



# Valley Water

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# Valley Water 401(a) Plan Changes

By: Deferred Compensation Committee

May 31, 2022

# Plan comparisons

Highlight = Added this year

457(b) Deferred Compensation Plan		401(a) Defined Contribution Plan
Employee Contributions	<ul style="list-style-type: none"> <li>• Pretax elective</li> <li>• Roth after-tax elective</li> <li>• Conversion of unused sick, vacation</li> <li>• Roth after-tax in-plan conversion</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory (pretax 414(h) picked up)</li> <li>• Voluntary (after-tax)</li> <li>• Conversion of unused sick, vacation</li> </ul>
Employer Contribution		<ul style="list-style-type: none"> <li>• Matching Contribution (from 457(b)) <i>Depends on MOU</i></li> </ul>
Annual contribution Limits (2022)	<ul style="list-style-type: none"> <li>• \$20,500 if you are under age 50</li> <li>• \$27,000 if age 50 or older</li> </ul>	<ul style="list-style-type: none"> <li>• \$61,000</li> </ul>

# Plan comparisons

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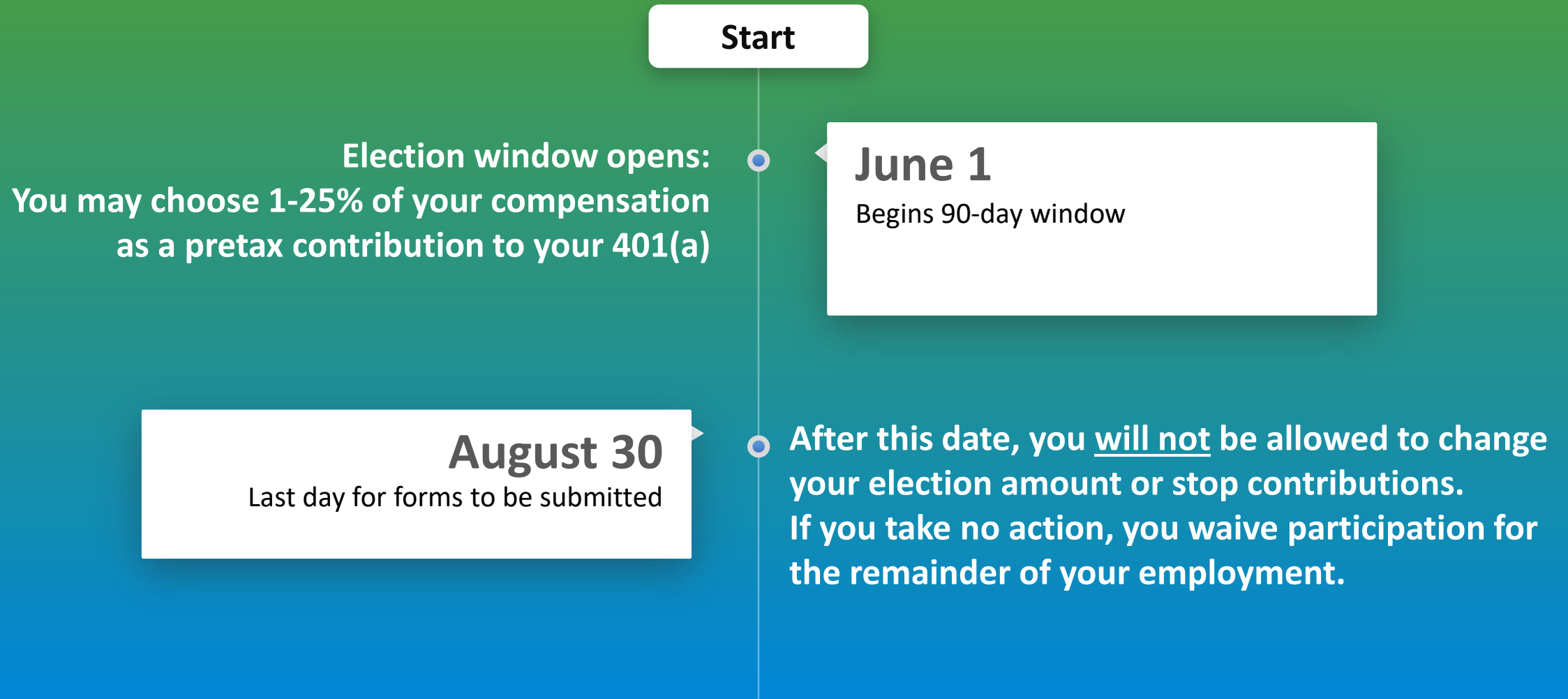
457(b) Deferred Compensation Plan	401(a) Defined Contribution Plan
<p>Tax treatment of contributions</p> <ul style="list-style-type: none"><li>• Pretax (subject to taxation when distributed from plan)</li><li>• Roth after-tax (subject to taxation at the time contribution is made)</li></ul>	<ul style="list-style-type: none"><li>• Pretax employer/employee mandatory contributions (subject to taxation when distributed from the plan)</li><li>• gains from after-tax contributions (subject to taxation when distributed from plan)</li></ul>
<p>Additional 10% tax for early Withdrawals</p> <ul style="list-style-type: none"><li>• No additional 10% early withdrawal tax on employee contributions; money rolled in from another plan may be subject to an additional 10% early withdrawal tax</li><li>• <i>Certain restrictions apply.</i></li></ul>	<ul style="list-style-type: none"><li>• For employees who separate before age 55, withdrawals until age 59-1/2 will be subject to an additional 10% early withdrawal tax in addition to ordinary income tax unless subject to an exception; employees separating after age 55 will <b>not</b> be subject to the additional 10% early withdrawal tax on any money withdrawn</li></ul>

# Plan comparisons

Highlight = Added this year

457(b) Deferred Compensation Plan		401(a) Defined Contribution Plan
Participant loans	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Rollovers or transfers to another retirement plan or IRA	<ul style="list-style-type: none"> <li>• Yes, to another 457(b), 401(a), 401(k), 403(b) plan or IRA after separation from service</li> <li>• <i>Certain restrictions apply.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Yes, to another 457(b), 401(a), 401(k), 403(b) plan or IRA after Separation from service</li> <li>• <i>Certain restrictions apply.</i></li> </ul>
In-service Distributions	<ul style="list-style-type: none"> <li>• A Participant may request an unforeseen emergency distribution or a de minimis amount not exceeding \$5,000 if certain criteria are met</li> </ul>	<ul style="list-style-type: none"> <li>• In-service distributions may be made to a Participant who has not separated from service provided they have reached age 59-1/2.</li> </ul>

# Irrevocable 401(a) pretax election



# Questions?

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- Reach out to Jake's team of Nationwide Retirement Specialists for 1:1 help (888-401-5272)



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