

Frequently Asked Questions

Deferred Compensation 457(b) Plan

What is the 457(b) plan?

This is a voluntary savings plan that allows employees to set aside a portion of their annual salary through payroll deductions, on a pre-tax basis for retirement.

When can I enroll in this plan?

Employees may enroll at any time during the year. The minimum contribution is \$10 per pay period.

When can I access my account balance?

- *Upon termination of County employment (distributions are taxable based on your federal tax income bracket).*
- *Unforeseen financial hardship (Emergency Withdrawal) as defined by the IRS.*
- *At age 70-½ annual minimum distributions are mandatory (distributions are taxable based on your income bracket).*

How can I change the dollar amount I'm contributing to this plan?

In Employee Self Service (ESS), go to "Anytime Changes" under the Index tab, select "Savings Plan" then click the "Actions" edit pen to change the amount. As an alternative, you may obtain a change form from the Pensions and Investments Division, then complete and return it.

What can I do with my account upon termination of County employment?

- *Leave your assets in the 457(b) Plan and your investment will continue to grow on a tax deferred basis.*
- *Roll-over account assets to another Qualified Plan with a pre-tax deferral status.*
- *Roll-over account assets to a Traditional IRA. **Note:** moving assets from the 457(b) Plan to a Roth IRA is a taxable event.*
- *Take lump sum distributions (taxed at time of distribution).*

Is there an early withdrawal penalty for the 457(b) plan?

No, unlike other retirement savings plans, a 10% early withdrawal penalty prior to age 59-½ does not apply to this plan.

How can I maximize my annual contributions?

- *Increase contributions when you receive a promotion or work overtime.*
- *Consolidate your retirement accounts – roll-over assets from other qualified plans.*

2019 Annual Contribution limits:

Max Deferral = \$19,000

Age 50 Catch Up = \$19,000 + \$6,000 = \$25,000

☐ *Pre-Retirement (3 yrs. to retirement, must qualify) = \$19,000 + \$19,000 = \$38,000*

What are Target Date Funds?

This is an investment option in which the asset allocation composition is designed to become more conservative as the target date (retirement date) approaches.

Can I contribute to both ICMA-RC and MassMutual?

No, you may only contribute to one plan through payroll deductions at a time. You may switch providers only during Open Enrollment.

What is the benefit of having a diversified portfolio?

Key advantages of diversification include: Minimizing risk of loss – if one investment performs poorly over a certain period, other investments may perform better over that same period, and reducing the potential losses of your investment portfolio from concentrating all your capital under one type of investment.

What is the most conservative fund available in the 457(b) plans?

Both providers offer a Stable Value Fund, which is the most conservative investment option.