



Pre-Retirement Training

Department of Personnel Services

Employee Benefits Office

March 21, 2024

Agenda

- Deferred Compensation 457(b) Plan
- Retiree Benefits

DEFERRED COMPENSATION PLAN



Final Paycheck Contributions

- Terminal check
 - Final Compensation Amendment form must be on file to defer compensation
- 457(b) contributions defers taxes
 - Federal and State
- Social Security and Medicare (7.65%) will be deducted
 - Unless at the annual income maximum

Defer Terminal Check Taxes

- Defer the following into the 457(b) plan*
 - Vacation, CTO, and HIL accruals
 - If eligible, half of sick accrual pay-out
- Three-Year **Limited** Catch-Up Program**
 - Check with the Benefits Office about increased limits

| 2024 IRS Limits | |
|-------------------------|-------------------|
| Under Age 50 | \$23,000 |
| Age 50 or over | \$30,500 |
| Limited Catch-Up | \$46,000** |

* Up to the IRS maximums

Special Limited Catch-Up

- “Make-up” for previous years with contributions below allowed maximum
- Only the 3 years **BEFORE** retirement year
- Up to double the normal 457(b) limit
 - (\$23,000 + \$23,000 = \$46,000 Maximum)
- Benefits Office Staff makes underutilization calculation
- Employee signs limited catch-up enrollment form
- Payroll system allows for increased contributions

Sample Final Paycheck Contributions

Cashing Out Accruals

| COMPENSATION | Rate | Hours | This Period | Year-to-Date |
|----------------------------------|-------|--------|-----------------|------------------|
| Regular Base Pay | 40.86 | 71.00 | 2,901.06 | 57,688.77 |
| Leave Without Pay | | | | 0.00 |
| CTO taken | | | | 746.64 |
| Sick Leave Pay | | | | 1,411.55 |
| Sick Leave-Family | | | | 820.23 |
| Vacation Pay | | | | 495.95 |
| Holiday | | | | 1,852.88 |
| Standby Pay | | | | 1,503.90 |
| Overtime Time and 1/2 | | | | 2,448.20 |
| Overtime FLSA Adjustm | | | | 26.24 |
| Term CTO Pay-SP Elig | 40.86 | 25.80 | 1,054.19 | 1,054.19 |
| Terminal Vacation Pay | 40.86 | 103.90 | 4,245.35 | 4,245.35 |
| Correctional/MHTC | | | | 246.82 |
| Total Compensation | | | 8,200.60 | 72,540.72 |
| | | | | |
| PRE-TAX DEDUCTIONS | | | | |
| EE Paid VSP Pre Tax | | | | 139.00 |
| EE Kaiser HMO Tier B | | | | 5,281.20 |
| CERS Pension High | | | 274.15 | 5,954.95 |
| Total Pre-Tax Ded. | | | 274.15 | 11,375.15 |
| | | | | |
| TAXES PAID | | | | |
| IncTax-Federal | | | 1,337.08 | 6,331.56 |
| IncTax-California | | | 525.24 | 1,575.49 |
| TX EE Medicare Tax | | | 118.91 | 973.25 |
| TX EE Social Security Tax | | | 508.43 | 4,161.47 |
| SDI Tax-California | | | 29.01 | 618.21 |
| Total Taxes | | | 2,518.67 | 13,659.98 |
| | | | | |
| AFTER-TAX DEDUCTIONS/ADJUSTMENTS | | | | |
| Misc Union (017) | | | | 70.00 |
| Union Dues (017) | | | | 540.64 |
| Total After-Tax Ded. | | | | 610.64 |
| | | | | |
| Total Net Pay | | | 5,407.78 | 46,894.95 |

| Net Pay Details | Amount |
|-----------------|----------|
| Payroll Check | 5,407.78 |

