



# Pre-Retirement Training

Department of Personnel Services

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Employee Benefits Office

September 12, 2024

# Agenda

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- Deferred Compensation 457(b) Plan
- Retiree Benefits

# DEFERRED COMPENSATION PLAN



# Final Paycheck Contributions

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- Terminal check
  - Final Compensation Amendment form must be on file to defer compensation
- 457(b) contributions defers taxes
  - Federal and State
- Social Security and Medicare (7.65%) will be deducted
  - Unless at the annual income maximum

# Defer Terminal Check Taxes

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- Defer the following into the 457(b) plan\*
  - Vacation, CTO, and HIL accruals
  - If eligible, half of sick accrual pay-out
- Three-Year **Limited** Catch-Up Program\*\*
  - Check with the Benefits Office about increased limits

2024 IRS Limits	
Under Age 50	\$23,000
Age 50 or over	\$30,500
<b>Limited Catch-Up</b>	<b>\$46,000**</b>

\* Up to the IRS maximums

# Special Limited Catch-Up

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- “Make-up” for previous years with contributions below allowed maximum
- Only the 3 years **BEFORE** retirement year
- Up to double the normal 457(b) limit
  - (\$23,000 + \$23,000 = \$46,000 Maximum)
- Benefits Office Staff makes underutilization calculation
- Employee signs limited catch-up enrollment form
- Payroll system allows for increased contributions

# Sample Final Paycheck Contributions

## Cashing Out Accruals

COMPENSATION	Rate	Hours	This Period	Year-to-Date
Regular Base Pay	40.86	71.00	2,901.06	57,688.77
Leave Without Pay				0.00
CTO taken				746.64
Sick Leave Pay				1,411.55
Sick Leave-Family				820.23
Vacation Pay				495.95
Holiday				1,852.88
Standby Pay				1,503.90
Overtime Time and 1/2				2,448.20
Overtime FLSA Adjustm				26.24
Term CTO Pay-SP Elig	40.86	25.80	1,054.19	1,054.19
Terminal Vacation Pay	40.86	103.90	4,245.35	4,245.35
Correctional/MHTC				246.82
<b>Total Compensation</b>			<b>8,200.60</b>	<b>72,540.72</b>
.....				
PRE-TAX DEDUCTIONS				
EE Paid VSP Pre Tax				139.00
EE Kaiser HMO Tier B				5,281.20
CERS Pension High			274.15	5,954.95
<b>Total Pre-Tax Ded.</b>			<b>274.15</b>	<b>11,375.15</b>
.....				
TAXES PAID				
IncTax-Federal			1,337.08	6,331.56
IncTax-California			525.24	1,575.49
TX EE Medicare Tax			118.91	973.25
TX EE Social Security Tax			508.43	4,161.47
SDI Tax-California			29.01	618.21
<b>Total Taxes</b>			<b>2,518.67</b>	<b>13,659.98</b>
.....				
AFTER-TAX DEDUCTIONS/ADJUSTMENTS				
Misc Union (017)				70.00
Union Dues (017)				540.64
<b>Total After-Tax Ded.</b>				<b>610.64</b>
.....				
<b>Total Net Pay</b>			<b>5,407.78</b>	<b>46,894.95</b>

Net Pay Details	Amount
Payroll Check	5,407.78

## Accruals to 457(b) Plan

COMPENSATION	Rate	Hours	This Period	Year-to-Date
Regular Base Pay	40.86	71.00	2,901.06	57,688.77
Leave Without Pay				0.00
CTO taken				746.64
Sick Leave Pay				1,411.55
Sick Leave-Family				820.23
Vacation Pay				495.95
Holiday				1,852.88
Standby Pay				1,503.90
Overtime Time and 1/2				2,448.20
Overtime FLSA Adjustm				26.24
Term CTO Pay-SP Elig	40.86	25.80	1,054.19	1,054.19
Terminal Vacation Pay	40.86	103.90	4,245.35	4,245.35
Correctional/MHTC				246.82
<b>Total Compensation</b>			<b>8,200.60</b>	<b>72,540.72</b>
.....				
PRE-TAX DEDUCTIONS				
EE Paid VSP Pre Tax				139.00
EE Kaiser HMO Tier B				5,281.20
CERS Pension High			274.15	5,954.95
457 Plan FT Pre-Tax			5,299.54	5,299.54
<b>Total Pre-Tax Ded.</b>			<b>5,573.69</b>	<b>16,674.69</b>
.....				
TAXES PAID				
IncTax-Federal			245.11	5,239.59
IncTax-California			47.11	1,097.36
TX EE Medicare Tax			118.91	973.25
TX EE Social Security Tax			508.43	4,161.47
SDI Tax-California			29.01	618.21
<b>Total Taxes</b>			<b>948.57</b>	<b>12,089.88</b>
.....				
AFTER-TAX DEDUCTIONS/ADJUSTMENTS				
Misc Union (017)				70.00
Union Dues (017)				540.64
<b>Total After-Tax Ded.</b>				<b>610.64</b>
.....				
<b>Total Net Pay</b>			<b>1,678.34</b>	<b>43,165.51</b>

