

Decisions Today Can Impact Your Future
MTA Deferred Compensation Program





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 Metropolitan
Transportation
Authority

 Prudential

Welcome to this presentation to discuss the various distribution options available to you in the . Let me introduce myself, I'm Haden Yogman, a Retirement Education Counselor with Prudential Retirement. I'm one of eight Counselors dedicated exclusively to servicing the MTA Deferred Compensation Program. **To find the dedicated counselor in your area, visit www.prudential.com/mta, and click on the personal assistance tab.**

Your Distribution Options

Separating from service, changing jobs or retiring? Here is an overview of the distribution options available to you:

- » Leave money in plan
- » Take a full or partial distribution*
- » Take a full or partial systematic withdrawal
- » Rollover to qualified plan or IRA

Please keep in mind:

- » Unused vacation and sick leave payout can be deferred into the MTA Deferred Compensation Program
- » The 457 Plan has a Special Three-Year Catch Up

*401(k) Plan withdrawals may be subject to a 10% penalty if taken prior to age 59½.

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Thank you for joining today, we are going to review your distribution options if you are separating from service, changing jobs or retiring, here is an overview. You may:

Leave your money in the plan

Take a full or partial distribution (note that your withdrawals may be subject to a 10% penalty if taken prior to age 59½)

Take a full or partial systematic withdrawal, or

Rollover your funds to a qualified plan or IRA.

Here are a couple of things to keep in mind when you think about your distribution options:

1. Unused vacation and sick leave payout can be deferred into the MTA Deferred Compensation Program
2. The 457 Plan has a Special Three-Year Catch Up

Myth Busting: Fact vs. Fiction

Myth	Truth
I need to move my retirement savings when I leave my current job.	Your MTA Deferred Compensation Program account may be maintained throughout your career. You can keep growing your savings—with the same account access, investment options and low fees—regardless of where you work.
Withdrawing my money is the easiest way to keep it in hand.	You'll have access to your savings—but you'll pay income taxes (the IRS requires the plan to withhold 20% of the untaxed portion of your withdrawal) and could owe penalties unless you roll the money over to another retirement account within 60 days.
If I withdraw, I must withdraw in full.	You may choose to take a full or partial lump-sum distribution. You may also choose to receive payments from your account in monthly installments. A 20% federal income tax and applicable state withholding may be applied. If you have not reached age 59½, you may be subject to a 10% early withdrawal penalty. Please note the 10% penalty only applies to the 401(k) Plan.
Saving through an IRA is more efficient than saving through a 401(k).	While IRAs may offer more investment options or other benefits, they also have investment minimums, rules and fees that vary by provider. Also, your MTA Deferred Compensation Program offers “institutional pricing” on investments which results in lower fees.

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We'll talk more about the details of your specific options in a minute, but for now let's review some information and look at Fact versus Fiction. [Read slide]

Here to Help—Now and After You Separate from Service

You may spend up to a third of your life in retirement, so it's crucial that you do not outlive your savings. That means keeping as much money as possible growing tax-deferred, for as long as possible.

This plan offers the services of dedicated Prudential Retirement Education Counselors who can help:

- » Explain the pros and cons of each distribution option
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Step 1: Inventory Your Resources

Actions



Consider all your accounts, bank accounts, rental income, IRA's, previous retirement accounts, other assets. Inventory of all your accounts, including your projected Pension and Social Security/Railroad Retirement estimates.



Review your distribution options. Determine your intended use for each account.



Assess your investment strategy and goals/objectives with a Retirement Education Counselor

Before you begin thinking about your distribution options, there are three actions you should take to inventory your financial resources.

First, consider all your retirement accounts, bank accounts, rental income, IRAs, previous retirement accounts and other assets. Take an inventory of all of your accounts, including your projected Pension and Social Security/Railroad Retirement estimates.

