

# Deferred Compensation FAQs

## **What is a Deferred Compensation Plan?**

The Deferred Compensation Plan is an easy and convenient way to prepare for your retirement. It allows you to defer a portion of your salary through payroll deductions into the Plan and invest it, on a tax-deferred basis. It is a tax-deferred, defined contribution, supplemental retirement program, open to all San Joaquin County employees. The Plan is administered by Nationwide and is authorized under Section 457 of the Internal Revenue Code. It is similar to a 401(k) plans that private companies offer to their employees.

Funds in the Deferred Compensation Plan are not subject to taxes until they are withdrawn from the Plan. At the time of withdrawal normal income taxes are due, but there is no IRS penalty, regardless of your age. Because of the tax-deferred status of the funds in the Deferred Compensation Plan, Federal law strictly limits access to these funds and under normal circumstances prohibits participants from withdrawing these funds while employed with the County.

## **How Much Can I Contribute?**

The minimum deferral is \$10 per pay period. The maximum per pay date should not exceed 70% of the employee gross pay to allow for other benefits and pension deductions or the following amount for 2025:

\*Standard \$23,500

\*Age 50+: \$31,000

\*Age 60 -63: \$34,750

\*Special Catch-up (if eligible): \$47,000

If you have not contributed the maximum amount allowed during your employment with the County, there is a “catch-up” provision that may allow you to make additional contributions prior to retirement. Contact Nationwide for more information.

## **How Can I Enroll and How Do I Contribute?**

You can enroll in the Plan at any time. As a new enrollee, you must complete Nationwide’s 457(b) Deferred Compensation Plan Participation Agreement & Service Request form. To change your information once enrolled, complete Nationwide’s 457(b) Deferred Compensation EZ Enrollment Form.

Once forms are received by Nationwide, payroll deductions will begin after a short administrative period. Your pre-tax contribution and any earnings will accumulate tax deferred until withdrawn (generally at retirement), at which time withdrawals will be taxed as ordinary income. Nationwide enrollment forms can be found on [sjgov.org-human-resources-benefits](http://sjgov.org-human-resources-benefits) or directly from Nationwide on [SanJoaquinDC.com](http://SanJoaquinDC.com) or call (877) 677-3678.

### **Can I Roll Other Retirement Accounts into the Deferred Compensation Plan?**

If you have an existing 457 deferred compensation or retirement plan account with a prior employer or a traditional IRA, you may transfer (rollover) that account into the Plan at any time.

### **Can I Stop My Contributions and Restart Later?**

You may start, stop, increase or decrease your contribution. You may stop contributing at any time and start again, at a later date.

### **What's the Impact To My Taxes?**

Your current taxable income is reduced by the amount you contribute. For example: if your annual salary is \$24,000 and you contribute \$2,000 to the Plan, your taxable income is shown as \$22,000 on your W-2 form.

### **What Are My Investment Choices?**

The Plan offers a wide variety of investment choices to meet your needs, including a savings account called Nationwide Fixed Account, which provides a guaranteed rate of interest. You may direct your contributions into one or more of the available investment choices.

### **Will I Receive Regular Statements?**

Statements are available through the Nationwide website once you have established your account. If you wish to be mailed a paper copy, you must request so on Nationwide's website. The statement will show your account balance at the beginning of the period, any activity in your account during the period, the amount of any earnings, contributions, and your account balance at the end of the period. Also included with your

statement is historical investment options performance and an informative newsletter written for retirement investors.

### **When Can I Access My Assets?**

Your accounts assets may be withdrawn from your Deferred Compensation Plan under the following circumstances:

- \*Retirement
- \*Separation from County Services
- \*Deferred Compensation Loan
- \*Unforeseeable emergency (“hardship”)
- \*Death of participant

### **Do I Have Toll Free Account Access?**

In addition to your local representative, you can call Nationwide customer service toll-free at (877) 677-3678 for prompt, professional service. You can speak with a Customer Service Associate or utilize the automated voice or touch-tone system for a variety of account inquiries and financial transactions, including:

- \*Transferring assets between investment choices
- \*Changing the allocation of investment elections
- \*Obtaining information on investment choices

### **Can I Reach Nationwide on the Web?**

Nationwide’s secure website allows you to view your personal account, make a variety of inquiries and financial transactions, and obtain educational information. You can reach Nationwide’s website at County of San Joaquin Deferred Compensation Plan ([sanjoaquindc.com](http://sanjoaquindc.com))

### **Who Can I Talk To About My Account or Enrolling in Deferred Compensation?**

Your local Nationwide Representative, Brenda DeVecchio will be available to you by calling (209) 337-4574 or emailing [devecb1@nationwide.com](mailto:devecb1@nationwide.com). Nationwide can provide you with information to help you make informed decisions about your retirement planning

strategy. You can also schedule an appointment online at Book Appointment ([checkappointments.com](http://checkappointments.com))