



# DCP Highlights Guide

LA45

CREATE  
AND LIVE YOUR  
**BEST RETIREMENT**



CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN





The City of Los Angeles Deferred Compensation Plan (DCP) is designed to help you create and live your best retirement. Together with your City pension benefit, the DCP provides you with resources to meet your financial and retirement goals.

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# What is the Deferred Compensation Plan?

The Deferred Compensation Plan (DCP) is a retirement savings program designed to complement your City pension benefit.

After a full City career, your pension benefit will form the foundation of your income during retirement. For most employees, your pension benefit won't replace 100% of the income you received while working. The DCP is here to help you get to 100%.

With the DCP, you're in control. You decide:

1. How much to save from each paycheck.
2. Whether to pay taxes now or later.
3. How to invest your savings.

We're here to support you! We've got a wealth of educational resources and tools at [LA457.com](https://www.la457.com) and we have a dedicated team of Local Retirement Counselors based onsite at City Hall who can help you make the most of your DCP benefits by assisting with enrollment, rollovers, catch-up contributions, investment options, and near-retirement planning. Contact a Local Retirement Counselor today at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).

## ARE THERE COSTS TO PARTICIPATE?

Yes. Participants are charged a 0.09% annual administrative cost (charged at 0.0225% quarterly) on the first \$125,000 of their account balance, not to exceed \$115 annually. In addition, each investment option has an investment management cost or derives its compensation from an implicit reduction in the rate of return. Costs vary by option. Review investment profiles at [LA457.com](https://www.la457.com).

## HOW ARE DCP ASSETS PROTECTED?

Pursuant to federal requirements, DCP assets are held in trust for the exclusive benefit of DCP participants. This means that DCP assets are not subject to the claims of City creditors in the event of a municipal bankruptcy.

## WHY SHOULD I PARTICIPATE IN THE DCP?

Participating in the DCP can help you achieve your long-term retirement goals. Most employees will need a supplemental account like the DCP in addition to their City pension benefit to meet their financial and retirement goals.

## Enrolling in the DCP

### AM I ELIGIBLE TO PARTICIPATE IN THE DCP?

You are eligible to participate if you are a City employee who is a contributing member of one of the City's three retirement systems: the Los Angeles City Employees' Retirement System (LACERS), Fire & Police Pensions (LAFPP), or the Water and Power Employees' Retirement Plan (WPERP).

### HOW DO I ENROLL?

Visit [LA457.com/enroll](https://LA457.com/enroll) and follow the online prompts.

### DO I NEED TO DESIGNATE A BENEFICIARY AT ENROLLMENT?

We recommend you designate a beneficiary at enrollment, but it is not required. You can update your beneficiary designation anytime at [LA457.com](https://LA457.com) or complete and submit a Beneficiary Form (log into to your DCP account at [LA457.com](https://LA457.com) and select **Plan Details > Forms**).

**Important Note:** Your beneficiary designation applies only to the DCP and is separate from any other beneficiary designations you may have with other benefit services such as your health plan, pension benefit, or department personnel office. Always make sure that your beneficiary designation is current.

### DO I RECEIVE DCP ACCOUNT STATEMENTS?

Yes. You will receive quarterly account statements by mail or electronically. You may switch to receive DCP documents, including quarterly statements electronically by logging into your DCP account at [LA457.com](https://LA457.com) or by calling 844-523-2457. If you elect to invest in the Self-Directed Brokerage Account, you will receive a separate statement from Charles Schwab.



On average, employees are saving at least 7% in the DCP.



## Making Contributions (Deferrals)

### HOW DO I MAKE CONTRIBUTIONS TO MY DCP ACCOUNT?

At enrollment, select a percentage of pay or dollar amount to contribute each pay period. You can contribute your funds as either Before-Tax (pre-tax), After-Tax Roth, or a combination of both. Your contributions will be automatically deducted from your biweekly paycheck (26 paychecks per calendar year). You can change your contributions at any time by logging into your DCP account at [LA457.com](https://LA457.com) (select **My Retirement Account > Contributions & Savings > Manage Contributions**). Contribution changes will take effect the following calendar month.



