

DEFERRED COMPENSATION 314

Effective Date: 02/01/2016

Deferred Compensation is a tax-deferred supplemental retirement program that allows public employees to contribute a portion of their salary before taxes to a retirement account. Employees may defer pre-tax earnings (subject to limitations set annually by the IRS) into a tax sheltered retirement account. Employees may also choose to participate in a Roth 457 plan, in which the amount is taxed at the same time it is taken out of the employee paycheck. Check with the Human Resources Department for current IRS limits.

It is a voluntary program for standard employees. The employee's contributions are 100% vested at all times. The employee may discontinue or change their contributions at their discretion.

Because an employee's contribution is automatically deducted from pay before federal and state tax withholdings are calculated, employees save tax dollars now by having their current taxable amount reduced. Deferred income is taxable upon receipt of the benefits.

Contact the Human Resources Department for more information about the deferred compensation program.