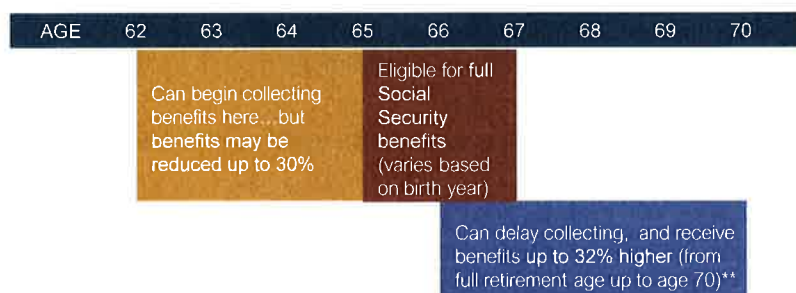
Next, review your distribution options. Determine how you will use each account.

Finally, assess your investment strategy and your goals and objectives with a Retirement Education Counselor.

Where Will You Draw Retirement Income?

» **Social Security:*** The more you make, the less it may replace.

- If you'll receive Social Security retirement benefits, determine how much you are projected to receive at different ages—visit www.ssa.gov/mystatement and www.ssa.gov/estimator.
- Or if you are entitled to Railroad Retirement benefits, please visit www.rrb.gov
- Don't count on Social Security too soon, The earlier you collect, the less you may get.



*Social Security taxes are just that—taxes—and convey no property or contractual rights to Social Security benefits. As a result, a worker's retirement security is entirely dependent on the political decisions of the President and Congress. Benefits may be reduced or even eliminated at any time.

**Source: Social Security Administration (www.ssa.gov) 2019. Assumes full retirement age of 66 and individual born in 1943 or later.

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Now let's talk about your possible sources for retirement income.

The first is Social Security. As a general rule, the more money you make, the less it may replace. If you'll receive social security benefits, you can determine how much you are projected to receive at different ages by visiting www.ssa.gov/mystatement and www.ssa.gov/estimator.

Or, if you are entitled to Railroad Retirement benefits, please visit www.rrb.gov.

And remember, don't count on Social Security too soon. The earlier you collect, the less you may get.

You may begin collecting benefits between ages 62 and 65, but the benefits may be reduced by up to 30%. Most people will be eligible for full Social Security benefits between ages 65 and 67, depending on their birth year.

From your full retirement age until age 70, you may delay collecting and receive benefits up to 32% higher.

Where Will You Draw Retirement Income? (continued)

- » **Pensions:** If you are eligible to receive these benefits.
- » **Savings:** May account for more than you think.
- » **Other:** Inheritance, Rental income, etc.
 - Stocks/Bonds
 - Traditional and Roth IRAs
 - Real Estate
 - Annuities
 - Income from part-time work or consulting, etc.
 - Life Insurance
 - Savings/CDs
 - Municipal bonds
 - All 401(k)s, 403(b)s and 457s

If you are eligible, a pension can be another source of retirement income. And don't forget your savings – they may account for more of your retirement income than you think. Other sources of retirement income could include an inheritance, rental income, et cetera.

Step 2: Review Your Distribution Options

Here are the options available:

- » Keep money in the retirement plan
- » Cash withdrawal (lump sum)
 - Full or partial withdrawal
 - Full or partial systematic withdrawal
- » Rollover to an Individual Retirement Account (IRA) at Prudential or another provider
- » Rollover to a new retirement plan

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Now let's talk about some of the distribution options you may consider, as mentioned earlier. You can:

- **Keep money in the retirement plan**
- **Take a cash withdrawal (also known as a lump sum)**
 - Full or partial withdrawal
 - Full or partial systematic withdrawal
- **Rollover to Individual Retirement Account (IRA) at Prudential or another provider**
- **Rollover to a new retirement plan**

Why Keep Your Money Tax-Deferred?

Keeping your money in a tax-deferred vehicle serves a number of functions:

- » Keeps your money bookmarked for your retirement.
- » Avoids current taxation.
- » Maintains tax-deferred status and avoids taxation until withdrawal.
- » Access to funds at institutional pricing as compared to other mutual funds outside of the MTA Plan.



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Another option for your money is to keep it growing tax-deferred. The benefits of keeping your money in a tax-deferred account are as follows:

- Keeps your money bookmarked for your retirement
- Avoids current taxation
- Protects money and potential earnings from taxation until it is used
- Gives you access to funds at institutional pricing as compared to other mutual funds outside of the MTA Plan.