### WHAT ARE THE DIFFERENT TYPES OF CONTRIBUTIONS I CAN MAKE TO MY DCP ACCOUNT?

**Before-Tax Contribution:** You contribute money into your account before it is subject to federal income tax, and any growth is tax-deferred. You do not pay federal income tax on these contributions and their earnings until you withdraw them from your account.

**After-Tax Roth Contribution:** You contribute money into your account after it has been taxed; any growth is tax-free as long as it is held in your account for at least five years and you are at least age 59½ upon withdrawal.

### HOW MUCH SHOULD I CONTRIBUTE?

Your situation and retirement goals will play a big part in deciding the amount you contribute. On average, City employees contribute 7% of pay to their DCP account. A contribution of 7% or higher over a full career with the City will aid in achieving the goal of retiring without reducing your standard of living. Use our useful Retirement Calculator available after you login to your DCP account at [LA457.com](https://LA457.com) to help you determine how much you'll need to contribute to meet your retirement goals after factoring in your expected pension benefit. If you prefer a personal touch, our Local Retirement Counselors can help guide you. Contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://LA457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).

### WHAT'S THE LOWEST AMOUNT I CAN CONTRIBUTE TO GET STARTED?

You can start contributing with as little as 1% of pay or \$1 and gradually increase your contribution on a timetable you select.

## ARE THERE LIMITS ON THE AMOUNT I CAN CONTRIBUTE TO MY DCP ACCOUNT?

The federal government provides for three maximum contribution limits:

1. Below age 50
2. Age 50 or above
3. Catch-Up (see the Catch-Up section)

The City's payroll system will, in most cases, reject your contribution amount if it will take you over your eligible maximum limit; however, it is important that you also monitor your annual contribution amount (particularly if you transfer between the City and DWP, or if you are enrolled in Catch-Up). View this year's contribution limits at [LA457.com/contribution-limits](https://LA457.com/contribution-limits). Annual limits are set by the IRS and may change in the future.

## HOW DO I SCHEDULE AUTOMATIC CONTRIBUTION INCREASES?

Log in to your DCP account at [LA457.com](https://LA457.com) and select **My Retirement Account > Contributions & Savings > Manage Contributions**. The Rate Escalator schedules automatic increases in your contribution rate based on the percentage and schedule you elect. You set the percentage (from 1% to 99%\* of your gross pay or up to the maximum dollar amount). You set the frequency of increases: one-time update, quarterly, semi-annually, or annually on a rolling date basis. You can start and stop this feature at any time.

\* **Please note:** Due to payroll limitations, percent-of-pay contributions are deducted from your regular bi-weekly salary only (not including overtime, special payouts or bonuses). Dollar contributions, however, can be taken from regular bi-weekly salary plus overtime, special payouts, and bonuses.



## WHAT HAPPENS TO THE MONEY I CONTRIBUTE?

Once you enroll in the DCP and decide how much to contribute, you will choose from the DCP's available investment options to invest your contributions. Your contributions will be automatically deducted from your biweekly paycheck and deposited to your investment selections. You can change your investments and the percentage invested in each option at any time. You may also transfer your holdings among the DCP's investment options, subject to any limitations imposed by the investment providers.

# Your Investment Options

## WHAT INVESTMENT OPTIONS ARE AVAILABLE?

The DCP offers a variety of investment choices, including interest-bearing savings options, bond funds, and stock funds. The DCP also offers a Self-Directed Brokerage Account (SDBA) that provides access to additional mutual fund choices and individual securities for an additional cost. Please refer to the individual investment option profiles at [LA457.com/investments](https://www.la457.com/investments) for more detailed information.

## MAY I CHANGE MY INVESTMENT OPTIONS?

You can transfer existing balances among options or redirect future contributions at any time, although certain transfer limitations may apply to specific options. Changes may be made at [LA457.com](https://www.la457.com) or by calling 844-523-2457. Funds may impose redemption costs on certain transfers, redemptions, or exchanges if assets are held for less than the period established by the investment providers. For more information, please refer to the investment option fact sheets at [LA457.com](https://www.la457.com) (login to your DCP account, select **My Retirement Account > Investments & Research > Fund Performance**). Also, transfer restrictions may apply between the Deferred Compensation Plan Stable Value Fund and other DCP investment options. Review the investment option profiles at [LA457.com](https://www.la457.com) and/or contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for more information.