Accruals to 457(b) Plan

| COMPENSATION | Rate | Hours | This Period | Year-to-Date |
|----------------------------------|-------|--------|-----------------|------------------|
| Regular Base Pay | 40.86 | 71.00 | 2,901.06 | 57,688.77 |
| Leave Without Pay | | | | 0.00 |
| CTO taken | | | | 746.64 |
| Sick Leave Pay | | | | 1,411.55 |
| Sick Leave-Family | | | | 820.23 |
| Vacation Pay | | | | 495.95 |
| Holiday | | | | 1,852.88 |
| Standby Pay | | | | 1,503.90 |
| Overtime Time and 1/2 | | | | 2,448.20 |
| Overtime FLSA Adjustm | | | | 26.24 |
| Term CTO Pay-SP Elig | 40.86 | 25.80 | 1,054.19 | 1,054.19 |
| Terminal Vacation Pay | 40.86 | 103.90 | 4,245.35 | 4,245.35 |
| Correctional/MHTC | | | | 246.82 |
| Total Compensation | | | 8,200.60 | 72,540.72 |
| | | | | |
| PRE-TAX DEDUCTIONS | | | | |
| EE Paid VSP Pre Tax | | | | 139.00 |
| EE Kaiser HMO Tier B | | | | 5,281.20 |
| CERS Pension High | | | 274.15 | 5,954.95 |
| 457 Plan FT Pre-Tax | | | 5,299.54 | 5,299.54 |
| Total Pre-Tax Ded. | | | 5,573.69 | 16,674.69 |
| | | | | |
| TAXES PAID | | | | |
| IncTax-Federal | | | 245.11 | 5,239.59 |
| IncTax-California | | | 47.11 | 1,097.36 |
| TX EE Medicare Tax | | | 118.91 | 973.25 |
| TX EE Social Security Tax | | | 508.43 | 4,161.47 |
| SDI Tax-California | | | 29.01 | 618.21 |
| Total Taxes | | | 948.57 | 12,089.88 |
| | | | | |
| AFTER-TAX DEDUCTIONS/ADJUSTMENTS | | | | |
| Misc Union (017) | | | | 70.00 |
| Union Dues (017) | | | | 540.64 |
| Total After-Tax Ded. | | | | 610.64 |
| | | | | |
| Total Net Pay | | | 1,678.34 | 43,165.51 |

| Net Pay Details | Amount |
|-----------------|----------|
| Payroll Check | 1,678.34 |

Taxation of Final Paycheck Contribution

- Because considered supplemental income, taxation is higher than a regular paycheck
 - Formula to determine taxation is:
 - Value of the Accruals x 26 pay periods = Annualized amount

Example:

| Value of the Accrual | Multiplied by # of pay periods per year | Transaction taxed as if you make this much annually |
|----------------------|---|---|
| \$5,299.54 | 26 | \$137,788.04 |

Questions?

Final Paycheck Contributions Catch-Up Programs



Retiree Benefits



Retiree Benefits Options

- Medical
- Dental
- Vision
- Life insurance – elected directly with carrier
- RHSP – start using those County contributions!
- HSA - eligibility retirements
- Retiree Summary for full details



Benefits Transition

All benefits end on the **last day of the month** you are in Active status (includes Vacation, PTO/CTO, Sick Leave)

| | MEDICAL | DENTAL | VISION | EAP | FSA | LIFE CI |
|--------|---------|---------|-------------------------|----------|-----------------------------|------------|
| Week 1 | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | |
| Week 2 | | | | | RETIREMENT DATE! 9/10 | |
| Week 3 | | | | | | |
| Week 4 | | | BENEFITS END 9/30 | | | |

Enrollment Options

Enroll in some/all of the County Plans

Elect benefits under COBRA*

Enroll in other option or spouse/domestic partner's benefits*

Purchase individual coverage*

***THERE ARE LIMITS ON RETURNING TO COUNTY PROGRAM**

Medical Plan Enrollment

- Available to all eligible retirees
- Medical plan eligibility determined by physical zip code, not mailing address
- Leaving the region before age 65 may limit coverage options
- Cost is 100% retiree paid
- Deductions taken post-tax from pension paycheck
- **If elect COBRA, it becomes exclusive election,**
 - **Cannot elect both COBRA and retiree benefits**

Medical Plan Options

Non-Medicare Options (Under Age 65)



KAISER PERMANENTE®



Sutter Health



Western Health Advantage

HMO or High Deductible

(individual accrued HDHP deductible carries over)

Medical Plan Options

Medicare Options (Over Age 65 or Disabled)

If have **Medicare** Parts A & B at the time of retirement

- Immediately enroll in a Medicare Advantage Plan through the Benefits Office



- Kaiser Senior Advantage Gold
- Kaiser Senior Advantage Silver



- UHC HMO
- UHC NPPO

Basic Medicare benefit gives other non-County sponsored options throughout the country if you decide to relocate.

DO NOT enroll in separate non-County Medicare or Medicare Part D Rx plans or will lose County coverage!

