

# Special Three-Year Catch-up Provision

## What is a Special Three-Year Catch-up?

“Special Three-Year Catch-up” refers to a provision of the Internal Revenue Code (IRC) that permits participants who are in a governmental 457(b) plan and who are within three calendar years of Normal Retirement Age (NRA), as defined by the Plan document), to defer additional amounts over the normal annual maximum contributions allowed. Under the County’s 457(b) Plan, participants can designate their NRA, in writing, within the applicable age range. For participants who don’t designate in writing, a NRA for purposes of the Special Three-Year Catch-Up, NRA for this purpose is 70½.

## Who is eligible?

You are eligible only if:

- You are within three calendar years of your NRA; and
- You under-contributed in prior years for which you were eligible (under the County’s 457(b) Plan); and,
- You have not participated in the Special Three-Year Catch-up provision at Sacramento County or any other employer that offered a governmental 457(b) plan.

If in prior years you were eligible to contribute to the County’s 457(b) Plan but did not, or you contributed less than the maximum for which you were eligible, you have an unused balance for the Special Three-Year Catch-up.

For example, if you contributed only \$2,500 in a year in which you were eligible to contribute \$7,500, you would have an unused balance of \$5,000 to use as your Special Three-Year Catch-up contribution.

## What is Normal Retirement Age (NRA)?

NRA is the date designated by the participant for Special Three-Year Catch-up contribution purposes. Under the terms of the Plan, the lowest NRA you can designate is dependent on your age and years of service in Sacramento County retirement plan (SCERS) in which you participate. Please be sure to check your SCERS tier provisions to determine your NRA, as shown in the chart below. If you do not designate a NRA, your NRA for

purposes of the Special Three-Year Catch-up will be 70½.

## How do I determine my NRA?

Your Special Three-Year Catch-up contributions cannot begin earlier than three years prior to your specific elected Normal Retirement Age and cannot be made during the year in which you will attain your elected Normal Retirement Age. The following table shows the earliest NRA you can elect, depending on your employment category and date of hire. The chart should help you determine your NRA and when your three-year catch up can begin:

Employment Category	Earliest Normal Retirement Age (Under SCERS Benefit Tiers)	Earliest Year You Can Make Traditional Catch-up Contributions
Safety members with 20 years of eligible County Service	Any age	Your 17th year of eligible County Service
All safety members, including PEPRA safety members	50	The year you turn 47
Non-safety employees with at least 30 years of eligible County Service	Any age	Your 27th year of eligible County Service
All other non-safety Employees - PEPRA	62	The year you turn 59
All other non-safety Employees - Non-PEPRA	55	The year you turn 52

### **How much can I contribute through the Special Three-Year Catch-up provision?**

For up to three consecutive calendar years immediately prior to your elected NRA, you can elect to contribute up to twice the annual deferral limit based on the total of your underutilized contributions from prior years in which you were eligible under the County's Deferred Compensation (457(b)) Plan. The amount of underutilized contributions is the annual deferral limit for that year minus what you actually contributed in that year. You cannot also make Age 50+ Catch-up contributions to the Plan for these years.

### **How do I determine how much I have available to make Special Three-Year Catch-up contributions?**

The benefits team uses payroll information to calculate each employee's unused contribution balance.

### **What happens if I enroll in the Special Three-Year Catch-up but then do not retire at my stated NRA?**

If you are eligible and enroll in Special Three-Year Catch-up but then do not retire upon reaching your stated NRA, your Special Three-Year Catch-up contributions would not be affected. You only need to be within three years of the NRA you designate to make Special Three-Year Catch-up contributions, and can make the contributions even if you retire at a later date.

### **What happens when I complete my Catch-up?**

Once you finish your three years of Catch-up, you are eligible to continue to participate in the 457(b) plan and can continue, during the year after your three-year Catch-up concludes, making contributions up to the calendar year annual maximum allowed under the Internal Revenue Code.

### **Can I stop Catch-up in the middle of the three-year period?**

Yes, you can, but there are possible repercussions to doing so. The Special Three-Year Catch-up for the County's 457(b) Plan is a once-in-a-lifetime privilege. It may be utilized only during the three years ending prior

to the Plan's NRA as elected by you within the applicable age range defined in this flier. Once you have designated your NRA for purposes of using the Special Three-Year Catch-up provision, it becomes irrevocable and you cannot designate a different NRA. You may participate in the Special Three-Year Catch-up for up to three consecutive calendar years ending prior to your NRA. Should you decide not to utilize one of the three years, it may not be made up later.