## WHAT IS THE SELF-DIRECTED BROKERAGE ACCOUNT (SDBA)?

The Self-Directed Brokerage Account (SDBA) is an investment option offered through Charles Schwab & Co., Inc. (Member SIPC). The SDBA option (also known as the Schwab Personal Choice Retirement Account (PCRA)) provides you access to a broad universe of publicly traded mutual funds, equities, bonds, Exchange Traded Funds (ETFs), and certificates of deposit. The SDBA is for knowledgeable investors who acknowledge and understand the risks associated with many of the investment choices available through the SDBA. Participants in the SDBA pay an additional \$50 per year, which is prorated quarterly, and are still required to pay DCP administrative fees. SDBA activity is reflected on a separate quarterly account statement issued by Charles Schwab that will detail the investment holdings and activity within your SDBA, including any costs imposed in connection with the account. Please note that you will need to maintain a minimum of \$2,500 in your core DCP account in addition to any funds you have in the SDBA. Learn more at [schwab.com/pcra](https://www.schwab.com/pcra) or by calling Charles Schwab at **888-393-7272**.



## Making Contribution and Account Changes

### HOW DO I INCREASE OR DECREASE MY CONTRIBUTION AMOUNT?

You can increase, decrease, or stop your contributions by calling 844-523-2457 or by logging in to your DCP account at [LA457.com](https://LA457.com). Be sure to confirm both your Before-Tax and/or After-Tax Roth contribution elections to ensure your total contribution amount is accurate. Changes will take effect with the next available pay period in the calendar month following the month the election is made. If you encounter any issues with your City payroll contributions, please contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://LA457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).

### IF I NEED TO STOP CONTRIBUTING, CAN I?

Yes. You may stop contributing by setting your future payroll contribution to \$0 at any time after you enroll. You can do this by logging into your DCP account at [LA457.com](https://LA457.com) or by calling 844-523-2457. Changes will take effect with the next available pay period in the calendar month **following** the month the election is made.

### HOW CAN I START CONTRIBUTING AGAIN?

Call 844-523-2457 or log in to your DCP account at [LA457.com](https://LA457.com) to resume your contributions (select **My Retirement Account > Contributions & Savings > Manage Contributions**). Change your deferral amount from \$0 to a percent of pay or fixed dollar per paycheck biweekly.

### WHAT HAPPENS IF I AM RECEIVING “INJURY ON DUTY (IOD)” PAY OR AM OTHERWISE NOT BEING PAID BY THE CITY?

Injury on Duty pay that is not taxable income is not eligible to be deferred into the DCP. When you return to a normal pay status, your contributions should restart automatically. If they do not restart, please contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://LA457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).



## In-Plan Roth Conversion

### CAN I CONVERT MY BEFORE-TAX CONTRIBUTIONS TO AFTER-TAX (ROTH) CONTRIBUTIONS?

Yes. All converted amounts will be invested in the same manner as they were prior to conversion. The amount of the conversion is reported as taxable income in the year of the conversion and the transaction is irrevocable. Once the funds are converted, you will receive a 1099 to file with your taxes for the following year.

### IS THERE A TIME LIMIT FOR REQUESTING AN IN-PLAN ROTH CONVERSION?

You can convert your funds anytime, as an active employee or as a retiree. There is no limit on how much you can convert.

### HOW DO I REQUEST AN IN-PLAN ROTH CONVERSION?

To request an in-plan Roth conversion, complete and submit the In-Plan Roth Conversion Form available at [LA457.com](https://www.la457.com) (select **Plan Details > Forms**). Please allow five to seven business days for processing.

## Rollovers

### CAN MY SAVINGS AND INVESTMENTS IN ANOTHER RETIREMENT PLAN BE TRANSFERRED INTO THE DCP?

**Before-Tax Assets:** Yes, if eligible. You can roll over Before-Tax retirement funds from another employer's eligible governmental 457(b), 401(a), 401(k), or 403(b) plan or from your personal traditional IRA. We will provide you with one consolidated statement for the various funds you roll into the DCP, and you will have access to the same investment choices available for your DCP contributions.

**After-Tax Roth Assets:** Yes, if eligible. You can roll after-tax Roth retirement funds from another employer's eligible governmental 457(b), 401(a), 401(k), and 403(b) plan. Roth IRA accounts and non-Roth after-tax accounts are not eligible rollover sources.

