



A NEW DAY.

City of Jacksonville, Florida

Employee Services Department
117 West Duval St., Suite 150
Jacksonville, Florida 32202

10 FAQ's Related to the City of Jacksonville 457(b) Deferred Compensation Plan

1. What is Deferred Compensation?

Deferred compensation can best be described as money that your employer deducts from your earnings and forwards to a qualified retirement plan of your choice, to be distributed to you upon termination of employment or retirement. You do not pay income tax on qualified deferred compensation until you receive the distributions.

2. What is a 457(b) account?

A 457 plan is a **tax-exempt** (pre-tax) deferred compensation program made available to employees of government agencies, in this case the COJ. A 457(b) plan is similar to a 401(k) plan, except there are never employer-matching contributions. Participants can defer some (or all) of their income (up to an annual limit established by the IRS). Contributions and earnings are tax-deferred until withdrawal. You may also make **Roth** contributions on an **after-tax** basis to your 457(b) Plan. Distributions of designated Roth contributions, including any earnings on those contributions, are not subject to federal income tax.

3. How much money can I invest in 457(b) account during employment?

Employees under the age of 50 can invest up to the max amount the IRS set for the specific tax year. Employees age 50 and older may contribute an additional amount set by IRS each tax year. Employees that have an established retirement date that falls within three years of the established retirement date may invest up to a max amount set by IRS for each tax year.

4. Does the City of Jacksonville offer a match to the funds I invest into the 457(b) plan?

No. The City does not currently match any funds that are invested into the 457(b) plan.



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5. Do I have access to the money that I have invested into the 457(b) plan?

There are strict guidelines set by the IRS that govern access to funds invested in a 457 plan. Based on these guidelines, unless you meet specific criteria, you will not have access to your invested funds while you are an active employee of the City of Jacksonville except:

- a. **Employees that have separated from the City of Jacksonville (e.g., retired, quit, terminated, etc.) have full access to their invested funds.**
- b. **Permanent Disability.**
- c. **Distributions for birth or adoption of a child.** Distributions made on or after 1/1/20. Each spouse is eligible to withdraw up to \$5,000 within one year of birth or adoption, with no penalties or 20% withholding. The withdrawal amount can be repaid at any time.
- d. **Age 59½ in-service distributions.** Plan provision adopted on or after 1/1/20. Prior law for governmental 457(b) disallowed in-service distributions before age 70½.
- e. **Active employees CAN have access to invested funds should they qualify for a medical or financial hardship** also known as an unforeseeable emergency if the employee can provide valid documentation illustrating that the hardship was a result of something beyond the control of the employee AND that the employee has no other means of satisfying said obligations from other resources. For more information on hardship, contact Empower at **1-855-265-4570**

Examples of what MAY qualify as a hardship:

- Outstanding medical expenses following a medical emergency AFTER all appropriate insurance benefits are paid.
- Outstanding expenses after insurance for damages to property, or loss of home, due to acts of nature (e.g., tornados, flood, fire, etc.) (Termite damage does not qualify).
- Funeral expenses following the death of a qualified dependent.
- Additionally, active employees that have a 457(b) account(s) that total a balance of less than \$5,000, and have not contributed to their account for a period of two years or more, may withdraw their funds; however, this can only be done if the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the plan.

Examples of what WILL NOT qualify as a hardship:

- Divorce settlement.
- Legal fees or court orders.
- Purchase of home or automobile.
- College expenses.
- Over extended credit cards.
- Routine auto or home repairs.
- Having no insurance coverage

- f. **Transfer to purchase service credit.**



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6. Do I have to be a certain age in order to receive distributions from my 457(b) account once I have terminated my employment with the City of Jacksonville?

No. You do not have to be a specific age in order to withdraw your funds once you separate from the City of Jacksonville. The only time that age is a factor with your 457(b) account is the age in which you will be REQUIRED to begin to receive minimum distributions. You must begin to receive a minimum distribution no later than April in the year following attainment of age **72**. An exception to this are employees that continue working for the City of Jacksonville after age **72**. While still employed, these employees may continue to defer until such time as they decide to retire or terminate their employment with the City of Jacksonville.

Amendment on or after 1/1/2020

Increase Required Minimum Distribution (RMD) to age 72

Any individual who reaches age 70½ after 12/31/19 would not be required to take an RMD until attainment of age 72. Individuals that were RMD eligible under the prior rule (i.e., reached 70½ in 2019 or earlier) must receive an RMD for 2019 and subsequent years.

7. Can I make changes throughout the year to my contribution amounts or even stop my contributions if necessary?

Yes. Your participation in this program is totally at your discretion. The minimum that you can contribute is \$25 per pay period. You can increase or decrease or stop your contributions on the first payroll of each month throughout the year as you see fit by contacting an Empower advisor or by logging to your Empower account online. The changes will take effect on the 1st day of the following month.

8. Can I defer the money the city will pay me for Rollback and/or Sellback leave hours?

Only employees in **Leave Plan E and Public Safety Plan** can defer all or a portion of rollback and/or sellback pays if the total deferral are not over the limit permitted by the IRS for the tax year. In addition, election to Sellback/Rollback must be made in the prior year. Please contact HR and any of the local Retirement Plan Advisors for details.



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9. Can I defer the payout of my accrued term leave hours when I retire/ terminate/ from the City of Jacksonville?

Yes. If your leave deferral is not over the limit permitted by the IRS for the tax year. You must start the process at least 2 months **PRIOR to your retirement date**. Please contact any of the local Retirement Plan Advisors for details.

10. How do I set up a 457(b) account if I want to do so?

To get started you should contact one of the local Empower advisors to obtain information about setting up a new 457(b) account.

Your local retirement plan advisors are available to provide you with one-on-one counseling and personalized account services.

You can also enroll online at www.COJDCP.com

Updated: 5/17/2024