

DEFERRED COMPENSATION

Frequently Asked Questions

What is Deferred Compensation?

Deferred Compensation is a method by which you can systematically “set aside” a portion of your income into a voluntary retirement savings program before it is taxed and thus reduces the amount of your current income taxes.

The object of Deferred Compensation is to let you defer part of your earnings from current income tax liability to a future period, usually at retirement or separation, when various options make it possible for you to take advantage of a lower income bracket.

What Happens to My Other Benefits When I Reduce My Income?

Social Security withholding, group life insurance, long-term disability and increment increases are based on gross income and will not be reduced by Deferred Compensation. Your retirement plan will also be based on gross income, so Deferred Compensation will not reduce your retirement benefits.

How Do I Enroll?

You may enroll by contacting Fidelity Investments at 1-800-343-0860 or by visiting the Fidelity NetBenefits web site at www.fidelity.com/atwork.

How Much May I Contribute to the Plan?

	Regular Limit	50+ Yrs. Old
2007	\$15,500	\$20,500

How Do I File My Income Tax Return?

Your Deferred Compensation has already been deducted from your taxable income on the Wage and Tax Statement (W-2 Form). No additional forms are required to attach to your Federal, State, or Local tax returns regarding your deductions for Deferred Compensation.

When Do I Receive My Deferred Funds?

Your deferred funds are accessible when you retire or separate from County employment. At that time, you may select one of several options which best protects you from income tax liability. If you should die with a remaining balance, your beneficiary will receive your deferred funds.

If you are an active County employee, the deferred funds cannot be paid to you for any other reason except for a serious financial hardship or at times of extreme emergencies and only by approval of the Plan Administrator.

May I Change My Payroll Deduction?

You may start, stop or change your deduction at any time. If you choose to have a dollar amount deducted simply call Fidelity or visit the Fidelity web site. If you wish to change your deduction using a percentage you must submit a bi-weekly change form to Kathy Sanders, Retirement Unit. This form is on the “J” drive: GenCounty/Human Resources/Forms/Deferred Comp Bi-weekly chg form.

Questions?

Contact Kathy Sanders in Human Resources, Retirement Unit at 248-858-2191.