Keeping money tax-deferred can be a good retirement savings strategy. Let's talk about how we can accomplish this...

Stay in Your Plan

Advantages:

- » No tax consequences
- » Money may continue to grow tax-deferred
- » Maintain access to the same investment options
- » Continue to receive regular statements
- » Familiar investments, availability of low fee institutional class funds
- » Continued access to your MTA Dedicated Retirement Counseling Team

Disadvantages:

- » Your investment options are limited to those in the plan
- » Subject to plan feature changes by Plan Sponsor

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You can keep your money in your account. Here are some advantages and disadvantages of keeping your money in this plan:

Advantages:

- There are no tax consequences to leaving the money where it is
- Money may continue to grow tax-deferred
- By leaving the money in your plan, you maintain access to the investment options you've had all along
- You will continue to receive regular statements
- Familiar investments, and the availability of low fee institutional class funds

Disadvantages:

- Your investment options are limited to those that are already in your plan (which may not be a disadvantage if you are happy with your choices)
- Subject to plan feature changes by the Plan Sponsor

Stay in Your Plan

Please note:

- » Once you attain age 72, you are required under tax law to start withdrawing from the Deferred Compensation Plan each year. This is known as an RMD (Required Minimum Distribution) and applies to both pre-tax and Roth contributions.

Please keep in mind that once **you attain age 72, you are required under tax law to start withdrawing from the Deferred Compensation Plan each year. This is known as a Required Minimum Distribution (RMD), and applies to both pre-tax and Roth contributions.**

Cash Withdrawal (Lump Sum)*

Advantages:

- » Immediate access to money
- » May be eligible for special tax treatment

Disadvantages:

- » Tax consequences (such as mandatory 20% federal income tax withholding) and possible penalties
- » Lose potential for tax-deferred growth
- » Spending retirement assets
- » You may spend up to a third of your life in retirement, so it's crucial that you do not outlive your savings. Taking a lump sum withdrawal will potentially decrease your monthly income stream.

* 401(k) Plan withdrawals may be subject to a 10% penalty if taken prior to age 59½.

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You also may take a cash withdrawal – known as a lump sum. Here are the advantages and disadvantages of this option:

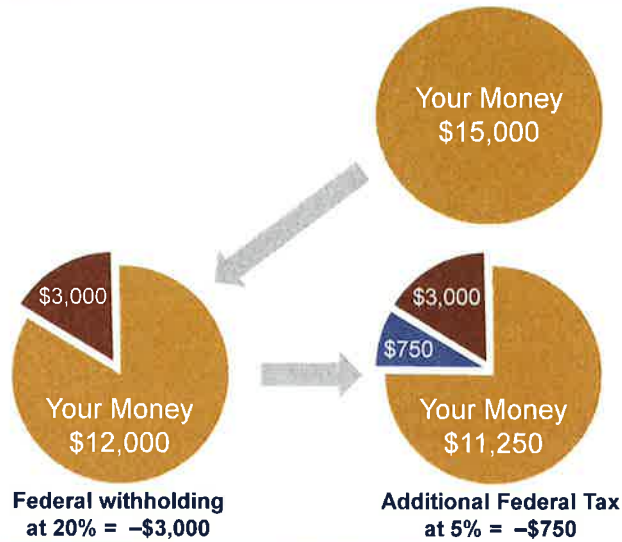
Advantages:

- Immediate access to money
- May be eligible for special tax treatment

Disadvantages:

- Tax consequences (such as mandatory 20% federal income tax withholding) and possible penalties
- Your money loses the potential for tax-deferred growth
- You are spending your retirement assets

Impact of Taxes on Cash Withdrawal



This example is a hypothetical of how taxes and penalties could impact your distribution. Neither Prudential Financial nor any of its businesses or representatives provide legal or tax advice for which you should contact your qualified advisor.

Please note for the 401(k) there is a 10% early withdrawal penalty that may apply for those under 59½.

Not only is there an impact to your account balance when you make a withdrawal, there is also a tax impact.

Starting with a \$15,000 withdrawal, federal withholding will reduce it by 20%, and if you're in the 25% tax bracket, it will be trimmed by another \$750 at tax time.