Net Pay Details	Amount
Payroll Check	1,678.34

# Taxation of Final Paycheck Contribution

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- Because considered supplemental income, taxation is higher than a regular paycheck
  - Formula to determine taxation is:
    - Value of the Accruals x 26 pay periods = Annualized amount

Example:

Value of the Accrual	Multiplied by # of pay periods per year	Transaction taxed as if you make this much annually
\$5,299.54	26	\$137,788.04



# Questions?

## Final Paycheck Contributions Catch-Up Programs



# Retiree Benefits



# Retiree Benefits Options

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- Medical
- Dental
- Vision
- Life insurance – elected directly with carrier
- RHSP – start using those County contributions!
- HSA - eligibility retirements
- Retiree Summary for full details



# Benefits Transition

All benefits end on the **last day of the month** you are in Active status (includes Vacation, PTO/CTO, Sick Leave)

	MEDICAL	DENTAL	VISION	EAP	FSA	LIFE CI
Week 1	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	
Week 2					RETIREMENT DATE! 9/10	
Week 3						
Week 4			BENEFITS END 9/30			

# Enrollment Options

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Enroll in some/all of the County Plans

Elect benefits under COBRA\*

Enroll in other option or spouse/domestic partner's benefits\*

Purchase individual coverage\*

**\*THERE ARE LIMITS ON RETURNING TO COUNTY PROGRAM**

# Medical Plan Enrollment

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- Available to all eligible retirees
- Medical plan eligibility determined by physical zip code, not mailing address
- Leaving the region before age 65 may limit coverage options
- Cost is 100% retiree paid
- Deductions taken post-tax from pension paycheck
- **If elect COBRA, it becomes exclusive election,**
  - **Cannot elect both COBRA and retiree benefits**

# Medical Plan Options

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## Non-Medicare Options (Under Age 65)



KAISER PERMANENTE®



Sutter Health



Western Health Advantage

## **HMO or High Deductible**

**(individual accrued HDHP deductible carries over)**

# Medical Plan Options

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## Medicare Options (Over Age 65 or Disabled)

If have **Medicare** Parts A & B at the time of retirement

- Immediately enroll in a Medicare Advantage Plan through the Benefits Office



- Kaiser Senior Advantage Gold
- Kaiser Senior Advantage Silver



- UHC HMO
- UHC NPPO

Basic Medicare benefit gives other non-County sponsored options throughout the country if you decide to relocate.

**DO NOT enroll in separate non-County Medicare or Medicare Part D Rx plans or will lose County coverage!**



# Out of Area Coverage

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## TRAVEL

Only emergency coverage outside of service area



## MOVING

May require change in medical plans or research on Affordable Care Act (ACA)

- Other individual plans in the new area/state
- County coverage may be available depending on the area
  - Kaiser has coverage in various areas for both early retirees and Medicare retirees
  - Nationwide PPO available through WHA/Anthem for early retirees
  - Nationwide PPO available through UHC for Medicare Retirees

**Contact Benefits Staff for coverage options if planning to move**

# Dental Plan Options

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## Delta Dental

Different benefits than active plan

- **Two coverage levels:**
  - **Standard Plan – \$1,500 annual maximum (Network, PPO and EPO)**
  - **Enhanced Plan - \$2,500 annual maximum (Network, PPO)**



If elect COBRA, it becomes the exclusive election,  
cannot elect both COBRA and retiree benefits

# Vision Plan Option

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## VSP

Same benefits as active vision plan

- **Two coverage levels:**
  - **Standard Plan:**
    - Annual Exam: \$15 copay
    - Frame Allowance: \$130/ every other year
  - **Enhanced Plan:**
    - Annual Exam: \$15 copay
    - Frame Allowance: \$130-\$150 every year
    - One upgrade included

