

# Deferred Compensation Plan Comparison



## 457(b) Deferred Compensation Plan

## 401(a) Defined Contribution Plan

### Employee Contributions

- Pretax elective
- Roth after-tax elective
- Roth after-tax in-plan conversion

- Mandatory 1-25% (pretax 414(h) picked up)
- *90 day election window for new hires*
- Voluntary (after-tax)

### Employer Contribution

• *Match will be applied to the maximum per MOU negotiated amount and will be deposited into the 401(a) account.*

### Annual contribution Limits (2024)

- \$23,000 if you are under age 50
- \$30,500 if age 50 or older

• \$69,000

### Special catch-up provision

- Up to twice the annual limit (\$45,000 in 2023; \$46,000 in 2024) for eligible employees who are within three years prior to the year of normal retirement age.
- Certain restrictions apply.*

• Not available

### Tax treatment of contributions

- Pretax (subject to taxation when distributed from plan)
- Roth after-tax (subject to taxation at the time contribution is made)

- Pretax employer/employee mandatory contributions (subject to taxation when distributed from the plan)
- Gains from after-tax contributions (subject to taxation when distributed from plan)

### Additional 10% tax for early withdrawals

- No additional 10% early withdrawal tax on employee contributions; money rolled in from another plan may be subject to an additional 10% early withdrawal tax
- *Certain restrictions apply.*


• For employees who separate before age 55, withdrawals until age 59-1/2 will be subject to an additional 10% early withdrawal tax in addition to ordinary income tax unless subject to an exception; employees separating after age 55 will *not* be subject to the additional 10% early withdrawal tax on any money withdrawn

### Participant loans

• Yes

• Yes

# Deferred Compensation Plan Comparison

	<b>457(b) Deferred Compensation Plan</b>	<b>401(a) Defined Contribution Plan</b>
<b>Rollovers or transfers to another retirement plan or IRA</b>	<ul style="list-style-type: none"> <li>• Yes, to another 457(b), 401(a), 401(k), 403(b) plan or IRA after separation from service</li> <li>• <i>Certain restrictions apply.</i></li> </ul>	
<b>In-service Distributions</b>	<ul style="list-style-type: none"> <li>• A Participant may request an unforeseen emergency distribution or a de minimis amount not exceeding \$5,000 if certain criteria are met</li> </ul>	<ul style="list-style-type: none"> <li>• In-service distributions may be made to a Participant who has not separated from service provided they have reached age 59-1/2.</li> </ul>
<b>Sick Leave Rollover</b>	<ul style="list-style-type: none"> <li>• Yes, upon retirement or resignation (10 years or more service)</li> </ul>	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
<b>Vacation Rollover</b>	<ul style="list-style-type: none"> <li>• Yes, during each yearly cash out cycle</li> <li>• Yes, upon retirement or resignation (10 years or more service)</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, during each yearly cash out cycle</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>• Enroll in Infor</li> </ul>	<ul style="list-style-type: none"> <li>• Hardcopy enrollment form required. Return to Benefits no later than 90 days from your employment start date.</li> </ul>

## Questions?

Contact Benefits x3030 or [employeeservices@valleywater.org](mailto:employeeservices@valleywater.org)

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