At the end of the day, your \$15,000 has been reduced to \$11,250.

Partial Withdrawal*

If a withdrawal is necessary, perhaps a partial withdrawal is an option.

Partials can:

- » Provide income for immediate needs
- » Keep unneeded money invested
- » Keep a part of your account tax-deferred
- » Limit your current tax exposure
- » Keep some money targeted for retirement

* 401(k) Plan withdrawals may be subject to a 10% penalty if taken prior to age 59½.

If you must make a withdrawal, you also have the option of taking a partial withdrawal. While this is not an optimal course of action, it is better than taking a full withdrawal.

A partial withdrawal can:

- Provide income for immediate needs
- Keep unneeded money invested
- Keep a part of your account tax-deferred
- Limit your current tax exposure
- Keep some money targeted for retirement

Rollover to an IRA

Available at Prudential Retirement and other providers.

Advantages:

- » Avoid current taxes
- » Continued potential for tax-deferred growth
- » Wide range of investment options
- » Tax-free transfers
- » Maintain control
- » Potential for retirement counseling

Disadvantages:

- » Possible higher fees
- » No longer have access to investments in former retirement plan

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You also may roll your money into an IRA, which is available through Prudential Retirement and other providers. Here are some advantages and disadvantages to transferring money into an IRA:

Advantages:

- By transferring money to an IRA you avoid incurring current taxes
- Money in IRAs are subject to tax-deferred growth potential
- Choosing an IRA means you'll have a wide range of investment options
- Transfers are tax-free
- With an IRA you maintain control of how your money is invested
- Potential for advice or counseling

Disadvantages

- Depending on the IRA, it may have higher fees than you are incurring currently
- You'll no longer have access to investments in the former retirement plan

Unused Vacation and Sick Leave Payout

If you are leaving, you can contribute money from your final payout for any unused vacation or sick leave to the Program.

If you are interested in deferring all or part of your unused vacation or sick time as a contribution to the Program, please complete the **HR-DEFCOMP-074** form and send it to the Business Services Center (BSC).

This form is available on the BSC Portal.

- » Please note that you may defer any amount up to 100%, but keep in mind that certain taxes are required to be withheld that may lower the final contribution amount.
- » Severance payments are not eligible for deferrals into 401(k) or 457 Plans as per IRS regulations.

If you are separating from service, you can contribute money from your final payout for any unused vacation or sick leave to the Program. If you are interested in deferring all or part of your unused vacation or sick time as a contribution to the Program, please complete the HR-DEFCOMP-074 form and send it to the Business Services Center (BSC). This form is available on the BSC Portal.

Please note that you may defer any amount up to 100%, but keep in mind that certain taxes are required to be withheld that may lower the final contribution amount.

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457 Plan Special Three-Year Catch-Up Option

- » If you are contributing to the 457 Plan, you may be eligible to make special three-year catch-up contributions in the three years prior to your normal retirement age (as defined by the 457 Plan).
- » The Special Three-Year Catch-Up option allows you to defer up to two times the IRS maximum limit (for 2021, $\$19,500 \times 2 = \$39,000$). Your ability to make a special catch-up contribution in one or more of these three years will depend on your contribution history and the retirement age you elect.



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457 Plan Special Three-Year Catch-Up Option (continued)

- » For assistance to complete the special catch-up contribution form, we encourage you to set up an appointment with a Retirement Education Counselor who will assist and walk you through the form. Go to www.prudential.com/mta, click on the "Personal Assistance" tab and set up a session.
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Outstanding Loan Options

What are the options if you have an outstanding loan?

- » Pay off the loan in full. This can be done by:
 - ACH on the website
 - Calling 877-PLN-4MTA (877-756-4682)
 - Sending a check/money order to Prudential
- » Convert loan(s) to coupon payment
- » If the loan is not paid off, the loan defaults. Tax consequences and possible 10% early withdrawal penalty on the 401(k) Plan.

Reminder:

- » You may apply for a new loan from the 401(k) after you are separated from service.

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 - » Sending a check/money order to Prudential
- Or, you can convert the loan or loans to coupon payment
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 - » As a reminder, you may apply for a new loan from the 401(k) after you are separated from service.

