

To: General Government Employees
From: Evelyn Poness, Treasurer Tax Collector
RE: Deferred Compensation Plan
Date: 2015

We would like to remind General Government employees about an important and financially beneficial opportunity available to you—457b Deferred Compensation or Pre-Retirement Savings Plans.

Participation in the Deferred Compensation Plan is voluntary. The town holds title to the funds, and you will receive a written agreement that payment of the proceeds will be made to you (or your beneficiary) in the event of retirement, termination of employment, death, or unforeseeable financial emergency as defined by the 457b guidelines.

Payments into a Deferred Compensation Plan are made on a pre-tax basis. Every dollar contributed is a dollar on which taxes, both federal and state, are deferred until the money is withdrawn from your account. Interest or gains on the investment are also exempt from taxation until funds are withdrawn. Funds contributed to the plan may be maintained into the account until 70.5 years of age. At that point, if you are no longer working full time, you must start a minimum distribution from the plan.

The Town's Deferred Compensation Plan is administered by two different companies. Investment opportunities, administrative fees, and withdrawal charges will vary depending upon the individual plan that you choose. This program administered through the convenience of payroll deduction, allows you to defer in 2015 up to \$18,000 if you are under age 50, up to \$24,000 if you are over age 50, and a special one-time three consecutive year catch up clause if you are within three years of retirement (the amount is twice the under age 50 amount).

If you are interested in availing yourself of this important benefit, you must call one of the two active company representatives directly (see list below). They will provide the necessary paperwork required for enrollment.

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