### CAN I ROLL MY DROP FUNDS INTO THE DCP?

Yes. Sworn officers exiting the Deferred Retirement Option Program (DROP) may roll a portion or all of their DROP funds into the DCP. There is no age requirement for rolling money in. However, rollovers may be subject to a 10% early distribution penalty if withdrawn before age 59½. Visit [LA457.com/sworn](https://www.la457.com/sworn) or contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for more information.









## Loans

### **CAN I BORROW FROM MY DCP ACCOUNT?**

Yes, you can. You are eligible to take up to two simultaneous loans from your account during any given time. However, the sum of both loans cannot exceed 50% of your account balance or \$50,000 (less the highest outstanding loan balance over the last 12 months), whichever is less. The minimum loan amount is \$1,000 (meaning you must have at least \$2,000 in your DCP account to be eligible to take out a loan).

### **WHAT IS THE INTEREST RATE FOR TAKING OUT A LOAN?**

The interest rate is set at 2% above the Prime Lending Rate as declared in *The Wall Street Journal* on the first business day of each month. The interest is paid back to your DCP account. The interest rate is the same for both general purpose and residential loans.

### **WHAT TYPES OF LOANS ARE AVAILABLE AND WHAT ARE THE REPAYMENT PERIODS?**

General purpose loans can be set up with a term of one to five years at the choice of the participant. Home purchase loans can be set up with a term of one to 15 years (with appropriate documentation).

### **WHO IS ELIGIBLE TO TAKE OUT A LOAN?**

Both active employee participants and participants who have separated from service may take loans. For active participants, loan payments must be made through payroll deduction, unless you are paying off a loan. For participants who have separated from service, payments are due monthly and may be made via cashier's check, money order, personal check, or automatic deduction from your checking or savings account. Loans can be paid in full at any time; there is no early prepayment penalty.

## ARE THERE ANY FEES FOR TAKING OUT A LOAN?

There is a one-time \$50 loan origination cost and a \$25 annual account maintenance cost that is deducted quarterly (\$6.25 per quarter) until your loan is paid in full.

## HOW DO I INITIATE A LOAN?

Active participants can initiate loans electronically by logging into their DCP accounts at [LA457.com](https://www.la457.com) (select **My Retirement Account > Loans & Withdrawals > Summary**). Participants who have separated from City service can apply for a loan by completing a Retired/Terminated Participant Loan Application Form, which can be obtained by logging into their DCP account at [LA457.com](https://www.la457.com) (select **Plan Details > Forms**) or by calling 844-523-2457.

## HOW LONG DOES IT TAKE TO PROCESS A LOAN?

Loans are processed within three to five business days and funds are sent out two business days after processing. Loan funds can be sent via direct deposit to your checking or savings account within two to three business days after processing. Your banking information must be on file for seven business days for loan funds to be deposited into your account. You can also pay \$25 for express delivery for loan funds to arrive two to three business days after processing.

## WHAT HAPPENS IF I STOP MAKING MY LOAN PAYMENTS?

It is your responsibility to ensure your loan is paid to prevent defaulting on the loan. **If timely payments are not received, your loan will go into default, meaning the outstanding loan balance, plus interest, will be reported as additional taxable income.** If you are an active employee on an unpaid status, you must complete a Leave of Absence

Form before **and** after your leave to prevent default. To obtain this form and for help completing and submitting it, contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).

## WHAT HAPPENS IF I'M STILL EMPLOYED BUT NOT BEING PAID AND NOT MAKING PAYMENTS?

If you have an active loan and are not being paid, or you have noticed that the loan payment is not being taken from your check, contact a Local Retirement Counselor immediately to ensure that your loan does not go into default. You must complete a Leave of Absence Form before **and** after your leave, or otherwise send in manual payments in a timely manner, to prevent default. To obtain this form and for help completing and submitting it, contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org).

## CAN I USE MY DCP ACCOUNT AS COLLATERAL FOR OTHER LOANS?

No. You cannot assign, pledge, sell or otherwise transfer your account for any purpose, including applying for a loan.

