

# Statewide Money Purchase Plan



The Statewide Money Purchase Plan may apply to an entire department that has elected the Statewide Money Purchase Plan as their retirement plan, chiefs who have opted out of the Statewide Defined Benefit Plan, and/or \*part-time police officers and firefighters who are employed by departments whose members participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan and the Statewide Death & Disability Plan.

The Statewide Money Purchase Plan is a defined contribution qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986.

## **Basic Plan Structure**

The Statewide Money Purchase Plan, is an individual, self-directed retirement account that is available to a member at retirement until it is depleted. A Money Purchase Plan is also referred to as a Defined Contribution Plan.

## **Mandatory Contributions**

The minimum combined member/employer contribution rate is 16 percent of base salary. Member contributions are made on a pre-tax basis.

## **Voluntary Contributions**

Active members or employers may make voluntary contributions to the plan on an after-tax basis as long as the amount of the contributions does not exceed the limits set forth by the Internal Revenue Code.

## **Eligibility Requirements**

If an employer covers its members under the Statewide Money Purchase Plan, participation begins as of date of hire assuming contributions are properly remitted to FPPA.

*\*Covered part-time employees shall only include permanent, regularly scheduled employees and shall not include temporary or seasonal employees.*

# Statewide Money Purchase Plan

## Vesting

The Statewide Money Purchase Plan has a 5-year graduated vesting schedule for employer contributions.

### Vesting Schedule

From the first day of membership in the plan, the member is fully vested in the member contributions and any amounts “rolled over” to the plan for the member account.

The member will be vested in employer contributions according to the following schedule.

<u>Years of Service</u>	<u>Vested %</u>
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

### Exception

If a member in the Statewide Money Purchase Plan terminates employment due to permanent occupational or total disability, death, or attainment of age 55 (regardless of years of service), then he/she would become fully vested in the employer contributions.

## Choice of Investment Options

The member directs the investment of the contributions made to the Statewide Money Purchase Plan. Members may choose from a wide variety of investment options offered through Fidelity Investments®.

### Standard Plan Options

- A variety of mutual funds for a member to build his/her asset allocation strategy. These funds include three major asset classes (stocks, bond, and short-term investments) and are monitored by the FPPA investment staff.
- Fidelity *Freedom Funds* - These are lifecycle funds in which the asset allocations gradually adjust to be more conservative as the investment option moves towards its target date.

Additional offerings are also available through a Fidelity *BrokerageLink* Account. This account allows the member to invest his/her contributions in a broad range of Fidelity and non-Fidelity mutual funds plus a wide range of individual securities not offered within the Standard Option Plan. There are extra fees associated with this account.

Until the member selects their investment option(s), the contributions will be deposited into the default fund, the Fidelity *Freedom Fund* which best matches the members expected retirement date (based on the members' birth date). The member can re-direct these contributions at any time via the phone or Internet.

## Daily Valuation

The assets in the Statewide Money Purchase Plan of the plan will be valued at the close of every business day, enabling the member to get updated balances daily.

# Statewide Money Purchase Plan

## Withdrawals/ Distributions

### Withdrawals

Withdrawals from the Statewide Money Purchase Plan are allowed under any of the following conditions:

- The member separates from service with the fire or police department
- The member becomes disabled
- The member attains age 70 ½
- Payment is made to the member's beneficiary upon death

### Distributions

The following distribution methods are available under the Statewide Money Purchase Plan.

#### Lump Sum

The member may choose a lump sum for all or a portion of the account.

#### Monthly Periodic Payments

The member may elect to have the monthly benefits payable over a certain timeframe or he/she may elect to receive a certain dollar amount per month until the account is exhausted.

#### Systematic Payment Over Life Expectancy

Fidelity Investments® will calculate the dollar amount of your periodic payment based on your current money purchase account balance. The distribution is based on your life expectancy (and the life expectancy of your designated beneficiary, if applicable). This benefit can fluctuate based on gains and losses. This option does not guarantee payments over your actual lifetime.