### **When does the three-year period start?**

The three-year period is counted on a calendar year basis. You may commence making Special Three-Year Catch-up contributions at any time during an eligible calendar year; however, whether you start at the beginning or end of the year, that year counts as a full Catch-up year. Starting later in a calendar year may require significantly larger contributions from each paycheck to maximize your contributions, than if you start earlier in the year. If you cease Special Three-Year Catch-up deferrals at any time during the eligibility period, you cannot restart your special three-year catch up period again, after your eligibility period ends. Special Three-Year Catch-up again under this Plan or any other eligible section 457(b) plan. You may, however, resume regular contributions.

### **Can I also contribute using the Age 50+ Catch-up provision?**

No, you cannot participate in the Age 50+ Catch-up and this Special Three-Year Catch-up simultaneously. If the Age 50+ Catch-up maximum is higher for you than the Special Three-Year Catch-up for any year in the three years prior to the year you attain NRA, you may contribute up to the Age 50+ Catch-up.

### **How do I apply for the Special Three-Year Catch-up?**

Contact the Deferred Compensation team at: 916-874-2020 for more details, to confirm your eligibility, and to get started on the process.

**Note:** You cannot elect to make Special Three-Year Catch-up contributions by merely changing your deferral percentage; you must complete the application process and designate your NRA within the applicable age range.

If you find that the Special Three-year Catch-up is not something you can utilize, you can always increase your contributions up the regular IRS annual maximum, and, if applicable, the Age 50+ Catch-up, by calling Fidelity at: 800-343-0860 or by logging on at: <http://netbenefits.com/saccounty>

The Deferred Compensation team is excited to help you plan for your retirement and is available to help you determine your best options.

**DEFERRED COMPENSATION (457(b)) PLAN  
TRADITIONAL CATCH-UP CONTRIBUTIONS**

**FAX 916-874-8419**

**ELECTION FORM**

**PIN#**

**GENERAL INFORMATION**

Name \_\_\_\_\_ SSN \_\_\_\_\_  
Date of Hire \_\_\_\_\_ Date of Birth \_\_\_\_\_

**ELECTION OF NORMAL RETIREMENT AGE**

**For up to three consecutive calendar years prior to your elected Normal Retirement Age, you can elect to contribute up to twice the annual deferral limit based on the total of your underutilized contributions from prior years in which you were eligible under the County’s Deferred Compensation (457(b)) Plan. The amount of underutilized contributions is the annual deferral limit for that year minus what you actually contributed in that year. You cannot also make “age 50” catch-up contributions to the Plan for these years.**

**Your three-year catch-up contributions cannot begin earlier than three years prior to your voluntary elected Normal Retirement Age and must end prior to the year in which you will attain your voluntary elected Normal Retirement Age (you will not be required to retire on the date specified). The following table shows the earliest Normal Retirement Age you can elect, depending on your employment category and date of hire:**

<b>Employment Category</b>	<b>Earliest Normal Retirement Age (Under SCERS Benefit Tiers)</b>	<b>Earliest Year You Can Make Traditional Catch-up Contributions</b>
Safety members with 20 years of eligible County Service	Any age	Your 17th year of eligible County Service
All safety members, including PEPRAs safety members	50	The year you turn 47
Non-safety employees with at least 30 years of eligible County Service	Any age	Your 27th year of eligible County Service
All other non-safety Employees - PEPRAs	62	The year you turn 59
All other non-safety Employees – Non-PEPRAs	55	The year you turn 52

**Please specify when you will attain your voluntary elected Normal Retirement Age:**

(mm/dd/yyyy):

**Reminder: You will not be required to retire on the date specified above**

**TRADITIONAL CATCH-UP CONTRIBUTIONS AGREEMENT**

Maximum deferral amount under the Plan during eligible years: (Line 1 from attached worksheet) \_\_\_\_\_

Total amount actually deferred under the Plan during eligible years: (Line 2 from attached worksheet) \_\_\_\_\_

Total underutilized deferrable compensation: (Line 3 from attached worksheet) \_\_\_\_\_

Elected total deferral per pay period during three calendar years prior to Normal Retirement Age elected above:

After Tax \_\_\_\_\_%      Pre-Tax                      %      \_\_\_\_\_

Total deferral including traditional catch-up to begin with the payday of: \_\_\_\_\_

The three calendar (taxable) years end December 31, \_\_\_\_\_

**SIGNATURE**

I understand that participation in this program is voluntary and that my traditional catch-up contributions are to be contributed in the three years immediately prior to the year I will attain my elected Normal Retirement Age. I understand that I may not make traditional catch-up contributions during the year I attain my elected Normal Retirement Age. If that occurs, all contributions over the IRS 457(b) maximum will be returned to me as taxable compensation. I also understand that, while I am not required to retire from County employment when I attain my elected Normal Retirement Age, I may not change my elected Normal Retirement Age, or the years in which I will be eligible to make traditional catch-up contributions, after signing and submitting this form.

Participant Signature \_\_\_\_\_ Date \_\_\_\_\_

Attachment: Three-year traditional catch-up contributions worksheet