Out of Area Coverage

TRAVEL

Only emergency coverage outside of service area



MOVING

May require change in medical plans or research on Affordable Care Act (ACA)

- Other individual plans in the new area/state
- County coverage may be available depending on the area
 - Kaiser has coverage in various areas for both early retirees and Medicare retirees
 - Nationwide PPO available through WHA/Anthem for early retirees
 - Nationwide PPO available through UHC for Medicare Retirees

Contact Benefits Staff for coverage options if planning to move

Dental Plan Options

Delta Dental

Different benefits than active plan

- **Two coverage levels:**
 - **Standard Plan – \$1,500 annual maximum (Network, PPO and EPO)**
 - **Enhanced Plan - \$2,500 annual maximum (Network, PPO)**



If elect COBRA, it becomes the exclusive election,
cannot elect both COBRA and retiree benefits

Vision Plan Option

VSP

Same benefits as active vision plan

- **Annual Exam: \$15 copay**
- **Frame Allowance: \$130/every other year**
- **In 2024 new Enhanced plan option with annual frame/contact allowance and one additional upgrade option**

If elect COBRA, it becomes the exclusive election,
cannot elect both COBRA and retiree benefits



Life Insurance/ Critical Illness



- Current coverage ends last day of month
- Can convert to individual whole life coverage within 31 days of retirement date
 - More expensive
- No cash value to current County coverage
- Contact carrier for questions and conversion
 - Contact information in COBRA letter

Premium waiver available if disabled while Active and under age 60, must apply prior to separation to keep coverage

Retiree Health Savings Plan (RHSP)

\$25 Employer contribution account now becomes active!
Can use as of the day you retire – save receipts

Tax-free reimbursement of health expenses and some premiums for you, spouse, and/or specific dependents

Meritain, the claims administrator, will mail a benefits packet ~2 weeks after retirement

Quarterly fee

ICMA-RC is now

MissionSquare
RETIREMENT

RHSP - Reimbursements

- Reimbursable expenses include:
 - Premiums
 - Medical, dental, and vision expenses
 - Co-pays, out of network expenses, lenses/frames, etc.
 - Prescriptions
 - Medicare Part B expenses
- Can set up:
 - Recurring monthly reimbursement
 - Direct deposit

Health Savings Account (HSA)

- HSA funds go into retirement
 - Can continue to spend existing HSA funds
- No HSA contributions through pension payroll
- Can make new post-tax contributions **IF** meet requirements:

- MUST BE ENROLLED IN HDHP PLAN
- CANNOT HAVE MEDICARE
- \$0 BALANCE IN RHSP

TIP: Always use RHSP funds first - they are the least flexible !

Health Savings Account (HSA)

- HSA funds can be withdrawn for non-benefit uses but is included as income and is taxable
 - 20% penalty if under age 65
 - No penalty if age 65+
- HSA funds can be used for qualified medical dental, vision, and hearing expenses
- Age 65+ HSA funds can be used for Retiree and dependent medical premiums



Waiving Initial Enrollment

If you waive benefits at Retirement,
RETURN IS POSSIBLE if:

WITHIN 30 DAYS OF A LIFE EVENT

- (e.g., loss of group coverage, becoming Medicare eligible)
- Losing benefits through Covered California is not an eligible event
- Non-payment of COBRA premium is not an eligible event

DURING OPEN ENROLLMENT

- Must provide proof of 12 months of continuous creditable coverage

See the Retiree MyBenefits Summary and
the Retiree Health Insurance Administrative Policy for more details

Changing Coverage

- Open Enrollment - **Effective January 1st**
- Move In Or Out Of Service Area
- Newly Eligible Family Member
- Dropping Family Member
- Change In Coverage Eligibility

Effective 1st
day of
month after
**event and
enrollment**

Contact the Benefits Office to determine if your event necessitates a change

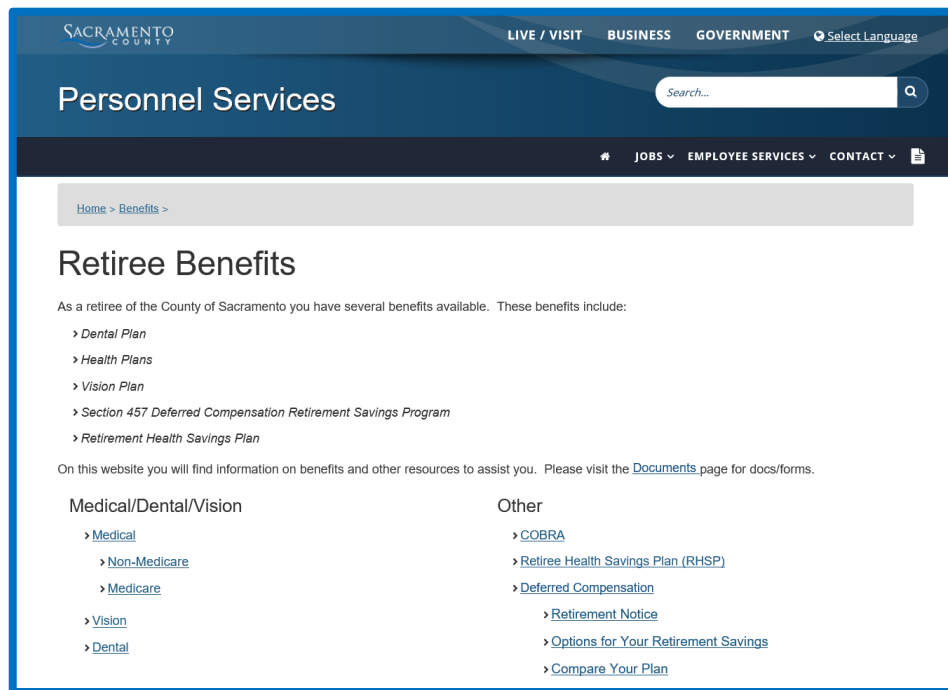
Always review Open Enrollment materials each year for cost and coverage changes