#### Combination of Lump Sum and Periodic Payments

You may choose an initial lump sum payment, with the balance of your account paid to you in periodic payments.

#### Annuity

The member may elect to purchase an annuity contract with all or a portion of his/her money purchase balance through an outside provider.

The member may choose one or a combination of the methods mentioned above.

## Beneficiary Election

The member will elect a beneficiary for the Statewide Money Purchase Plan when he/she enters the plan. A beneficiary form will be mailed to each member from Fidelity Investments shortly after enrollment in the plan. Members may change beneficiary designation on-line or by calling Fidelity Investments® at 1 (800) 343-0860

## The Investment Kit For Initial Enrollment

Upon enrollment in the Statewide Money Purchase Plan, Fidelity Investments® will mail an Investment Kit to the member's home. The kit contains information that may help him/her determine an investment strategy for the plan.

- ✓ Follow the kit's instructions and call Fidelity Investments® at 1-800-343-0860 to establish the investment elections. Until investment elections are provided to Fidelity, contributions to the member's account will be invested in the Fidelity *Freedom Fund* that best matches the members expected retirement date (based on the members' birth date).
- ✓ Complete the kit's Beneficiary Designation form and return it to Fidelity Investments®. If a Beneficiary Designation form is not provided to Fidelity, upon the member's death, his/her account balance will be distributed to his/her estate.

# Statewide Money Purchase Plan

## Managing the Statewide Money Purchase Plan

Through Fidelity's automated phone service or Internet site, the member will be able to obtain account information and initiate most transactions when it is convenient.

### Internet account access

[www.fidelity.com/atwork](http://www.fidelity.com/atwork)

*NetBenefits* is Fidelity's site that allows the member access to his/her account from any computer equipped with internet service. Through *NetBenefits*, the member will be able to view his/her account balances, make exchanges between investment options, change future contributions mixes, track contributions, access fund information, and change his/her beneficiary. FPPA also has a link to this site through the FPPA website at [www.FPPAco.org](http://www.FPPAco.org).

### Personal Identification Number (PIN)

The first time the member calls Fidelity Investments® or logs on to *NetBenefits*, he/she can select a PIN to ensure account privacy. If the member forgets the number, he/she can establish a new PIN by calling Fidelity. The member's PIN will enable access to his/her account via both the automated telephone service and *NetBenefits*. Once the PIN is set up, members will be asked to enter it at the beginning of all calls and when they log on to *NetBenefits*.

### Automated Phone Service

1-800-343-0860

Through Fidelity's toll-free telephone service, members can manage their account right over the phone virtually 24 hours a day, 7 days a week on an automated basis. Members can personalize a menu to quickly access the information they check regularly such as account balances and fund prices.

### Knowledgeable Retirement Services Specialists

Fidelity Retirement Services Specialists can give members more information about the investment options available to them, provide them with information to determine an investment strategy to help them reach their retirement goals, and answer most questions about the plan. Additionally, representatives will be able to assist members when requesting a withdrawal. Fidelity Retirement Services Specialists are available at 1-800-343-0860, Monday through Friday, 6:00 AM to 10:00 PM Mountain Time.

### Investment Education

Whether a member is just getting started or getting ready to retire, Fidelity Investments® offers educational resources to help plan for retirement. FPPA members may also visit or call one of the three Fidelity Investor Centers in the Denver metro area to talk with experienced investment specialists to conduct a portfolio review, create a comprehensive income plan, or just get a "Quick Check" on your asset allocation strategies. Fidelity Investments® also offers educational seminars on a wide range of financial and investing topics. Information is available through the *NetBenefits* link of the Fidelity Investments® website or by calling a Fidelity Retirement Services Specialist. In addition, FPPA representatives will be at each workplace periodically to conduct educational meetings and to meet with members one-on-one.

## **FPPA**

### Fire and Police Pension Association of Colorado

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This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the statutes, plan document and rules and regulations which govern this plan.

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