Thanks for Viewing This Presentation



The sale or liquidation of any stock, bond, IRA, certificate of deposit, mutual fund, annuity, or other assets to fund the purchase of this product may have tax consequences, early withdrawal penalties, or other costs or penalties as a result of the sale or liquidation. You or your agent may wish to consult independent legal or financial advice before selling or liquidating any assets and prior to the purchase of any life or annuity products being solicited, offered for sale, or sold.

The fees associated with account balances remaining in the plan will be different from, and are likely to be less than, the fees associated with a rollover IRA. You should review your Plan's provisions to determine whether you are permitted to keep your account balance in the plan sponsored by your former employer or discuss rollover provisions in your new Employer's plan. You may contact Prudential's Participant Service Center at 877-778-2100 to obtain a comparison of fees between your former employer's plan records kept by Prudential and an IRA.

Prudential Financial and its representatives are not tax or legal advisors. Consult your own legal or tax advisor with specific questions.

Retirement Education Counselors are registered representatives of Prudential Investment Management Services LLC (PIMS), Newark, NJ. PIMS is a Prudential Financial company.

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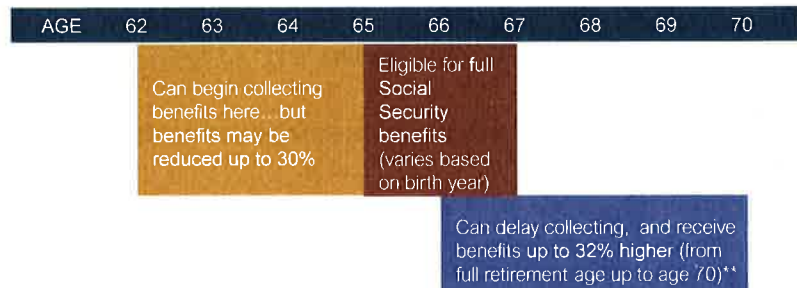
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- Keeps your money bookmarked for your retirement
- Avoids current taxation
- Protects money and potential earnings from taxation until it is used
- Gives you access to funds at institutional pricing as compared to other mutual funds outside of the MTA Plan.

Keeping money tax-deferred can be a good retirement savings strategy. Let's talk about how we can accomplish this...

Stay in Your Plan

Advantages:

- » No tax consequences
- » Money may continue to grow tax-deferred
- » Maintain access to the same investment options
- » Continue to receive regular statements
- » Familiar investments, availability of low fee institutional class funds
- » Continued access to your MTA Dedicated Retirement Counseling Team

Disadvantages:

- » Your investment options are limited to those in the plan
- » Subject to plan feature changes by Plan Sponsor

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You can keep your money in your account. Here are some advantages and disadvantages of keeping your money in this plan:

Advantages:

- There are no tax consequences to leaving the money where it is
- Money may continue to grow tax-deferred
- By leaving the money in your plan, you maintain access to the investment options you've had all along
- You will continue to receive regular statements
- Familiar investments, and the availability of low fee institutional class funds

Disadvantages:

- Your investment options are limited to those that are already in your plan (which may not be a disadvantage if you are happy with your choices)
- Subject to plan feature changes by the Plan Sponsor

Stay in Your Plan

Please note:

- » Once you attain age 72, you are required under tax law to start withdrawing from the Deferred Compensation Plan each year. This is known as an RMD (Required Minimum Distribution) and applies to both pre-tax and Roth contributions.

Please keep in mind that once **you attain age 72, you are required under tax law to start withdrawing from the Deferred Compensation Plan each year. This is known as a Required Minimum Distribution (RMD), and applies to both pre-tax and Roth contributions.**

Cash Withdrawal (Lump Sum)*

Advantages:

- » Immediate access to money
- » May be eligible for special tax treatment

Disadvantages:

- » Tax consequences (such as mandatory 20% federal income tax withholding) and possible penalties
- » Lose potential for tax-deferred growth
- » Spending retirement assets
- » You may spend up to a third of your life in retirement, so it's crucial that you do not outlive your savings. Taking a lump sum withdrawal will potentially decrease your monthly income stream.

