



# County of Santa Cruz

## 457 Deferred Compensation Frequently Asked Questions



### What is Deferred Compensation?

Deferred Compensation is an employment benefit offered to all Santa Cruz County employees. It is a supplemental retirement savings program that allows you to make contributions on a pre-tax basis. Federal and State income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket. Deferred Compensation regulations are found in Section 457(b) of the Internal Revenue Code.

In addition to pre-tax deferrals, Santa Cruz County's 457 plan also permits Roth deferrals, which are made on an after-tax basis. Roth deferrals can be withdrawn tax-free in retirement if the requirements for a "qualified distribution" are met. You can designate a portion (or all) of your contributions to the Roth option.

Santa Cruz County contracts with MissionSquare Retirement, an independent, non-profit organization which specializes in public sector retirements services. The County plan offers 27 different investment options, and a representative can help you decide where you would like to invest your funds.

### What are the benefits of participating in a 457 plan?

- Pre-tax contributions reduce your taxable income for the year.
- Contributions are taken by payroll deductions every pay period.
- You can contribute as little as \$10 per pay period.
- You can make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan.
- If you change jobs, you have the flexibility to move your account into your new employer's retirement plan.
- If you retire or leave service early, there is no penalty for withdrawals.
- You may increase, decrease, stop or restart contributions as often as you need without fees or penalties.

- You may choose from a wide range of investment options. There are no restrictions or charges for reallocating your investment mix, and all funds offered through MissionSquare Retirement are no-load.
- You may also contribute with after-tax dollars (Roth).
- Your designated beneficiaries are entitled to receive all remaining funds in your account in the event of your death.
- You may model a loan from your account.
- You may request an “Unforeseeable Emergency Withdrawal” as determined by MissionSquare Retirement under the Internal Revenue Code Provisions.
- Upon employment separation, you have the most flexible withdrawal payment options available. You determine the payment schedule that is right for you.
- You control your account even while you are withdrawing assets.

### How much can I defer?

The contribution limits are determined by the Internal Revenue Services (IRS) each year.

The **2025** limits for the 457 Traditional (pre-tax)/Roth Plan (after-tax) are:

Category	Annual Maximum	Amount per Pay Period (26 pay periods)	Documentation Requirements
Normal Limit	\$23,500	\$903.85	Enrollment Form (if new enrollee) Deferred Compensation Deduction Form
Age 50 Catch-up	\$31,000	\$1,192.31	Enrollment Form (if new enrollee) Deferred Compensation Deduction Form
Pre-Retirement 3-Year Catch-Up	\$47,000	\$1,807.70	Please contact Personnel to coordinate a Pre-Retirement/3-year Catch-Up 454-2600.

### What are Catch-Up Provisions?

The two “Catch-Up” provisions allow you to contribute over-and-above the normal annual contribution amount.

1. The "Age 50" catch-up provision allows you to contribute an additional annual amount during the calendar year in which you reach age 50 or older. No enrollment necessary.
2. The "Pre-Retirement" or "3-year" catch-up provision allows you to make additional contributions to make up for years in which you did not contribute the maximum normal limits. **Enrollment is required.**

## How do I sign up?

Online Enrollment is quick and easy! Here is how:

1. Visit [www.missionsq.org/santacruzca](http://www.missionsq.org/santacruzca)
2. Click on "Enroll in Your Plan", top right corner
3. Follow the steps and soon you will be saving for retirement!

## Where can I get deferred compensation forms?

- Visit [www.santacruzcountyca.gov/benefits](http://www.santacruzcountyca.gov/benefits) under 125 Pre-Tax Programs.
- E-mail [DeferredCompensation@santacruzcountyca.gov](mailto:DeferredCompensation@santacruzcountyca.gov) for any forms or inquiries.
- Visit the Personnel Department at 701 Ocean St., room 510 in Santa Cruz.

## Where may I access my on-line account or get more information?

**Website:** [www.missionsq.org/santacruzca](http://www.missionsq.org/santacruzca)

**Phone:** Call MissionSquare Retirement Client Services at 1-800-669-7400. Representatives are available from 5:30 a.m. PT to 6:00 p.m. PT.

**E-mail:** Email **Ray Ortiz**, our local MissionSquare Retirement Plan Specialist, at [rortiz@missionsq.org](mailto:rortiz@missionsq.org)

**Mobile** Access your retirement account with convenience and flexibility using MissionSquare Retirement's mobile app.

## Individual Appointments:

To schedule an individual appointment with **Ray Ortiz**, please visit the website and click on "Schedule an appointment" next to Ray's profile picture.

You may also call Personnel at 831-454-2600 to schedule your appointment.