

# Deferred Compensation

Central Payroll

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# Description

- The State of North Dakota 457 Deferred Compensation Plan is a voluntary, supplemental retirement savings program designed to increase employees personal savings for retirement and reduce your current taxable income.
- The program permits employees to defer a portion of their salary on a pretax basis through convenient payroll deductions.
- The amount deferred to your investment account and the income or gains on those investments are not taxable until you begin to withdraw money from the account, generally at retirement, at which time withdrawals are taxed as ordinary income.

# Eligibility

- Employees of the State of North Dakota and employees of participating political subdivisions are eligible to participate in the plan.
- Employees either need to be full-time or part-time permanent meeting the 20/20 rule.
- Temporary employees and independent contractors are not eligible to participate.

# Enrollment

- Employees are eligible to enroll in Deferred Comp at any time. (IRS regulations require employees to make the deferral election in the month prior to when the wages are earned).
- Employees must first select and contact one of the eligible providers for the plan. The provider representative they select will assist in completing the required forms to open an account.
- Employees must enroll online through Member Self Service or complete a NDPERS 457 Deferred Compensation Plan Enrollment/Change form SFN 3803 to authorize their automatic payroll deduction.

# Contributions

- The minimum contribution is \$25.00 per month.
- The maximum regular annual contribution limit is the lesser of 100% of compensation or \$18,000 in 2015 (adjusted for cost-of-living in subsequent years).
- Employees may change their contribution amount at any time or suspend contributions and start again at a later date.
- If employees are close to retirement or over age 50, they may be able to contribute more than the regular contribution limit through the 50+ catch-up or 3-year catch-up.

# Benefit Enrollment Report

- Please ensure the Benefit Enrollment Report is generated timely to capture new enrollments and changes in contribution amounts.
- The pay period start date reflected on the report is not the pay check date and contributions should not be withheld prior to the date listed.
- If employees are utilizing Member Self Service, the Benefit Enrollment Report will capture these changes.

# Other 457/403(b)

- Employers that offer other 457/403(b) need to enroll employees participating in this plan for the first time by utilizing the Enroll in other 457/403(b) functionality.
- All other changes (increases/decreases) are captured when the file is uploaded.