

# Valley Water 401(a) Plan Changes

# Plan comparisons

Highlight = Added this year

## 457(b)

Deferred Compensation Plan

## 401(a)

Defined Contribution Plan

Employee Contributions	<ul style="list-style-type: none"> <li>• Pretax elective</li> <li>• Roth after-tax elective</li> <li>• Roth after-tax in-plan conversion</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory (pretax 414(h) picked up)</li> <li>• Voluntary (after-tax)</li> </ul>
Employer Contribution	<p><i>Match will be applied to the maximum per MOU negotiated amount and will be deposited into the 401(a) account.</i></p> <p><i>457(b) match will be combined with the 401(a) match and will not be compounded.</i></p>	<p><i>Match will be applied to the maximum per MOU negotiated amount and will be deposited into the 401(a) account.</i></p> <p><i>401(a) match will be combined with the 457(b) match and will not be compounded.</i></p>
Annual contribution	<ul style="list-style-type: none"> <li>• \$20,500 if you are under age 50</li> </ul>	<ul style="list-style-type: none"> <li>• \$61,000</li> </ul>
Limits (2022)	<ul style="list-style-type: none"> <li>• \$27,000 if age 50 or older</li> </ul>	

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	457(b) Deferred Compensation Plan	401(a) Defined Contribution Plan
Tax treatment of contributions	<ul style="list-style-type: none"><li>• Pretax (subject to taxation when distributed from plan)</li><li>• Roth after-tax (subject to taxation at the time contribution is made)</li></ul>	<ul style="list-style-type: none"><li>• Pretax employer/employee mandatory contributions (subject to taxation when distributed from the plan)</li><li>• Gains from after-tax contributions (subject to taxation when distributed from plan)</li></ul>
Additional 10% tax for early Withdrawals	<ul style="list-style-type: none"><li>• 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</li><li>• <i>Certain restrictions apply.</i></li></ul>	<ul style="list-style-type: none"><li>• 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 <b>not</b> be subject to the additional 10% early withdrawal tax on any money withdrawn</li></ul>

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	457(b) Deferred Compensation Plan	401(a) Defined Contribution Plan
Participant loans	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Rollovers or transfers to another retirement plan or IRA	<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>	<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>
In-service Distributions	<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>

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	457(b) Deferred Compensation Plan	401(a) Defined Contribution Plan
Sick Leave Rollover	<ul style="list-style-type: none"><li>• Yes, upon retirement or resignation (10 years or more service)</li></ul>	Not Available
Vacation Rollover	<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>

# Irrevocable 401(a) pretax election – Current Employees

Start

Election window opens:  
You may choose 1-25% of your compensation  
as a pretax contribution to your 401(a)

**June 1**

Begins 90-day window

**August 30**

Last day for forms to be submitted

After this date, you will not be allowed to change your election amount or stop contributions. If you take no action, you waive participation for the remainder of your employment.

# Irrevocable 401(a) pretax election – New Hires

Start

Election window opens:  
You may choose 1-25% of your compensation  
as a pretax contribution to your 401(a)

**Employment start date**

Begins 90-day window

**90 calendar days from  
employment start  
date**

Last day for forms to be submitted

After this date, you will not be allowed to change  
your election amount or stop contributions.  
If you take no action, you waive participation for  
the remainder of your employment.

# Next Steps and Questions

Hardcopy enrollment form required. Return to Benefits no later than August 30, 2022 or 90 days from your employment start date.

## Questions?

- Contact Benefits x3030 or [employeeservices@valleywater.org](mailto:employeeservices@valleywater.org)
- Jake Sours – [SoursJ1@nationwide.com](mailto:SoursJ1@nationwide.com)
- Justin Bryant – [Justin.Bryant@nationwide.com](mailto:Justin.Bryant@nationwide.com)
- Reach out to Jake's team of Nationwide Retirement Specialists for 1:1 help (888-401-5272)





# Valley Water

Clean Water • Healthy Environment • Flood Protection