

SDRS Supplemental Retirement Plan



Why Save for Retirement?

The SDRS retirement benefit for career employees with 30 years of service will replace approximately 50 percent of pay. Even after considering both Social Security and SDRS benefits, many career SDRS members will still need additional personal retirement savings to meet the overall recommended income replacement goal of at least 85 percent of pay.

However, many SDRS retirees do not have 30 years of service at retirement, they retire early, or they will have additional costs in retirement. Additional personal retirement savings is critical for them to meet these income replacement goals.

The Costs of Retirement

SDRS and Social Security benefits are designed to provide dependable lifetime income. However, many retirees will need more than these income sources to cover additional expenses incurred during retirement.

With so many uncertainties surrounding retirement—the future of Social Security and Medicare, the rising costs of retiree healthcare

and long-term care, increasing life expectancy, and inflation—additional personal retirement savings needs to be an essential part of every SDRS member's retirement plan.

Be More Prepared with the SDRS Supplemental Retirement Plan

Personal retirement savings plans, such as the SDRS Supplemental Retirement Plan (SRP), can help bridge shortfalls in financial planning to provide for more financial security during retirement.

The SDRS-SRP is a tax-deferred 457(b) plan that offers all employees working for SDRS-participating employers the opportunity to save additional money for retirement. Participation in the SDRS-SRP is completely voluntary and features an easy enrollment process, flexibility in contribution amounts, a variety of investment alternatives, exceptionally low annual asset fees, and an array of withdrawal options available to suit your retirement needs.

Saving for your retirement is one of the most important things you can do with your money!

Understanding the SDRS-SRP

Contributions

With the SDRS-SRP, you elect how much to contribute, within IRS limits and with a minimum contribution set at \$25 per month. Each pay period, your elected amount will be withheld through a payroll deduction and be deposited into your SDRS-SRP account.

Investments

You also have the ability to direct your investments through a variety of investment options that have been carefully researched and selected by the State Investment Officer. Contributions and any earnings have the opportunity to grow tax-deferred until distribution.

Making Changes

You may start, stop, increase, or decrease contributions at any time (unless your employer has restrictions on changes). You may also make changes in your investment options at any time; however, there may be restrictions on frequent trading/transactions. Additional information regarding such restrictions can be found in each fund's prospectus.

Plan Costs

The SDRS-SRP has a low annual asset fee of 0.16 percent (\$0.16 per \$100). This fee is in addition to the internal expense charges/management fees assessed by the respective companies providing investment alternatives under the SDRS-SRP.

Distributions

While you are actively employed, you may only withdraw money from the SDRS-SRP if you experience an unforeseeable emergency (must be approved and in accordance with IRS rules); if it is a one-time withdrawal, provided the account balance is \$5,000 or less and no contributions have been made for at least two years; or if you have attained age 70 1/2.

If you separate from service or retire, you may withdraw the SDRS-SRP account as a lump-sum or partial lump-sum; receive a fixed-dollar amount each month until the account is depleted; receive a percentage of the account over a fixed time period; draw a lifetime monthly annuity; purchase a Supplemental Pension Benefit (SPB) through SDRS; roll the account to another eligible plan; or leave the money invested in the SDRS-SRP until April 1 of the year after you attain age 70 1/2 or terminate employment, when you are required by the IRS to take a minimum distribution.

SDRS Roth 457 Option

The after-tax SDRS Roth 457 Option is available to employees of South Dakota public employers who choose to offer the SDRS Roth 457 program. For additional information regarding the SDRS Roth 457 Option, please contact the SDRS-SRP office.

Automatic Enrollment Feature

While participation in the SDRS-SRP is voluntary, many SDRS participating employers have added the Automatic Enrollment feature of the SDRS-SRP to their benefit structure in an effort to encourage additional retirement savings for their newly hired employees. For additional information regarding this feature, please consult the *Automatic Enrollment* brochure or contact the SDRS-SRP office.

Start saving for your future by joining the SDRS-SRP today!

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