## WHERE DO I FIND MORE INFORMATION ON LOANS?

The Loan FAQ and other information regarding active employee and/or retiree loans is available after logging in to your DCP account at [LA457.com](https://www.la457.com).

## Tax Questions

### WHAT FORMS DO I HAVE TO FILE WITH MY FEDERAL OR STATE INCOME TAXES FOR CONTRIBUTIONS?

No forms are required. Your Before-Tax and After-Tax contributions will be indicated on your annual W-2 that you receive from the City. If you need a duplicate copy of your W-2, please contact the City Controller's Office or the DWP's Paymaster's Office.

### DO I NEED TO REPORT ANY ACCOUNT EARNINGS?

No. Do not report any earnings on either your federal or state income tax forms. Any earnings on your Before-Tax deferrals are tax-deferred until withdrawn; earnings on any After-Tax Roth deferrals are not taxable if taken as a qualified distribution after you satisfy the five-year holding period and after age 59½.

### WHEN WILL THE CONTRIBUTIONS AND ANY EARNINGS BE TAXABLE?

Your Before-Tax assets are taxable as ordinary income during the years in which they are distributed to you or your beneficiaries. Earnings on After-Tax Roth assets are not taxable if they're taken as a qualified distribution. A qualified distribution is one that occurs at least five years after the year of the employee's first designated Roth contribution (counting the first year as part of the five) and is made:

- On or after attainment of age 59½,
- On account of the employee's disability, or
- On or after the employee's death.

### HOW MUCH WILL MY BEFORE-TAX WITHDRAWALS BE TAXED?

At the time of this distribution, federal tax is withheld at 20%, and state tax is withheld based on your state of residency at the time of distribution. You may owe more or less income tax depending upon your personal tax situation. By February of the year following the year in which you receive a distribution, you will receive a Form 1099-R for the distribution amount. After-Tax Roth distributions are tax-free if you are age 59½ or older and the five-year holding period has been met.



