

DEFERRED COMPENSATION NEWS

UPDATE FOR 2016

This is the time to review your tax and retirement planning for 2016. The County of Sacramento 457(b) Deferred Compensation Plan allows you to contribute pre-tax money for retirement and save on taxes. Below is a brief description of the 2016 Internal Revenue Service 457(b) limits and the deadlines for making changes.

Limits for 2016 are unchanged and remain the same as 2015:

Employee under age 50	Employee age 50+ by 12/31/2016	Employee enrolled in 3 Year Limited Catch-Up*
\$18,000	\$24,000 (\$18,000 + \$6,000)	\$36,000 (\$18,000 + \$18,000)

*Please contact the Deferred Compensation Office for more information.

Deadlines for making changes:

Any percentage changes made at Fidelity by the 18th of the month will take effect on the first pay period of the next month. To spread your contribution evenly over the whole year in 2016 you must change the percentage of your contribution amount with Fidelity by December 18, 2015. If you wait until after December 18, 2015 to make adjustments you will still be able to contribute up to your allowable limit throughout the 2016 calendar year, however, you would need to increase your percentage to match the number of pay periods remaining in the year. There are 26 pay periods per year for deferred compensation deductions in 2016.

26 Pay Period Contributions to Reach 2016 Allowable Maximums (if you change your contribution amount with Fidelity before December 18, 2015):

Employee under age 50	Employee age 50+ by 12/31/2015	Employee enrolled in Limited Catch-Up*
\$692.31 (26 pay periods)	\$923.08 (26 pay periods)	\$1,384.62 (26 pay periods)

To determine what percentage you would like to contribute for future adjustments:

1. Calculate amount you would like to contribute divided by Total Compensation (gross pay).
2. The amount of contribution/total compensation = % (percentage)

For example:

You would like to contribute \$100 and your bi-weekly total compensation is \$2,221. Take $\$100/\$2,221 = .05$ or 5%; or, You would like to contribute \$50 and your bi-weekly total compensation is \$2,464.80. Take $\$50/\$2,464.80 = .02$ or 2%

The minimum percentage will be 1% of Total Compensation and the maximum amounts are set by the IRS annually. The payroll system will stop your contribution at the annual maximums automatically.

*Please contact Deferred Compensation Office for more information.

Employees in Representative Units 20, 21, 24, 29, 32, 33, 50 and Elected Officials:

You are eligible to receive a County match of 1% of gross pay into a 401(a) Plan if you maintain contributions of at least 1% of gross pay each pay period into the 457(b) Plan. Contact the Deferred Compensation Office at 874-2020 for more information.

A special note for soon-to-be retirees:

Don't forget that you can contribute a lump sum, up to the maximum for the current year, from your last paycheck. You must contact our office at (916) 874-2020 at least two months before your last day of work to request that all or a portion of your final pay be deferred into your deferred compensation account or your contribution will be zero.

For information about how to enroll or to change your contribution amount, call Fidelity Investments at (800) 343-0860 or via the Internet at <http://netbenefits.com/saccounty>.

For additional information or questions, contact the Deferred Compensation Office at (916) 874-2020, email us at MyBenefits@saccounty.net or log onto our website at <http://www.personnel.saccounty.net/DeferredCompUnit/Pages/Default.aspx>

Free and Confidential, one-on-one counseling sessions with a licensed Fidelity representative

Each session provides you with a valuable opportunity to discuss asset allocation in volatile markets and new tax law changes that offer you more flexibility in your deferred compensation plan distributions. Your situation can be analyzed with your entire retirement picture in mind. This may include topics such as other sources of income, debt reduction, Social Security, and working part-time in retirement. Please call Fidelity at (800) 642-7131 for available dates and to schedule an appointment.