



County of Santa Cruz

457 Deferred Compensation Frequently Asked Questions

ICMA-RC is now



What is Deferred Compensation?

Deferred Compensation is an employment benefit offered to all Santa Cruz County employees. It is a supplemental retirement savings program that allows you to make contributions on a pre-tax basis. Federal and State income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket. Deferred Compensation regulations are found in Section 457(b) of the Internal Revenue Code.

In addition to pre-tax deferrals, Santa Cruz County's 457 plan also permits Roth deferrals, which are made on an after-tax basis. Roth deferrals can be withdrawn tax-free in retirement if the requirements for a "qualified distribution" are met. You can designate a portion (or all) of your contributions to the Roth option.

Santa Cruz County contracts with MissionSquare Retirement, an independent, non-profit organization which specializes in public sector retirements services. The County plan offers 27 different investment options, and a representative can help you decide where you would like to invest your funds.

What are the benefits of participating in a 457 plan?

- Pre-tax contributions reduce your taxable income for the year.
- Contributions are taken by payroll deductions every pay period.
- You can contribute as little as \$10 per pay period.
- You can make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan.
- If you change jobs, you have the flexibility to move your account into your new employer's retirement plan.
- If you retire or leave service early, there is no penalty for withdrawals.
- You can increase, decrease, stop and restart contributions as often as you wish without fees or penalties.
- You may choose from a wide range of investment options. There are no restrictions or charges for reallocating your investment mix, and all funds offered through MissionSquare Retirement are no-load.
- Your designated beneficiaries are entitled to receive all remaining funds in your account in the event of your death.
- You may model a loan from your account.

- You may request an “Unforeseeable Emergency Withdrawal” as determined by MissionSquare Retirement under the Internal Revenue Code Provisions with employer authorization.
- Upon employment separation, you have the most flexible withdrawal payment options available. You determine the payment schedule that is right for you.
- You control your account even while you are withdrawing assets.

How much can I defer?

You may defer up to the annual dollar limit set by the Federal Government. See the chart below for more information. Each year the IRS will adjust contribution limits according to inflation in \$500 increments.

The **2022** limits for the 457 Traditional (pre-tax)/Roth Plan (after-tax) are:

| Category | Annual Maximum | Amount per Pay Period (26 pay periods) | Documentation Requirements |
|--------------------------------|----------------|--|---|
| Normal Limit | \$20,500 | \$788.46 | Enrollment Form (if new enrollee) Deferred Compensation Deduction Form |
| Age 50 Catch-up | \$27,000 | \$1038.46 | Enrollment Form (if new enrollee) Deferred Compensation Deduction Form |
| Pre-Retirement 3-Year Catch-Up | \$41,000 | \$1576.92 | Please contact Personnel to coordinate a Pre-Retirement/3-year Catch-Up 454-2600. |

What are Catch-Up Provisions?

The two “Catch-Up” provisions allow you to contribute over-and-above the normal annual contribution amount.

1. The “Age 50” catch-up provision allows you to contribute an additional annual amount during the calendar year in which you reach age 50 or older. No enrollment necessary.
2. The “Pre-Retirement” or “3-year” catch-up provision allows you to make additional contributions to make up for years in which you did not contribute the maximum that you were eligible to contribute. **Enrollment is required.**

How do I sign up?

Online Enrollment is quick and easy! Here is how:

1. Visit www.icmarc.org/santacruzca
2. Click on "Enroll in Your Plan"
3. Follow the steps and soon you will be saving for retirement!

Where can I get deferred compensation forms?

- Visit www.santacruzcounty.us/benefits under 125 Pre-Tax Programs.
- For DocuSign visit www.santacruzcounty.us/benefits under 125 Pre-Tax Programs.
- E-mail Franchesca.Diaz@santacruzcounty.us for any forms or questions.

Visit the Personnel Department at 701 Ocean Street, room 510 in Santa Cruz for forms, enrollment, and other general information.

Where can I access my on-line account or get more information?

Website: www.icmarc.org/santacruzca

Phone: Call MissionSquare Retirement Client Services at 1-800-669-7400. Representatives are available from 5:30 a.m. PT to 6:00 p.m. PT.

E-mail: You may email **Ray Ortiz**, our local MissionSquare Retirement Plan Specialist, at rortiz@missionsq.org

Individual Appointments:

To schedule an individual appointment with **Ray**, please visit the website and click on "Schedule an appointment with your representative" above Ray's profile picture or call him at 202-759-7126.

You may also call Personnel at 831-454-2600 to schedule your appointment.

Currently, all appointments are either virtual or over-the-phone until further notice.

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