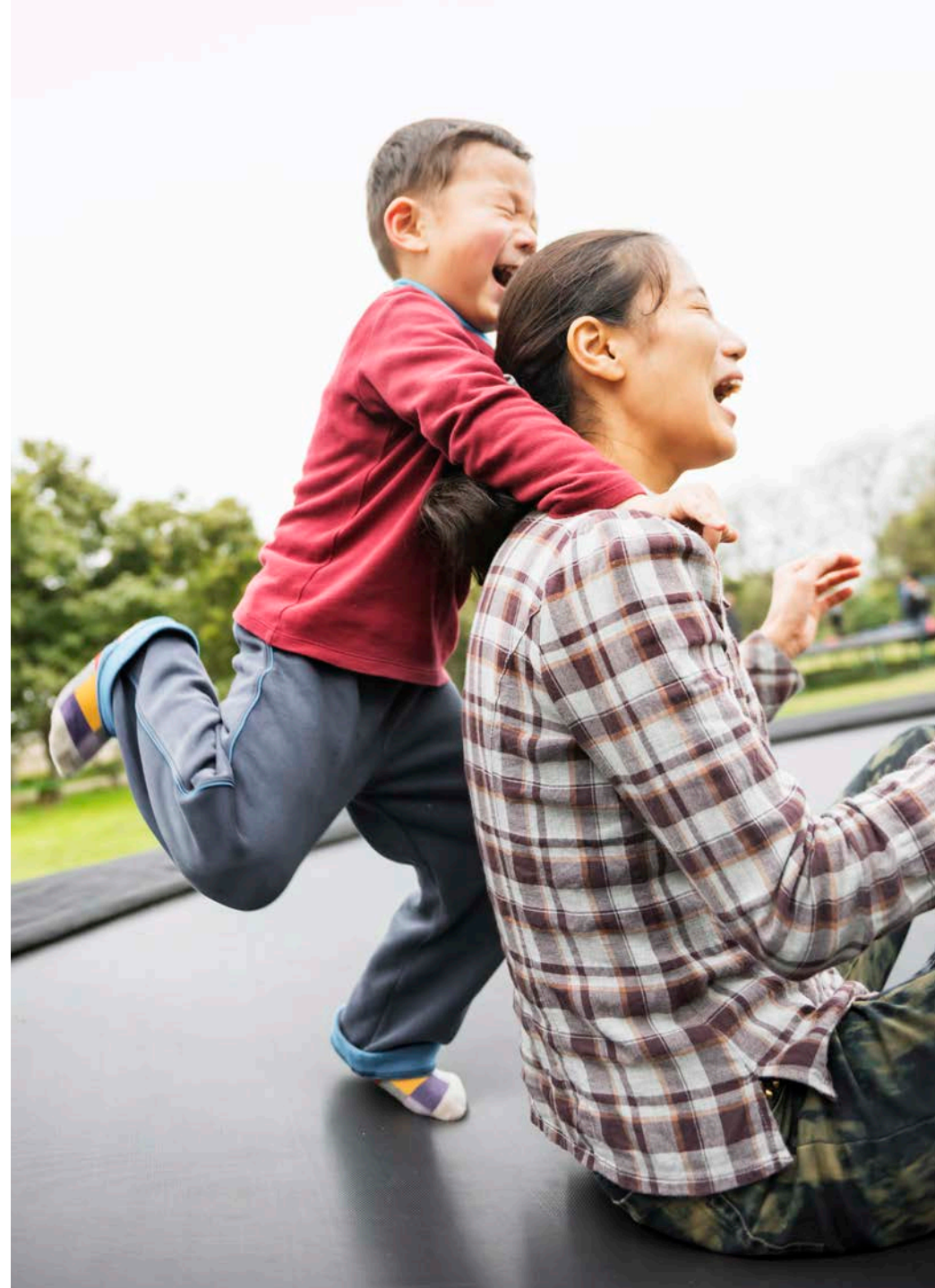
## Distributions for Birth or Adoption

### CAN I WITHDRAW FUNDS TO HELP COVER COSTS ASSOCIATED WITH A BIRTH OR ADOPTION?

A participant may take an in-service withdrawal from their DCP account of up to \$5,000 per birth or adoption of a participant's child. The distribution can be taken within a one-year period following the birth or adoption date. The withdrawal is not subject to the IRS 10% premature distribution penalty tax, federal 20% mandatory withholding, or the Special Tax Notice, and direct rollover rules applicable to retirement plans.

### HOW DO I REQUEST A DISTRIBUTION FOR BIRTH OR ADOPTION?

You must complete and submit a Birth or Adoption Withdrawal Form. Additional documentation such as a certified copy of a birth certificate, a certified copy of the adoption decree, and/or a certified copy of the amended birth certificate may be required. To request the Birth or Adoption Form, please call our Service Center at 844-523-2457, one of our local retirement counselors at 213-978-1601, or email us at [LA457.com](mailto:LA457.com).





## Financial Hardship (Unforeseeable Emergency)

### IF I HAVE A FINANCIAL HARDSHIP, CAN I WITHDRAW FUNDS FROM MY DCP ACCOUNT?

You may be eligible to take a hardship withdrawal while you are employed if you meet the definition of a financial hardship under IRS guidelines. A withdrawal is allowed only for an unforeseeable emergency that causes severe financial hardship of the participant or beneficiary resulting from:

- Illness or accident
- Loss of property due to casualty (e.g. natural disaster)
- Pending eviction or foreclosure from primary residence
- Funeral or burial expenses
- Other similar extraordinary and unforeseen circumstances arising as a result of events beyond the control of the participant or beneficiary.

To apply for a hardship withdrawal, call 844-523-2457 or log into your DCP account at [LA457.com](https://www.la457.com) (select **My Retirement Account > Loans & Withdrawals > Summary > Request a Withdrawal**).

## Catch-Up and Accrued Leave Provisions

### WHAT IS “CATCH-UP”?

**Catch-Up** refers to provisions of the Internal Revenue Code that permit participants who are within three calendar years of normal retirement eligibility (meaning retirement without a penalty or actuarial reduction in benefits) to defer up to double the below-age-50 contribution limit. You are only eligible for **Catch-Up** if you contributed below the annual contribution limit in prior years of eligibility. Contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for complete information and to enroll in the **Catch-Up** provision (this process cannot be completed online). Please note that the **Catch-Up** provision and the Age 50 or older provision cannot be used in the same calendar year.

