



Special Three-Year Catch-Up Option



If you are within three years of Normal Retirement Age (NRA) and would like to set aside more money for your retirement years, consider enrolling in the Special Three-Year Catch-Up option.

What is the Special Three-Year Catch-Up option?

This special “catch-up” refers to a provision of the Internal Revenue Code (IRC) that permits participants who are in a 457(b) plan (such as the Contra Costa Deferred Compensation Plan) and are within three calendar years of NRA, as defined by the Plan document, to contribute additional amounts over the standard IRS maximum contribution allowed.

How much can I contribute through the Special Three-Year Catch-Up provision?

The maximum annual contribution allowed under the IRC catch-up provision is double the normal contribution limit. In 2019, the maximum normal contribution is \$19,000; thus, Special Three-Year Catch-Up contributions may total as much as \$38,000 each year depending on how much you under contributed in prior years.

Who is eligible?

You are eligible only if:

- You are under age 70½ (catch-up contributions are not permitted in the same year you turn 70½);
- You are within three calendar years of your NRA;
- You under contributed in prior years for which you were eligible; and
- You have not participated in the Special Three-Year Catch-Up Option at Contra Costa County.

Please Note: You can only use the Special Three-Year Catch-Up option if you have under contributed to the Contra Costa County Deferred Compensation Plan in the past.

If in prior years you were eligible to contribute to the Plan but you did not, or you contributed less than the maximum for which you were eligible, you have an unused balance for catch-up. For example, if you contributed only \$2,500 in a year in which you were eligible to contribute \$7,500, you would have an unused balance of \$5,000 to catch up on.

What is Normal Retirement Age?

NRA is the date designated by the participant for catch-up contribution purposes. This may be different from your Contra Costa County Employees’ Retirement Association (CCCERA) retirement date and cannot be earlier than certain ages specified in the Plan document or later than age 70½. Under the terms of the Plan, your earliest NRA is dependent on the CCCERA retirement plan in which you participate and the department for which you work.

To determine your NRA with CCCERA, please contact them at (925) 521-3960.

What is the latest age I can enroll or participate in the Special Three-Year Catch-Up option?

The year before you reach age 70½. You cannot enroll or make catch-up contributions the year you reach age 70½.

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How do I determine how much catch-up I have available?

Payroll information is used to assist with calculating your unused contribution balance. If you are close to retiring, we recommend contacting Ed Lopez or Kirsten Pancoast for more information on this topic.

What happens if I enroll in the Three-Year Catch-Up option but then do not retire at my stated NRA?

If you are eligible and enroll in the catch-up option but then do not retire upon reaching your stated NRA, your catch-up contributions would not be affected. You only need to meet the criteria listed under "Who is eligible?" to make catch-up contributions even if you retire at a later date.

What happens when I complete my catch-up?

Once your catch-up period ends, your current contributions will continue. It is your responsibility to adjust your ongoing contributions to the appropriate annual limitation in effect at the time; otherwise, it may be necessary for you to amend your tax return those years which you over contributed.

Can I stop making catch-up contributions in the middle of the three-year period?

Yes, you can, but there are possible repercussions for doing so. The Special Three-Year Catch-Up option for the Deferred Compensation Plan is a once-in-a-lifetime privilege. It may be utilized only during the three years ending prior to your NRA as defined in this flier. Once the NRA has been designated for purposes of using the catch-up provision, it becomes irrevocable. You may only participate in the Special Three-Year Catch-Up option for up to three consecutive calendar years ending prior to your NRA.

When does the three-year period start?

The three-year period is counted on a calendar-year basis. You may commence your contributions at any time during an eligible calendar year; however, whether you start at the beginning or end of the year, that year counts as a full catch-up year. If you stop making your catch-up contributions at any time during the eligibility period, you cannot restart them. You may, however, resume standard contributions at the standard contribution limit.

Can I also contribute using the Age 50 and Over Catch-Up option?

No, you cannot participate in the Age 50 and Over Catch-Up and the Special Three-Year Catch-Up options simultaneously.

How do I apply for the Special Three-Year Catch-Up option?

Contact Ed Lopez or Kirsten Pancoast for more details, to confirm your eligibility and to get started on the process.

Meet your representatives

Whether you're looking for general information related to your retirement savings, want to learn more ways you can save for your future or just want to go over the benefits of your Plan, these are the folks who can help you.

Edward Lopez,

Retirement Plan Advisor

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 **844-446-8658, ext. 20433***

Kirsten Pancoast,

Retirement Plan Advisor

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* Please do not put any confidential or personal account information in an email request.

NOTE: You cannot enroll in the Special Three-Year Catch-Up option by merely changing your contribution amount; you must complete the application process and elect a dollar amount to contribute.