If elect COBRA, it becomes the exclusive election,  
cannot elect both COBRA and retiree benefits



# Life Insurance/ Critical Illness



- Current coverage ends last day of month
- Can convert to individual whole life coverage within 31 days of retirement date
  - More expensive
- No cash value to current County coverage
- Contact carrier for questions and conversion
  - Contact information in COBRA letter

**Premium waiver available if disabled while Active and under age 60, must apply prior to separation to keep coverage**

# Retiree Health Savings Plan (RHSP)

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\$25 Employer contribution account now becomes active!  
Can use as of the day you retire – save receipts

Tax-free reimbursement of health expenses and some premiums for you, spouse, and/or specific dependents

Meritain, the claims administrator, will mail a benefits packet ~2 weeks after retirement

Quarterly fee

ICMA-RC is now

**MissionSquare**  
RETIREMENT

# RHSP - Reimbursements

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- Reimbursable expenses include:
  - Premiums
  - Medical, dental, and vision expenses
    - Co-pays, out of network expenses, lenses/frames, etc.
  - Prescriptions
  - Medicare Part B expenses
- Can set up:
  - Recurring monthly reimbursement
  - Direct deposit

# Health Savings Account (HSA)

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- HSA funds go into retirement
  - Can continue to spend existing HSA funds
- No HSA contributions through pension payroll
- Can make new post-tax contributions **IF** meet requirements:

- MUST BE ENROLLED IN HDHP PLAN
- CANNOT HAVE MEDICARE
- \$0 BALANCE IN RHSP

**TIP: Always use RHSP funds first - they are the least flexible!**

# Health Savings Account (HSA)

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- HSA funds can be withdrawn for non-benefit uses but is included as income and is taxable
  - 20% penalty if under age 65
  - No penalty if age 65+
- HSA funds can be used for qualified medical dental, vision, and hearing expenses
- Age 65+ HSA funds can be used for Retiree and dependent medical premiums





# Waiving Initial Enrollment

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If you waive benefits at Retirement,  
RETURN IS POSSIBLE if:

## **WITHIN 30 DAYS OF A LIFE EVENT**

- (e.g., loss of group coverage, becoming Medicare eligible)
- Losing benefits through Covered California is not an eligible event
- Non-payment of COBRA premium is not an eligible event

## **DURING OPEN ENROLLMENT**

- Must provide proof of 12 months of continuous creditable coverage

See the Retiree MyBenefits Summary and  
the Retiree Health Insurance Administrative Policy for more details

# Changing Coverage

- Open Enrollment - **Effective January 1<sup>st</sup>**
- Move In Or Out Of Service Area
- Newly Eligible Family Member
- Dropping Family Member
- Change In Coverage Eligibility

Effective 1<sup>st</sup>  
day of  
month after  
**event and  
enrollment**

Contact the Benefits Office to determine if your event necessitates a change

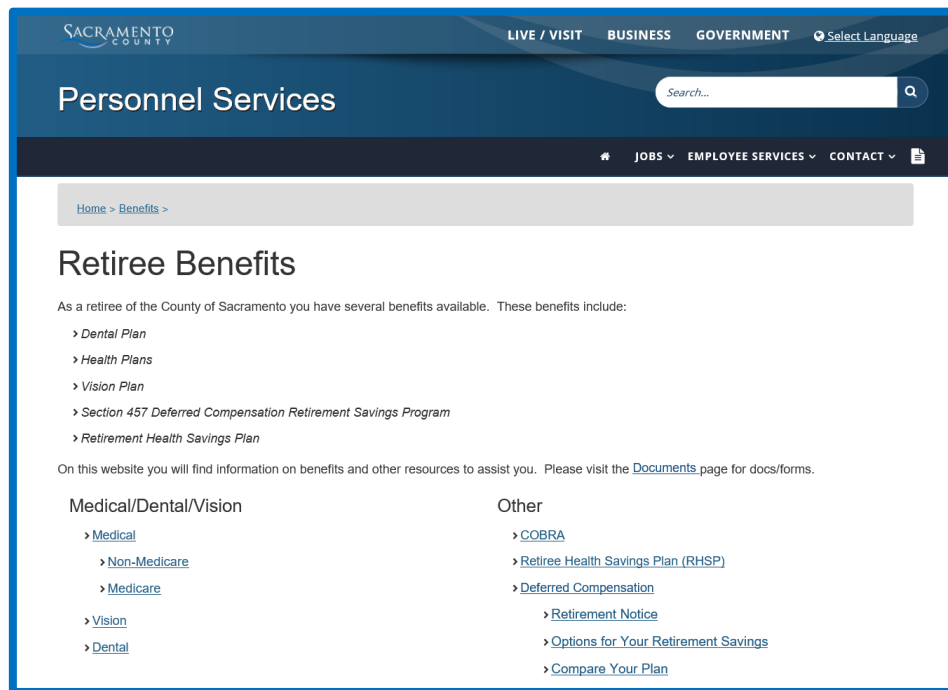
**Always review Open Enrollment materials each year for cost and coverage changes**

