

# Woodbridge Township, NJ 457b Deferred Compensation

# Purpose of Deferred Compensation Programs

- ▶ Provides another basis of tax-deferred retirement income for individuals
- ▶ Payroll deduction makes saving easier
- ▶ Gives access to a menu of various investment options.

# “How it works”

# Basics

- ▶ Contribution limits
- ▶ Eligibility
- ▶ When Funds can be distributed
- ▶ Portability
- ▶ Required Minimum Distributions

# Contribution Limits

- ▶ 100 % of includable income
- ▶ 2017 Max \$18,000
- ▶ Age 50 – extra \$6000 for a max of \$24,000
- ▶ Catch-up – 3 years prior to retirement, allows for “doubling of max” (36,000)

# Eligibility

- ▶ 457b – Municipalities, and State
- ▶ Must be a full-time employee
- ▶ Usually part-time, seasonal employees are not eligible.

# When Funds can be Distributed

- ▶ Separation of Service – no age limit
- ▶ Retirement – no age limit
- ▶ Financial Hardship – tough and defined
- ▶ Disability
- ▶ Death

# Portability

- ▶ Can be transferred to a similar plan
- ▶ After separation can be rolled into an IRA\*
- ▶ 59 ½ rule



# Required Minimum Distributions

- ▶ In the year a person turns 70 ½ distributions must begin
- ▶ Except if still working – not defined by the IRS
- ▶ There is penalty for not taking your money!

“Where does my money go?”

# Woodbridge Township Plans

- ▶ VALIC
- ▶ MetLife

# VALIC

- Financial Advisor– William (Bill) Fee
- Can be reached at (908) 470–4114, [william.fee@valic.com](mailto:william.fee@valic.com)
- Provides on–site participant services

# MetLife

- Financial Advisor– Frank Karpack
- Can be reached at (973) 993–0975, [fkarpack@financialguide.com](mailto:fkarpack@financialguide.com)
- Provides on–site participant services

**THANK YOU**