



COUNTY of VENTURA

Deferred Compensation

Deferring your Buydown and/or Payoff to your Section 457 Plan

To defer funds from your buydown or payoff into the Section 457 Plan, you need to complete a *Section 457 Plan Buydown/Payoff Agreement*. Please carefully read the instructions on the *Buydown/Payoff Agreement* form before you complete it.

You must submit the Buydown/Payoff Deferral Agreement (“Agreement”) no later than the last day of the pay period prior to your requested buydown check date.

Occasionally, there is confusion regarding the withholding and taxation issue. The following information may be helpful.

- The Roth option is an **after-tax** deferral so the entire amount of the buydown or payoff is subject to taxes.
- The Section 457 Plan **pre-tax** option isn’t subject to income taxes but it is subject to applicable deductions including FICA, MEDI, SDI, and retirement contributions, and subsequent income taxes on those deductions. These withholdings and taxes can be handled one of two ways. The following illustration applies to the pre-tax option only.

Option 1: Withheld from your **regular earnings**, which will maximize your deferral, but reduces your take-home pay, **OR**

Option 2: Withheld from your **buydown/payoff**, which will reduce the amount of your deferral, but not your take-home pay.

Here’s an example of how this works:

Amount of buydown or payoff	\$2,500.00
FICA deduction.....	155.00
MEDI deduction.....	36.25
SDI deduction.....	22.50
Retirement contribution	<u>145.25</u>
Total estimated deductions	\$359.00
Federal income tax on the amount of the total deductions (\$359).....	\$89.75
State income on the amount of the total deductions (\$359)	<u>21.54</u>
Total estimated income tax	\$111.29
Total deductions	\$359.00
Total income tax	<u>111.29</u>
Total estimated deductions and income tax.....	\$470.29

Option 1: \$2,500 buydown deferred into the Section 457 Plan. Deductions of \$359.00 (estimated) withheld from your regular earnings, thereby reducing your take-home pay.

Option 2: Estimated deductions and income taxes of \$470.29 withheld from the \$2,500 buydown, thereby reducing the amount deferred into the Section 457 Plan to \$2,029.71.

The Deferred Compensation Program does not process the paperwork to **initiate** your buydown. You must log into VCHRP (Payroll tile > Vacation Buydown > Buydown Request) and initiate your buydown.

Return completed forms by email or brown mail #1970. If you have any questions, call the Deferred Compensation Program at 805.654.2620 or e-mail us at deferred.compensation@ventura.org.



SECTION 457 PLAN BUYDOWN/PAYOFF DEFERRAL AGREEMENT

Contribution increases and decreases to the Section 457 plan must be submitted no later than the last day of the pay period prior to your requested buydown check date.

I. PARTICIPANT INFORMATION	Requested Check Date of Buydown/Payoff: _____	
Full Name: _____	Employee ID Number: _____	<input type="checkbox"/> Contribution Increase <input type="checkbox"/> Contribution Decrease <input type="checkbox"/> Special Catch-Up Normal Retirement Age: _____ <input type="checkbox"/> Cancel Contribution (sign in Section V)
Department: _____	Bargaining Unit: _____	
E-mail Address: _____		
Primary Phone: _____	Work Phone: _____ Birthdate: _____	
Please select your deferral option: _____ Standard 457B (pre-tax) _____ Roth Basic 457 (after-tax)		

II. CONTRIBUTION: \$ _____ (deferral contribution OR biweekly payroll deduction)	WITHHOLDING AND TAX HANDLING: (for pre-tax contribution only)
Buydown Hours _____ Payoff _____ Retirement/Separation Date (payoff only) _____	Regular Earnings _____ Buydown/Payoff _____

III. PAYROLL/FIDELITY AUTHORIZATION: I affirm that I have read, understand, and agree to the *Section 457 Plan Authorization Agreement* on the reverse of this form. I certify that the information on this form is complete and correct.

Employee Signature: _____ **Date:** _____

IV. INVESTMENT ELECTIONS: Contact Fidelity by calling them at 800/343-0860 or by logging on to their website at netbenefits.com/ventura to set-up or change your investment elections. If you do not indicate your investment elections, your contributions will be invested in the Plan's default fund.

V. CANCELLATION: I affirm that I have read, understand, and agree to the *Section 457 Plan Authorization Agreement* on the reverse of this form. I choose to cancel my Section 457 Plan contributions.

Employee Signature: _____ **Date:** _____

DC Program – Keyed by: _____ Spreadsheet created _____ Savings Plan update _____

INSTRUCTIONS FOR COMPLETING THE BUYDOWN/PAYOFF DEFERRAL AGREEMENT

Completion of this form is required to defer funds from your buydown or payoff into the Section 457 Plan. You must complete and submit the Buydown/Payoff Deferral Agreement (“Agreement”) no later than the last day of the pay period prior to your requested buydown check date.

For approval and processing of your buydown, you must first submit a Buydown Request through VCHRP at: vchrp.co.ventura.ca.us (Home>Payroll>Vacation Buydown>Buydown Request).

Once you have requested your buydown through VCHRP, continue with the instructions below.