### WHAT IS THE “ACCRUED LEAVE DEFERRAL OPTION”?

When you retire from the City, you will receive a payout of your unused vacation, sick, and/or overtime hours per the terms in your Memorandum of Understanding (MOU). This payment is referred to as a payout of “accrued leave.” The DCP allows for an eligible amount from this payout to be deferred into your account. You’ll need to complete an Accrued Leave Deferral Option Form and submit it approximately **one month** before your retirement date. Contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) to obtain the form and get assistance completing and submitting it at least **one month** before your retirement date (this process cannot be completed online). Accrued leave forms received after your retirement date will not be processed.

### WHERE CAN I LEARN MORE ABOUT THESE TWO PROVISIONS?

Visit [LA457.com](https://www.la457.com) or contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for more information.



# Taking Distributions (Withdrawals)

## MAY I WITHDRAW MONEY FROM MY DCP ACCOUNT AT ANY TIME?

Withdrawals from your account may take place only when one of the following occurs:

- You retire, resign, or permanently leave active service with the City.
- You suffer an unforeseeable emergency that causes extreme financial hardship (please refer to the Financial Hardship section).
- You apply for a de minimis withdrawal (to be eligible, your account must be valued at \$5,000 or less, you must not have made a contribution in two years, and you must not have received a prior de minimis distribution).
- You may take a withdrawal of up to \$5,000 per birth or adoption of your child (please refer to the Distributions for Birth or Adoption section).
- You may take withdrawals beginning with the calendar year in which you turn age 59½.

\* **Please note:** There are no age restrictions or penalties for withdrawals of Before-Tax funds. However, Federal and state income tax still apply along with required withholdings for in-service distributions.

## WHAT ARE MY DISTRIBUTION OPTIONS?

After you separate from City service, you are welcome to stay in the DCP for as long as you like. You will continue to benefit from the DCP's dedicated local service team, expert fund managers, and competitive fees. When you decide to withdraw funds from your account, you have the following options:

- **Installment Payment of a Specific Amount** – You designate the dollar amount that you wish to receive on a regular installment basis (monthly, quarterly, semiannually, or annually). Payments to you will continue until your account balance is zero. You can change your installment request anytime.
- **Installment Payment for Specified Time Period** – You will receive payments on a regular installment basis (monthly, quarterly, semi-annually, or annually). Payment amounts depend on the length of time you choose to receive payments, the periodic basis that you choose, and the rate of return on your investment options. Your payment amount is calculated by dividing your current account balance by the number of remaining payments. Your payment is recalculated each time a payment is distributed; therefore, your payment will not be the same amount each time. Your balance will be zero by the end of the term you select. You can change your installment request anytime.
- **Full or Partial Lump Sum Distributions** – Withdraw all or some of your funds via check or an electronic deposit (ACH) to your checking or savings account.
- **Roll over funds to another qualified plan** – You can roll some or all of your funds to a governmental 457(b), 401(a), 401(k), or 403(b) plan, or a traditional IRA for Roth IRA. Be sure to compare fees and sales charges before you initiate a rollover.

## HOW DO I REQUEST A DISTRIBUTION?

You can process a distribution request by logging in to your account at [LA457.com](https://www.la457.com) (select **My Retirement Account > Loans & Withdrawals > Summary > Request a Withdrawal**). If you have questions about distributions, call 844-523-2457. Service Associates are available from 6:00 a.m. to 5:00 p.m., PT (excluding New York Stock Exchange holidays). For additional information on withdrawals, refer to the Distribution Guide at [LA457.com](https://www.la457.com).

## IS THERE AN EARLY WITHDRAWAL PENALTY FOR DISTRIBUTIONS MADE BEFORE AGE 59½?

No. Early distribution penalties do not apply to Before-Tax funds in 457 plans. However, withdrawals from your Before-Tax funds will be taxed as ordinary income, and withdrawals from your After-Tax funds may be subject to taxation on any earnings if distribution requirements are not met. Additionally, any funds rolled into the City's DCP from an IRA, 401(a), 401(k), 403(b), DROP funds may be subject to a 10% early distribution penalty if withdrawn before age 59½. For more information, visit [LA457.com](https://www.la457.com) or contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for more information.

