institutional investments monitored by the City’s Deferred Compensation Plan Board and its Investment Advisor.

To roll your GPS into your MDCP account, please take the following actions:

1. Schedule an appointment with your pension counselor at ERS by calling (414) 286-3557. Be sure to tell them that you will be requesting a rollover of your GPS into deferred compensation.
2. Go to the pension office, 789 N. Water St. (3<sup>rd</sup> floor), for your appointment and complete the GPS paperwork from the pension fund.
3. Have a Voya representative or Plan staff complete and sign that form by stopping by the 4<sup>th</sup> floor of City Hall or by calling 1-844-360-6327 to schedule a brief appointment with a Voya representative. Return the form to ERS.
4. Complete the MDCP GPS rollover form either online at [www.milwaukeeedcp.com](http://www.milwaukeeedcp.com) or by requesting that form from a Voya representative or Plan staff. If you complete a hardcopy form, return it to Voya according to the instructions provided on the form.

## **Frequently Asked Questions**

**Q: How much of my GPS can I roll into the City of Milwaukee Deferred Compensation Plan?**

A: You can roll up to 100% of your GPS into the City of Milwaukee Deferred Compensation Plan.

**Q: Are GPS rollovers into the City of Milwaukee Deferred Compensation Plan subject to annual contribution limits?**

A: No. GPS rollovers are maintained as a separate money type, and are not subject to annual contribution limits (for 2016, that is \$18,000).

**Q: How is my GPS rollover invested into the City of Milwaukee Deferred Compensation Plan?**

A: You can choose any combination of the investment options available in the City of Milwaukee Deferred Compensation Plan for your GPS rollover. Alternatively, you can choose to have your GPS rollover invested according to your current investment elections for ongoing contributions.

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**Q: Are GPS rollovers into the City of Milwaukee Deferred Compensation Plan considered taxable income?**

A: No. By rolling over your GPS into the City of Milwaukee Deferred Compensation Plan, you defer paying taxes until you take a distribution from the City of Milwaukee Deferred Compensation Plan. Upon taking a distribution from the City of Milwaukee Deferred Compensation Plan, your GPS rollover and any earnings will be considered taxable income in the year of distribution.

**Q: Are there any penalties for taking a distribution from my GPS rollover to the City of Milwaukee Deferred Compensation Plan?**

A: The tax treatment of distributions of your GPS rollover depends on your age in the year you retire:

- If you retire in the year in which you turn 50 or older, then you may begin to take distributions from your GPS rollover money immediately without any tax penalty. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution.
- If you retire prior to the year in which you turn 50, then you cannot withdraw your GPS rollover money ***without a tax penalty*** until you are age 59 ½, unless another withdrawal exception applies. Distributions from your GPS rollover (and any earnings from the rollover) will be subject to normal income tax in the year of distribution, whether or not a tax penalty applies.

**IMPORTANT NOTE:**

If you retire in the year in which you turn 50 or older and will be taking immediate distributions from your GPS rollover funds, please note that Voya Financial does not reflect your exemption from the 10% tax penalty on Form 1099-R that Voya will send to you (your Form 1099-R will show a distribution code of 1 in box 7).

Therefore, if you retire in the year in which you turn 50 or older and will be taking immediate distributions from your GPS rollover funds (i.e., you qualify for the Public Safety Employee exception from the 10% tax penalty), you must file IRS Form 5329 to claim the exemption. You may want to work with a tax advisor to ensure that you properly claim the exception when you file with the IRS.