

# *DEFERRED COMPENSATION NEWS*

## UPDATE FOR 2015

### Just a Few Thoughts as the New Year Approaches

The time has come to think about tax and retirement planning for 2015. The County of Sacramento Deferred Compensation Plan allows you to contribute pre-tax money for retirement. Below is a brief description of the new 2015 limits and the deadlines for making changes.

#### Limits for 2015:

Employee under age 50	Employee age 50+ by 12/31/2015	Employee enrolled in 3 Year Limited Catch-Up*
\$18,000	\$24,000 (\$18,000 + \$6,000)	\$36,000 (\$18,000 + \$18,000)

\*Please contact Deferred Compensation Office for more information.

#### Deadlines for making changes:

Any percentage changes made at Fidelity by the 18<sup>th</sup> 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 2015 you must change your dollar contribution amount with Fidelity by December 18, 2014. If you wait until after December 18, 2014 you will still be able to contribute up to your limit. However, you will need to increase your percentage to match the number of pay periods remaining in the year. There are usually 26 pay periods per year but there are **27** pay periods for deferred compensation deductions in 2015 (last time this happened was in 2004. The payroll system will stop at your eligible maximums automatically.

#### 2015 Payroll Contribution (if you change your contribution amount with Fidelity before December 18, 2014):

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)
\$666.67 (27 pay periods)	\$888.89 (27 pay periods)	\$1,333.33 (27 pay periods)

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

Calculate amount you would like to contribute divided by Total Compensation (gross pay).

Amount of contribution/total compensation = percentage

For example: you want to contribute \$100 and your bi-weekly total compensation is \$2,221. Take  $\$100/\$2,221 = .05$  or 5% or 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% and the maximum amounts are set by the IRS annually. COMPASS will stop your contribution at the annual maximums automatically.

\*Please contact Deferred Compensation Office for more information.

#### Employees in Representative Units 20, 21, 24, 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 contribute 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://plan.fidelity.com/saccounty>.

For additional information or questions, contact the Deferred Compensation Office at (916) 874-2020 or email us at [MyBenefits@saccounty.net](mailto: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.