- **Section I** - Complete and check the button for “contribution increase.”
- **Section II** - For a **buydown**, write the number of buydown hours that you have indicated in VCHRP. For a **payoff**, check the box and enter your retirement/separation date. If you have a specific dollar amount based on your annual limit, enter it on the “biweekly payroll deduction/one-time contribution” line. The amount you elect to defer from your buydown or payoff will replace your regular contribution (if any) to the Section 457 Plan.

Withholding and Tax Handling - although the amount that goes into the Section 457 Plan isn’t subject to income taxes, it is subject to applicable deductions including FICA, MEDI, SDI, and retirement contributions, plus the income taxes assessed on those applicable deductions. These withholdings and taxes can be withheld in one of two ways on a regular biweekly paycheck: < over >

Withholding and Tax Handling continued

- From your **Regular Earnings**, which will maximize your deferral, but reduce your take-home pay, (check the Regular Earnings box), **< OR >**
- From your **Buydown/Payoff**, which will reduce the amount of your deferral, but not your take-home pay (check the Buydown/Payoff box).
 - * If you have indicated your buydown or payoff to be paid as a separate check (off-cycle) in VCHRP, then all withholdings and taxes will come out of your buydown or payoff.

- **Section III** - Please provide your signature and date. This completes the process for initiating your buydown or payoff deferral.
- **Section IV** - Informational only, please review.

IMPORTANT: For deferrals from a **buydown**, a second *Agreement* form is needed to cancel or reduce your contribution in the pay period following your deferral. On the second *Agreement* form, complete Section I. If you are reducing the amount of your contribution, check the "Contribution Decrease" box in Section I and enter the amount of your contribution in Section II. If you are canceling your contribution, check the "Cancel Contribution" box in Section I and sign in **Section V**. **If you do not submit the second Agreement form, the payroll system will take your buydown deferral contribution again.** This could result in a significantly reduced or zero paycheck.

If you have any questions, please contact the Deferred Compensation Program at 805/654-2620. Submit your completed *Agreement(s)* to the Deferred Compensation Program at deferred.compensation@ventura.org or by brown mail at #1970.

SECTION 457 PLAN AUTHORIZATION AGREEMENT

I understand that I must elect and make any changes to my investment elections by telephone or online notification to Fidelity Investments under such rules and conditions as they may prescribe. In making such modifications, I agree that the elections made shall be modified as though I had done so in writing. And, in consideration of the right to make such modifications, upon making such modifications, I agree to indemnify and hold harmless the County of Ventura from all damages resulting therefrom.

I understand that if I have contributed to another employer's Section 457 plan this year, or if I am currently making contributions to another employer's Section 457 plan, it is my responsibility to ensure that I do not exceed the Internal Revenue Code annual individual contribution limit. I understand that, if I am enrolled in the Special Catch-Up Program, it is my responsibility to adjust my contributions throughout the program, and at the end of the 3-year period.

I hereby agree to the terms of the Ventura County Section 457 Plan. I hereby authorize the County to reduce my salary by the amount specified in Section II and contribute this amount to the Section 457 Plan and authorize Fidelity Investments to invest this amount in the manner directed by phone or online with Fidelity. This authorization will continue until I submit a timely cancellation.

IMPORTANT POINTS TO REMEMBER

Contribution limit: You can contribute up to 100% of your available salary, expressed as a dollar amount, up to the Internal Revenue Code's annual individual contribution limit.

Age 50+ Catch-up: If you are 50 or older, you are eligible to make additional contributions to the Section 457 Plan. You are automatically enrolled in the Age 50+ Catch-up Program.

Special Catch-up: If you haven't contributed the maximum amount each year you were eligible to participate in the deferred compensation plans, you may qualify to make additional contributions ("catch-up") the three years preceding your Normal Retirement Age. You must elect your Normal Retirement Age to participate in this program. Contact the Deferred Compensation Program at 805/654-2620 or deferred.compensation@ventura.org to enroll in the Special Catch-up Program or for more information.

Note: you cannot participate in both the Age 50+ Catch-up and Special Catch-up Programs for the 457 plan in the same year.



SECTION 457 PLAN BUYDOWN/PAYOFF DEFERRAL AGREEMENT

Contribution increases and decreases to the Section 457 plan must be submitted no later than the last day of the pay period prior to your requested buydown check date.

I. PARTICIPANT INFORMATION	Date to Decrease/Cancel Deferral (next pay period) _____		<input type="checkbox"/> Contribution Increase <input type="checkbox"/> Contribution Decrease <input type="checkbox"/> Special Catch-Up Normal Retirement Age: _____ <input type="checkbox"/> Cancel Contribution (sign in Section V)
Full Name: _____	Employee ID Number: _____		
Department: _____	Bargaining Unit: _____		
E-mail Address: _____			
Primary Phone: _____	Work Phone: _____	Birthdate: _____	
Please select your deferral option: _____ Standard 457B (pre-tax) _____ Roth Basic 457 (after-tax)			

II. CONTRIBUTION: \$ _____ (deferral contribution OR biweekly payroll deduction)	WITHHOLDING AND TAX HANDLING: (for pre-tax contribution only)
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