# Benefits Information

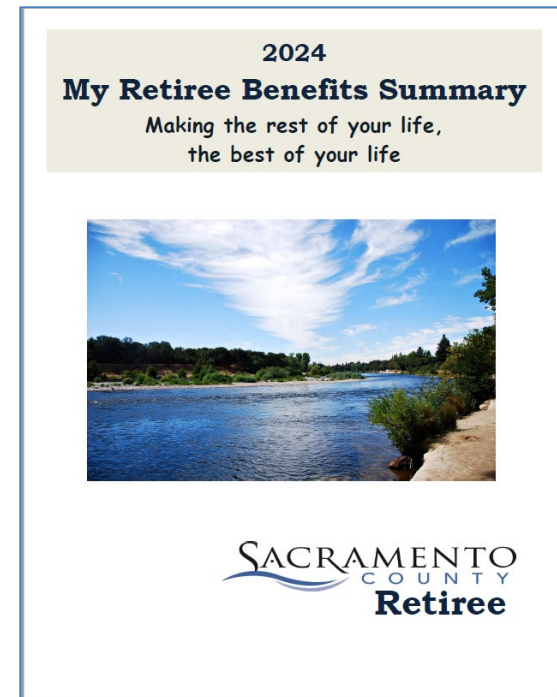
**All Retiree benefit information is online for easy access:**

**<https://personnel.saccounty.gov/Benefits/Pages/RetiredEmployee.aspx>**

Forms, documents, and links to vendors and providers are always available.



The screenshot shows the Sacramento County Personnel Services website. The header includes the Sacramento County logo, navigation links for LIVE / VISIT, BUSINESS, GOVERNMENT, and a language selection dropdown. The main navigation bar features 'Personnel Services' and a search bar. Below the navigation, there are links for HOME, JOBS, EMPLOYEE SERVICES, and CONTACT. The main content area is titled 'Retiree Benefits' and includes a breadcrumb trail 'Home > Benefits >'. The text states: 'As a retiree of the County of Sacramento you have several benefits available. These benefits include:'. A list of benefits follows: Dental Plan, Health Plans, Vision Plan, Section 457 Deferred Compensation Retirement Savings Program, and Retirement Health Savings Plan. Below this, a note says: 'On this website you will find information on benefits and other resources to assist you. Please visit the Documents page for docs/forms.' Two columns of links are provided: 'Medical/Dental/Vision' with links for Medical (Non-Medicare, Medicare), Vision, and Dental; and 'Other' with links for COBRA, Retiree Health Savings Plan (RHSP), Deferred Compensation, Retirement Notice, Options for Your Retirement Savings, and Compare Your Plan.



The graphic features a light beige background with the text '2024 My Retiree Benefits Summary' in a bold, dark blue font. Below this, the tagline 'Making the rest of your life, the best of your life' is written in a smaller, dark blue font. A central image shows a scenic view of a river flowing through a lush, green landscape under a bright blue sky with scattered white clouds. At the bottom right, the Sacramento County Retiree logo is displayed, featuring the text 'SACRAMENTO COUNTY Retiree' with a stylized blue wave graphic under the word 'SACRAMENTO'.

# CONTACTS

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## Employee Benefits Office (EBO)

**700 H Street, Room 4650**

**Phone: (916) 874-2020**

**FAX: (916) 874-4621**

**Email: [MyRetireeBenefits@saccounty.gov](mailto:MyRetireeBenefits@saccounty.gov)**

**Pre-retiree website:**

**<https://personnel.saccounty.gov/Benefits/Pages/Pre-Retiree-Resources.aspx>**

# Questions? Retiree Benefits



# Thank you

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## Congratulations on your retirement!

