



Deferred Compensation Plans – 457(b) and 401(a)

The 457(b)/401(a) are optional deferred compensation plans offered by the county, that are separate from the mandatory CalPERS retirement

- **457(b):** Allows employees to defer taxation on a portion of their salary by contributing it on a pre-tax basis into a separate account. Employees may choose to contribute either a percentage of their base salary or a specific dollar amount. This account may be set up with either VALIC or VOYA/CalPERS.
- **401(a):** A supplemental account into which Shasta County will deposit contributions that match the 457(b) contribution, up to a maximum of 3% of an employee's base salary. This account must be opened online or with a VALIC representative.

Both accounts must be set up prior to advising payroll of the desired contribution to the 457(b) account.

If interested, it is strongly advised that you set up your accounts as soon as possible after hiring; the County match to the employee contributions to the 401(a) account will not be made retroactively.

The 457(b) account is set up first. A currently held account can be utilized. Next, the 401(a) account is set up with VALIC. Once both accounts have been set up, provide Payroll with the Payroll Deduction Authorization Form. (Refer to instructions on page 2)

Is there a vesting schedule?

457(b) accounts do not have a vesting period. Employees are fully vested in the 401(a) account after 10 years of employment with Shasta County. Vesting increases 10 percent with each year of employment (4 years of Shasta County employment = 40 percent vested, 10 years of Shasta County employment = 100 percent vested). If a full-time or part-time employee separates and returns to Shasta County, previous service time is applicable toward their vesting schedule. Service from another county is not applicable.

Can I cash out my 457(b)/401(a) if I don't retire?

The options for withdrawing, "rolling over," and otherwise using 457(b) and/or 401(a) account money are subject to legal requirements or limitations of the IRS and any other applicable laws with which the County and the plan(s) must comply. Refer to applicable IRS Codes and/or VALIC or VOYA/CalPERS representatives for detailed information.

Is there somewhere else I can get more information?

The Shasta County Personnel Rules or the Memorandum of Understanding for each bargaining unit will have detailed information about the County contribution to retiree medical premium and 401(a) plans.