* 401(k) Plan withdrawals may be subject to a 10% penalty if taken prior to age 59½.

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You also may take a cash withdrawal – known as a lump sum. Here are the advantages and disadvantages of this option:

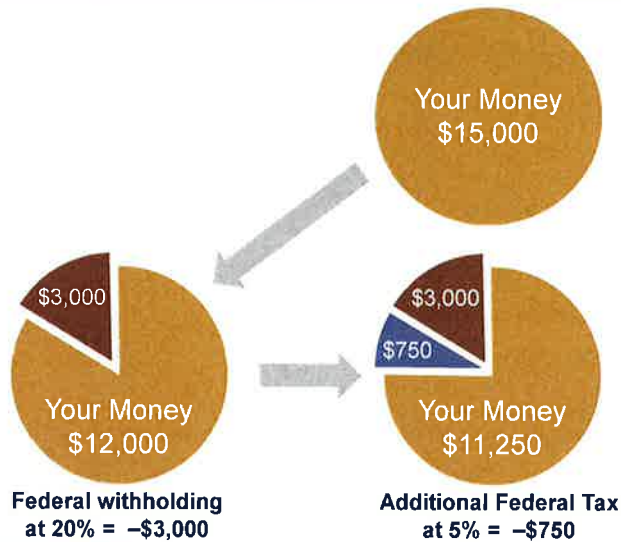
Advantages:

- Immediate access to money
- May be eligible for special tax treatment

Disadvantages:

- Tax consequences (such as mandatory 20% federal income tax withholding) and possible penalties
- Your money loses the potential for tax-deferred growth
- You are spending your retirement assets

Impact of Taxes on Cash Withdrawal



This example is a hypothetical of how taxes and penalties could impact your distribution. Neither Prudential Financial nor any of its businesses or representatives provide legal or tax advice for which you should contact your qualified advisor.

Please note for the 401(k) there is a 10% early withdrawal penalty that may apply for those under 59½.

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Not only is there an impact to your account balance when you make a withdrawal, there is also a tax impact.

Starting with a \$15,000 withdrawal, federal withholding will reduce it by 20%, and if you're in the 25% tax bracket, it will be trimmed by another \$750 at tax time.

At the end of the day, your \$15,000 has been reduced to \$11,250.

Partial Withdrawal*

If a withdrawal is necessary, perhaps a partial withdrawal is an option.

Partials can:

- » Provide income for immediate needs
- » Keep unneeded money invested
- » Keep a part of your account tax-deferred
- » Limit your current tax exposure
- » Keep some money targeted for retirement

* 401(k) Plan withdrawals may be subject to a 10% penalty if taken prior to age 59½.

If you must make a withdrawal, you also have the option of taking a partial withdrawal. While this is not an optimal course of action, it is better than taking a full withdrawal.

A partial withdrawal can:

- Provide income for immediate needs
- Keep unneeded money invested
- Keep a part of your account tax-deferred
- Limit your current tax exposure
- Keep some money targeted for retirement

Rollover to an IRA

Available at Prudential Retirement and other providers.

Advantages:

- » Avoid current taxes
- » Continued potential for tax-deferred growth
- » Wide range of investment options
- » Tax-free transfers
- » Maintain control
- » Potential for retirement counseling

Disadvantages:

- » Possible higher fees
- » No longer have access to investments in former retirement plan

You also may roll your money into an IRA, which is available through Prudential Retirement and other providers. Here are some advantages and disadvantages to transferring money into an IRA:

Advantages:

- By transferring money to an IRA you avoid incurring current taxes
- Money in IRAs are subject to tax-deferred growth potential
- Choosing an IRA means you'll have a wide range of investment options
- Transfers are tax-free
- With an IRA you maintain control of how your money is invested
- Potential for advice or counseling

Disadvantages

- Depending on the IRA, it may have higher fees than you are incurring currently
- You'll no longer have access to investments in the former retirement plan

Unused Vacation and Sick Leave Payout

If you are leaving, you can contribute money from your final payout for any unused vacation or sick leave to the Program.

If you are interested in deferring all or part of your unused vacation or sick time as a contribution to the Program, please complete the **HR-DEFCOMP-074** form and send it to the Business Services Center (BSC).