Benefits Information

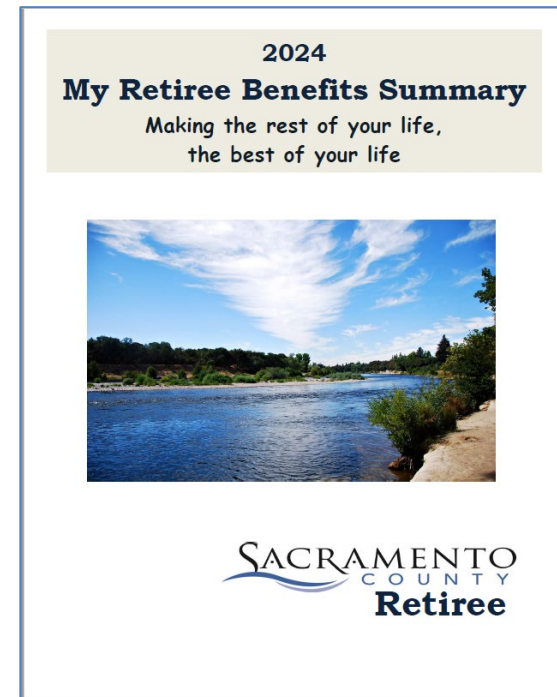
All Retiree benefit information is online for easy access:

<https://personnel.saccounty.gov/Benefits/Pages/RetiredEmployee.aspx>

Forms, documents, and links to vendors and providers are always available.



The screenshot shows the Sacramento County Personnel Services website. The header includes the Sacramento County logo, navigation links for LIVE / VISIT, BUSINESS, GOVERNMENT, and a language selector. The main navigation bar lists PERSONNEL SERVICES, JOBS, EMPLOYEE SERVICES, and CONTACT. The page title is "Personnel Services" with a search bar. The breadcrumb trail is "Home > Benefits >". The main heading is "Retiree Benefits". Below this, it states: "As a retiree of the County of Sacramento you have several benefits available. These benefits include:" followed by a list of links: Dental Plan, Health Plans, Vision Plan, Section 457 Deferred Compensation Retirement Savings Program, and Retirement Health Savings Plan. A note says: "On this website you will find information on benefits and other resources to assist you. Please visit the Documents page for docs/forms." There are two columns of links: "Medical/Dental/Vision" with links for Medical (Non-Medicare, Medicare), Vision, and Dental; and "Other" with links for COBRA, Retiree Health Savings Plan (RHSP), Deferred Compensation, Retirement Notice, Options for Your Retirement Savings, and Compare Your Plan.



The graphic features a light beige background with the text "2024 My Retiree Benefits Summary" in a bold, dark blue font. Below this, the tagline "Making the rest of your life, the best of your life" is written in a smaller, dark blue font. A central image shows a scenic view of a river flowing through a lush, green landscape under a bright blue sky with scattered white clouds. At the bottom right, the Sacramento County Retiree logo is displayed, featuring the text "SACRAMENTO COUNTY Retiree" with a stylized blue wave graphic under the word "SACRAMENTO".

CONTACTS

Employee Benefits Office (EBO)

700 H Street, Room 4650

Phone: (916) 874-2020

FAX: (916) 874-4621

Email: MyRetireeBenefits@saccounty.gov

Pre-retiree website:

<https://personnel.saccounty.gov/Benefits/Pages/Pre-Retiree-Resources.aspx>

Questions? Retiree Benefits



Thank you

Congratulations on your retirement!

