

City of Portland 457 Deferred Compensation Program

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What is Deferred Compensation?

- Voluntary Savings Plan
- Save money on a Pre and Post tax basis
- Allowed and Regulated by the IRC Section 457
- Investment Decision any investment involves some element of risk – meet with a service provider to gain an understanding of risk





Deferral Amounts

- Minimum: 1 percent or \$10 per pay period
- Maximum: \$18,000 for 2015
 - The cost of living in \$500 increments thereafter







Catch-up Provisions

TWO TYPES OF CATCH-UP

- 1. 3 Years prior to NRA
 - ➤ Available three calendar years prior to your Normal Retirement Age
 - ➤ Allows you to make up deferrals for prior years of unused deferrals
 - ➤ Maximum age to apply is age 70-1/2
 - One-Time Application required
- 2. Age 50 and Over







Two Catch-up Provisions (Cont'd)

Participant cannot use both features during the same year

3 Years Prior to NRA

Twice the regular deferral dollar limit \$36,000 for 2015

Cost of living increases in \$1000 increments thereafter

Note: If you are retiring and returning to a non-sworn position and eligible for PERS-OPSRP your main Pension benefit remains FPDR and you cannot do 3-year catch-up as an OPSRP member.

Participants Age 50* and Over

Additional deferrals, over the regular deferral limit of:

\$6,000 for 2015

Cost of living increases in \$500 increments thereafter

For a total maximum of \$24,000 for 2015

*Age 50 anytime in calendar year





FINAL PAYCHECK PROVISIONS



For example, if you are leaving employment between June 1 and June 30, 2015, you can make a separate election based on your <u>eligible</u> final payout accruals by completing a Participation Agreement form and returning it to the Human Resources office by **May 15, 2015**





When is the Account Available?

- Retirement or Termination of Employment
- Unforeseen Emergencies
- Death (keep beneficiary designation up-to-date)













LEAVING CITY EMPLOYMENT

- Leave money in Plan until future date
- Start drawing on account
- Transfer money to another qualified plan







LEAVE MONEY IN PLAN

- Allowed until age 70 1/2
- Continue to receive quarterly statements
- Can move funds
- Can change Investment Providers
- Continue to accrue investment earnings







Distribution Options From The Plan

- Lump Sum / Partial lump sum
- Systematic Withdrawal Option (SWO) (dollar amount or number of years)







PLAN FLEXIBILITY

- No 10% federal excise penalty for withdrawals from your pre-tax account prior to age 59 ½
- No 10% federal excise penalty for withdrawals from your post-tax (Roth) account at 59 ½ or after (5-year holding period required)
- May transfer assets between current investment providers after retirement
- May change payouts (increase, decrease, start, stop)





PORTABILITY (TRANSFER OF FUNDS)

- Rollovers to qualified plans (traditional IRA, 403(b), 401, and government 457plans) are permitted
- 457 assets rolled into a qualified plan become the assets of the new plan and may be subject to the IRS 10% early withdrawal penalty tax if distributed prior to age 59 ½
- 457 assets rolled to a non-457 plan may not be rolled back to a 457 plan
- Take your time in deciding payout/transfer options.







INVESTMENT PROVIDERS

- Voya Financial (503) 937-0378
- Advantis Credit Union (503) 785-2527





ANY QUESTIONS?