This form is available on the BSC Portal.

- » Please note that you may defer any amount up to 100%, but keep in mind that certain taxes are required to be withheld that may lower the final contribution amount.
- » Severance payments are not eligible for deferrals into 401(k) or 457 Plans as per IRS regulations.

If you are separating from service, you can contribute money from your final payout for any unused vacation or sick leave to the Program. If you are interested in deferring all or part of your unused vacation or sick time as a contribution to the Program, please complete the HR-DEFCOMP-074 form and send it to the Business Services Center (BSC). This form is available on the BSC Portal.

Please note that you may defer any amount up to 100%, but keep in mind that certain taxes are required to be withheld that may lower the final contribution amount.

Severance payments are not eligible for deferrals into 401(k) or 457 Plans as per IRS regulations.

457 Plan Special Three-Year Catch-Up Option

- » If you are contributing to the 457 Plan, you may be eligible to make special three-year catch-up contributions in the three years prior to your normal retirement age (as defined by the 457 Plan).
- » The Special Three-Year Catch-Up option allows you to defer up to two times the IRS maximum limit (for 2021, $\$19,500 \times 2 = \$39,000$). Your ability to make a special catch-up contribution in one or more of these three years will depend on your contribution history and the retirement age you elect.



If you are contributing to the 457 Plan, you may be eligible to make special three-year catch-up contributions in the three years prior to your normal retirement age (as defined by the 457 Plan).

The Special Three-Year Catch-Up option allows you to defer up to two times the IRS maximum limit (for 2020, $\$19,500 \times 2 = \$39,000$). Your ability to make a special catch-up contribution in one or more of these three years will depend on your contribution history and the retirement age you elect.

457 Plan Special Three-Year Catch-Up Option (continued)

- » For assistance to complete the special catch-up contribution form, we encourage you to set up an appointment with a Retirement Education Counselor who will assist and walk you through the form. Go to www.prudential.com/mta, click on the "Personal Assistance" tab and set up a session.
- » Download the special catch-up contribution form at: www.prudential.com/mta in advance of your session.



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Download the special catch-up contribution form at: www.prudential.com/mta in advance of your session.

Outstanding Loan Options

What are the options if you have an outstanding loan?

- » Pay off the loan in full. This can be done by:
 - ACH on the website
 - Calling 877-PLN-4MTA (877-756-4682)
 - Sending a check/money order to Prudential
- » Convert loan(s) to coupon payment
- » If the loan is not paid off, the loan defaults. Tax consequences and possible 10% early withdrawal penalty on the 401(k) Plan.

Reminder:

- » You may apply for a new loan from the 401(k) after you are separated from service.

What are the options if you have an outstanding loan?

You can pay off the loan in full by:

- » ACH on the website
- » Calling 877-PLN-4MTA (877-756-4682)
- » Sending a check/money order to Prudential

Or, you can convert the loan or loans to coupon payment

- » If the loan is not paid off, the loan defaults, which will result in tax consequences and a possible 10% early withdrawal penalty on the 401k Plan.
- » As a reminder, you may apply for a new loan from the 401(k) after you are separated from service.

Thanks for Viewing This Presentation



The sale or liquidation of any stock, bond, IRA, certificate of deposit, mutual fund, annuity, or other assets to fund the purchase of this product may have tax consequences, early withdrawal penalties, or other costs or penalties as a result of the sale or liquidation. You or your agent may wish to consult independent legal or financial advice before selling or liquidating any assets and prior to the purchase of any life or annuity products being solicited, offered for sale, or sold.

The fees associated with account balances remaining in the plan will be different from, and are likely to be less than, the fees associated with a rollover IRA. You should review your Plan's provisions to determine whether you are permitted to keep your account balance in the plan sponsored by your former employer or discuss rollover provisions in your new Employer's plan. You may contact Prudential's Participant Service Center at 877-778-2100 to obtain a comparison of fees between your former employer's plan records kept by Prudential and an IRA.

Prudential Financial and its representatives are not tax or legal advisors. Consult your own legal or tax advisor with specific questions.

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Thank you for viewing this presentation. We hope you have learned more about the options available to you.