

457 DEFERRED COMPENSATION QUESTIONS & ANSWERS

WHAT IS THE 457 DEFERRED COMPENSATION PROGRAM?

Deferred compensation allows participants, on a voluntary basis, to defer a portion of their salary, for retirement purposes and is designed to supplement your retirement income.

WHO IS ELIGIBLE TO PARTICIPATE IN DEFERRED COMPENSATION?

All employees are eligible to participate and contribute toward the deferred compensation program except temporary seasonal and project employees.

WHO ARE THE CITY'S PLAN PROVIDERS AND HOW CAN I CONTACT THEM?

The City offers one plan provider, MissionSquare Retirement for all eligible employees. Local 29 members may select either MissionSquare Retirement, Voya, or the Department of Retirement Systems (DRS) as their provider.

MissionSquare: Matt Barton @ 202-759-7116, mpbarton@missionsq.org, Investor Services @ 1-800-669-7400, or www.msqplanservices.org/myplan/300761

Voya: Payton Gray or Steve Gray, @ 509-455-4010, sgray@purposefinancial.com, pgray@purposefinancial.com, or www.voya.com

DRS: DRS @ 888-327-5596 or www.drs.wa.gov/login.

WHAT IS THE MINIMUM CONTRIBUTION EACH PAYDAY?

The minimum contribution is \$10.00/payday. DRS minimum contribution is \$15.00/payday.

HOW OFTEN CAN I MAKE A CHANGE TO MY CONTRIBUTION?

With the Self-Service option available to employees on the PeopleSoft system, they may go online anytime to change their contribution for MissionSquare or Voya, and contribution changes will be effective on the next payroll after the change is made. DRS requires changes to be made through them and contribution changes may take up to 30 days.

DOES THE CITY MATCH MY CONTRIBUTION?

Yes, the following matching contributions have been negotiated as follows:

<i>Mayor/Council:</i>	<i>\$200/month (split \$100/payday the 1st and 2nd payday of each month)</i>
<i>Local 270:</i>	<i>\$120/month (split \$60/payday the 1st and 2nd payday of each month)</i>
<i>Local 270-PA:</i>	<i>\$120/month (split \$60/payday the 1st and 2nd payday of each month)</i>
<i>Local 270-Lib:</i>	<i>\$120/month (split \$60/payday the 1st and 2nd payday of each month)</i>
<i>M&P-A:</i>	<i>\$200/month (split \$100/payday the 1st and 2nd payday of each month)</i>
<i>M&P-B:</i>	<i>\$150/month (split \$75/payday the 1st and 2nd payday of each month)</i>
<i>Lib-Mgmt:</i>	<i>\$120/month (split \$60/payday the 1st and 2nd payday of each month)</i>
<i>Ex-Conf:</i>	<i>\$200/month (split \$100/payday the 1st and 2nd payday of each month)</i>
<i>Local 29:</i>	<i>\$230.33/payday</i>
<i>SAFO:</i>	<i>\$230.33/payday</i>
<i>Police Guild:</i>	<i>4% of base pay/payday</i>
<i>Lts & Capts:</i>	<i>4% of base pay/payday (Lts); 4% of base pay/payday (Capts)</i>

*In order to receive the full match from the City, the employee must contribute at least the per payday amount **on a PRE-TAX basis** or else the match will be reduced to equal the employee's contribution.*

CAN I CONTRIBUTE MORE THAN THE MATCHING AMOUNT?

Yes, but if you contribute more than the matching amount the City will only match up to the amount listed above. If you contribute less than the matching amount the City will match the lesser amount until the employee increases their contribution.

WHAT ARE THE ANNUAL MAXIMUMS I CAN CONTRIBUTE TOWARD?

For 2024, the normal deferral is \$23,000, the age 50 provision is \$30,500, and the Pre-Retirement Catch-Up provision is \$46,000.

CAN I WITHDRAW MONEY FROM MY ACCOUNT WHILE STILL EMPLOYED?

Yes. You can withdraw funds from your account through the Unforeseen Emergency option or you can take a loan against your account. For specific information and to submit a loan request, please contact your plan provider (refer to contact information above). Loan repayments are made through payroll deduction.

WHAT ARE THE “CATCH-UP” PROVISIONS?

Age 50 Provision – employees can participate in this provision if they are currently age 50 or will turn age 50 in the current calendar year. No paperwork is required to participate in this provision.

Pre-Retirement Provision - employees can participate in this provision three consecutive years prior to the year they are eligible to retire. This provision is based on a calendar year and allows employees to “catch-up” for contributions not deferred in previous years. This requires the employee to submit a “Declaration of Retirement Age” form declaring the year they will attain a certain age. Those employee’s that want to start contributing toward the Pre-Retirement Provision need to contact their plan provider for assistance.

WHEN I LEAVE EMPLOYMENT...

CAN I CONTRIBUTE PAYOUT DOLLARS INTO MY DEFERRED COMP ACCOUNT?

Yes, up to the annual maximum amounts. The department payroll clerk can assist employees in calculating payout amounts. Employees need to complete the Deferred Comp Payout Form located on HR’s SharePoint site and submit to the Retirement Department no later than the Friday before the employees last paycheck. (See union contract for eligibility)

HOW DO I RECEIVE WITHDRAWAL INFORMATION?

Withdrawal information can be obtained by contacting your plan provider.

DO I HAVE TO START WITHDRAWALS RIGHT AWAY?

Individuals are required to start receiving distributions the year they turn 73 years of age. There is no requirement to withdraw your funds from the City’s 457 plan before that time.

IS THERE A PENALTY FOR WITHDRAWING BEFORE A CERTAIN AGE?

No. You may terminate employment at any age and start withdrawing funds from your deferred comp account with no penalty; however, you will pay 20% taxes on the money that is withdrawn that calendar year. If you have rollover assets from a 401(a), 401(k), 403(b), or Traditional IRA in your 457 plan, those assets may be subject to the 10% early withdrawal penalty if withdrawn prior to age 59½.

If you have a question that is not covered in this Q&A, please contact the Retirement Department at 509-625-6330 or by email at sers@spokanecity.org.