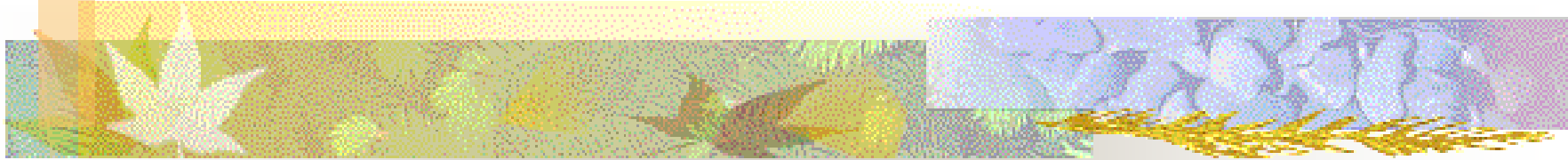


# Deferred Compensation



The County of Sacramento 457 Plan



# WELCOME

- Corrie Center, CRC
- Cynthia Lenard
- Lucky Witherspoon



**Deferred  
Compensation  
Basics**

- ❖ Source of retirement income
- ❖ SCERS vs. DC
- ❖ How does DC work?
- ❖ Why enroll?
- ❖ How do I enroll?



# Source of Retirement Income/Funds

- SCERS
- Social Security
- 457(b) Plan/401(a) Plan  
(Investment options available)
- Other
  - Retirement Health Savings Plan (RHSP)  
(Investment options available)
  - Savings
  - Liquidate assets (home, collectibles, etc.)



## SCERS vs. Deferred Comp.

- SCERS is a condition of employment where your benefit is a result of your length of service, age at retirement, and average final salary.
- DC is a completely voluntary plan where employees can have a portion of their pay set aside pre-tax to be used to supplement their SCERS benefit in retirement.



# How Does DC Work?

- You may enroll at anytime while you are a permanent County employee.
- Contributions to the plan are pre-tax and taxes are deferred until you begin payout in retirement.
- Distributions are taxable as normal income in the year taken.



# How Does DC Work cont.

- Your benefit is the combination of two factors.
  - The total account balance including gains and losses.
  - How you choose to receive your benefits.



# What If I Need Money Early?

- Deferred Comp is very illiquid while you are still an employee.
- Ways to access your savings:
  - Separation from service for any reason.
  - De minimus distribution.
  - Hardship Withdrawals.
  - Loan



# 457 Loan Program

- Loan Program
- 2 types of loans
  - General Loan (1-5 years)
  - Residential Loan (1-15 years)
- Borrow 50% of your account up to a maximum of \$50,000
- Borrow minimum of \$1,000
- Default will create a taxable event
- Default will not allow you to take another loan



# Why Enroll

- To enhance your chances of having enough savings to reach your goals of .....
  - Reducing current taxes
  - Saving for retirement
  - Retiring early
  - Retiring comfortably
  - Just plain ‘retiring’



# How Much Can I Contribute?

- Under age 50

In 2009

\$16,500

Beyond 2009

\$16,500 plus adjustments for  
inflation

- Over age 50+

In 2009

$\$16,500 + \$5,500 = \$22,000$

Beyond 2009

\$22,000 plus adjustments for  
inflation



# How Do I Enroll?

- Get an Enrollment Guide/Investment-option booklet.
- Follow the Instructions
- Bam!.... You are enrolled!!!!



## Participant Options:

- Purchasable Service Credit/ARC
- 3-Year Limited Catch-Up
- Last Compensation Amendment Form



# Purchasable Service Credit

Service credit prior to separation from service

- Not just SCERS
- Contact the retirement plan to request calculation
- Bring Retirement Forms to DC office
- Submit request before separation from service



## 3-Year Limited Catch-Up

- Can make-up for missed contributions
- Must request research at DC Office
- Consider at least 3 years before retirement
- Can defer taxes on last check
- Up to \$33,000 in 2009
- Runs for 3 consecutive calendar years
- One time election
- Must enroll 2 months prior to last check



## 3-Year Limited Plan cont.

- You must be within 3 years of being eligible to retire.
- For miscellaneous; typically age 47 with 7 years of service
- For safety; typically 17 years of service regardless of age



# Last Compensation Amendment Form

- The DC Office must have a completed form on file at least one month prior to your separation from County Service.
- Your contribution will be \$0 from your last paycheck without the form.
- The check will not be reissued after the termination check has been processed.



# Retirement – Pay Out Options

- Leave your money in the Plan (MRD 70 ½)
- Lump-sum of entire balance
- Partial lump sum
- Systematic Withdrawal
- Purchase an annuity
- Roll your distribution to another retirement plan (provided the new plan accepts the assets).



# Taxes

- 20% Federal
- 2% State

**Currently:**

**Only the 457 Plan does not assess the 10% penalty for a distribution prior to age 59 1/2.**



# How to Contact Us

- County of Sacramento Administration Center  
700 H Street, Room 6750  
Sacramento, CA 95814  
916-874-2020  
[PSDBenefits@saccounty.net](mailto:PSDBenefits@saccounty.net)



# How to Contact Fidelity

- On the Web – [fidelity.com/atwork](http://fidelity.com/atwork)
- By phone - (800) 343-0860