## IF I CHANGE EMPLOYMENT, CAN I ROLL OVER OR TRANSFER MY DCP ACCOUNT

Yes, the balance in your DCP account can be rolled over to another governmental 457(b), 401(k), 401(a), or 403(b) plan or to an IRA that accepts rollovers from a 457 plan. You may also leave your account with the City's DCP and take distributions when you need to or are required to once you reach the mandatory distribution age of 72.

## WHAT HAPPENS WITH MY WITHDRAWALS IF I GET DIVORCED?

If you have completed divorce proceedings and have a Qualified Domestic Relations Order (QDRO) from a civil court directing a portion of your assets to a former spouse, please contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) to provide a copy of your QDRO and determine next steps.

## AFTER RETIRING, CAN I STILL WITHDRAW MONEY IF I RETURN TO WORK WITH THE CITY AS A PART-TIME EMPLOYEE

No, this is not permitted under the Internal Revenue Code. For further details, please contact a Local Retirement Counselor at 213-978-1601, M-F from 8:00 a.m. to 4:00 p.m., schedule a phone or video appointment at: [LA457.com/contact-us](https://www.la457.com/contact-us), or email [LA457@lacity.org](mailto:LA457@lacity.org) for further discussion.





# Survivor Benefits

## WHAT HAPPENS TO MY ACCOUNT WHEN I PASS AWAY?

Upon your death, after your beneficiaries take the necessary steps to claim the account, your designated beneficiaries will receive the full value of their portion of your remaining account balance. Any outstanding loan balances will be treated as taxable income for the decedent. Your beneficiaries have several distribution options available to them. Please refer to [LA457.com/beneficiaries](https://www.la457.com/beneficiaries) for more information.

## WILL THE DCP NOTIFY MY BENEFICIARY UPON MY DEATH?

It is the responsibility of the beneficiary to notify the DCP and complete the official claim of assets. Certain time limits may apply to beneficiaries, and it may be in the best interest of each participant to make designated beneficiaries aware of DCP information. We recommend you review your beneficiaries on an annual basis to ensure the information is up to date, accurate, and complete.

## CAN I DESIGNATE A TRUST AS MY BENEFICIARY?

Yes. Be aware that the rules for beneficiary collection as a trust under a 457 plan may differ from rules of other beneficiary types. It may be best to consult a qualified estate planner or legal advisor for more information about designating a trust as your beneficiary.

## CAN I DESIGNATE MY MINOR CHILDREN AS BENEFICIARIES?

Before you designate minor children as your primary or contingent beneficiaries, consult a legal advisor for more information on how funds are distributed.

## IF I'M MARRIED, CAN I DESIGNATE SOMEONE OTHER THAN MY SPOUSE AS MY PRIMARY BENEFICIARY?

Yes, but your spouse will need to consent to permitting his/her community property interest being provided to the non-spouse beneficiary. To designate someone other than your spouse as your primary beneficiary, log into your DCP account at [LA457.com](https://www.la457.com) (Click the down arrow next to your name and person icon. From the drop-down menu select **Personal Information > Beneficiary Information**) or complete and submit a Beneficiary Designation Form available at [LA457.com](https://www.la457.com) (select **Plan Details > Forms**).



## Contact Us



844-523-2457



[LA457.com](https://www.la457.com)



### Retirement Counselors

City Hall Service Center,  
200 N. Spring Street, Room 867  
Los Angeles, CA 90012

8:00 a.m. – 4:00 p.m., M – F, 213-978-1601

# Disclosures

<sup>1</sup> All references to the City of Los Angeles Deferred Compensation Plan, the City's Deferred Compensation Plan, or the DCP are to a governmental 457(b) plan.

<sup>2</sup> Transfer requests made via the website and/or Participant Services received on business days prior to close of the New York Stock Exchange (1:00 p.m. Pacific Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

<sup>3</sup> Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

<sup>4</sup> Representatives of Voya Financial do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.

This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice. The Plan Highlights section is intended to provide you with a general summary of the City of Los Angeles Deferred Compensation Plan. It should in no way be construed as a Plan Document or a complete description of the DCP. The City's DCP was established under Internal Revenue Code Section 457, which authorizes deferred compensation plans for employees of state and local governments. Employees join the DCP choose their investment options and participate over time on a voluntary basis. The DCP summarized herein is detailed in the Los Angeles Administrative Code, Division 4, Chapter 14, Section 4.1400 et seq.





CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN