



STATE OF CONNECTICUT DEFINED CONTRIBUTION PLANS

Deferral of Vacation and Sick Leave Payouts from Final Paychecks to 403(b) or 457 Plans

I. INTRODUCTION

Employees who are retiring or leaving State service can contribute a portion of their final payouts for unused vacation or sick leave to the 457 Deferred Compensation Plan—open to most active employees—or the 403(b) Plan, limited to employees of eligible educational institutions and hospital facilities.¹ By making pre-tax deferral from the vacation/sick payout into the 457 or 403(b) Plan, employees can reduce taxes withheld from the final paycheck and boost their retirement savings. The process requires advance planning because IRS regulations require deferral arrangements to be made the month before the final payment occurs. All required forms are located under the “Forms” tab on the plans’ website, www.CTDPC.com.

II. PROCEDURE

A. Determining Deferral Amount

Employees should ask their Payroll/Human Resources office for an estimate of the gross vacation/sick leave payout, the date when it will be paid, the employee record number to be used for the final payout, the estimated mandatory Social Security and Medicare taxes, and their year-to-date contributions to the 457 or 403(b) Plan. When determining the amount available to defer, the employee should take the estimated gross payout amount, subtract the estimated Social Security and Medicare taxes and subtract any other mandatory payroll deductions, such as: health insurance premium, Retiree Health Fund contribution on the vacation portion of the payout, union dues, etc. The remaining amount approximates what is available for deferral. Next, when setting the deferral amount, an employee should factor in any contributions that will have taken place by the date of the final paycheck. The maximum for 2021 is \$19,500 (plus an additional \$6,500 for age 50 and over). Someone who is eligible for both Plans can contribute the maximum amount to each.

B. Changing Deferral Amount—Current Participants

Existing 457 Plan members should complete the *Deferral Election for Final Vacation and Sick Payout Form* to enter the desired deferral amount and the date of the final paycheck, and the employee record number. While online contribution changes are available for this plan, they are not recommended for final paycheck deferrals because there is not ability to enter a specific date for an online contribution change to take effect. If the incorrect employee record number is entered, the deduction will not take place.

Existing 403(b) Plan members should use the *Deferral Election for Final Vacation and Sick Payout Form* to indicate the final contribution amount, effective paycheck date, and the employee record number. Employees who work (or have worked) at more than one state agency or multiple positions in the same agency may have multiple employee record numbers and should ask Payroll/Human Resource personnel which employee record number will be used to pay unused vacation/sick leave. If the incorrect employee record number is entered on the *Deferral Election for Final Vacation and Sick Payout Form*, the deduction will not take place.

¹ Detailed eligibility guidelines can be viewed on the Plans dedicated website www.CTDPC.com



STATE OF CONNECTICUT DEFINED CONTRIBUTION PLANS

C. Employees Not Previously Enrolled

Employees who have not previously participated in the 457 or 403(b) Plan will need to complete the Investment Allocation and Beneficiary sections of this vacation and sick leave payout form. (An employee who is eligible for and wants to contribute to both the 457 and 403(b) Plans for the first time will need to complete the final payout investment allocation and beneficiary for each plan.)

D. Deadline for Submitting Forms

The completed forms with original signatures must be received by Prudential Retirement, the third-party administrator, **before** the Cut-Off Date for the employee's final paycheck, shown on the Payroll Cut-Off schedule (see below).

All forms should be mailed to: Prudential Retirement, 30 Scranton Office Park, Scranton, PA 18505-5370. You may also fax forms to **866-439-8602**.

Once the final payout check has been issued, agency personnel cannot reverse or reprocess paychecks to allow employees to make untimely deferrals of vacation and sick leave payouts.

E. Common Problems to Avoid

Advance planning will prevent common mistakes that can derail deferrals of vacation and sick leave payouts

- Once an employee is retired the contribution election cannot be amended and after the final paycheck is issued the agency is unable to reverse and reprocess the paycheck.
- Do not wait until the last minute. When the final payout forms are submitted too close to the cut-off date, there may not be enough time for the plan administrator to obtain corrections, original signatures, or missing information.
- Ensure that the selected deferral amount (together with all year-to-date contributions) does not exceed the IRS maximum limit; otherwise, no deduction will be taken.
- Make sure the requested deferral does not exceed the net amount in the final payout check. If it does, no deduction will occur on the final paycheck and the final contribution election cannot be amended.
- Plan participants must verify their employee ID number and employee record number on which the vacation/sick leave payout will be made and use that number on the deferred election for final vacation/sick payouts.

III. CONCLUSION

Employees who want help with calculating sick or vacation leave deferrals to the 403(b) or 457 Plan should contact their retirement counselor. **You may also schedule a virtual meeting by logging on to www.CTDCP.com and click on the Your Counselor tab.**



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Deferral Election Form for Final Vacation and Sick Payouts

STATE OF CONNECTICUT 457(b) PLAN

Instructions Please print using blue or black ink.

For more information please see **Deferral of Vacation and Sick Leave Payouts from Final Paychecks**, which can be found at ctdcp.com under "Your Tools" or contact your retirement counselor for assistance.

Send completed form to the following address or fax it to **1-866-439-8602**.

Prudential
PO Box 5410
Scranton, PA 18507

Questions?
Call 1-844-505-SAVE
for assistance.

About You

Plan number 0 1 0 0 8 1 Select *only* one: State Agency
Municipality/Local Government

Employee Rcd #	Department ID	Pay Group	Employee ID

Note: If a State Agency employee, this information is required and can be found on an employee's pay stub.

Social Security number Original date employed

-- //

month day year

First name MI Last name

Address

City State ZIP code

Date of birth Gender Daytime telephone number

// M F --

month day year area code

Date of rehire (To be completed by your Plan Representative, if applicable.)

//

month day year

Marital status: Married Not married

Contribution Information

For final paycheck effective date: _____ (See Payroll Schedule, p.2)

Before setting your contribution amount, obtain your estimated gross payout amount from your HR/Payroll officer. Then take this amount and subtract FICA taxes and all other payroll deductions to determine an estimated NET final paycheck available for deferral.

Before-Tax Contribution Election. I wish to contribute \$, of my final vacation and sick payout.

After-Tax (Roth) Contribution Election. I wish to contribute \$, of my final vacation and sick payout.

IMPORTANT: Your total contributions to the 457 Plan are subject to the IRS annual limit. Your Payroll/Human Resources officer can provide the date of your vacation/sick leave payout and your year-to-date contributions to the 457(b) Plan. When setting your deferral amount, you must factor in 457(b) contributions that will have taken place by the date of your final paycheck, plus income, Social Security and Medicare taxes and other amounts (OPEB and health premiums) that will be deducted from your final check. **PLEASE NOTE:** if your election exceeds the NET amount of your final paycheck, no deduction will be processed, the final paycheck cannot be reversed, and after retirement contribution elections cannot be amended.

Check desired effective date for deferral	Paper form contribution changes (faxed or mailed) <u>received</u> between these dates by 4pm EST	Online and Phone-In Contribution changes made between these dates by 4pm EST	Will be effective for the following pay date below		
			Bi-Weekly Check Date	Semi-Monthly Check Date	Monthly Check Date
	11/12/20 to 11/25/20	11/14/20 to 11/27/20	12/18/20	12/31/20	1/8/2021
	11/26/20 to 12/9/20	11/28/20 to 12/11/20	12/31/20	12/31/20	
	12/10/20 to 12/19/20	12/12/20 to 12/21/20	01/15/21	01/15/21	02/05/21
	12/20/20 to 1/6/21	12/22/20 to 1/8/21	01/29/21	01/29/21	
	1/7/21 to 1/20/21	1/9/21 to 1/22/21	02/11/21	02/11/21	03/05/21
	1/21/21 to 2/3/21	1/23/21 to 2/5/21	02/26/21	02/26/21	
	2/4/21 to 2/17/21	2/6/21 to 2/19/21	03/12/21	03/15/21	04/01/21
	2/18/21 to 3/3/21	2/20/21 to 3/5/21	03/26/21	03/31/21	
	3/4/21 to 3/17/21	3/6/21 to 3/19/21	04/09/21	04/15/21	05/07/21
	3/18/21 to 3/30/21	3/20/21 to 4/1/21	04/23/21	04/30/21	
	3/31/21 to 4/14/21	4/2/21 to 4/16/21	05/07/21	05/14/21	06/04/21
	4/15/21 to 4/28/21	4/17/21 to 4/30/21	05/21/21	05/28/21	
	4/29/21 to 5/12/21	5/1/21 to 5/14/21	06/04/21	06/15/21	07/02/21
	5/13/21 to 5/26/21	5/15/21 to 5/28/21	06/18/21	06/30/21	
	5/27/21 to 6/9/21	5/29/2021 to 6/11/21	07/02/21	07/15/21	08/06/21
	6/10/21 to 6/23/21	6/12/21 to 6/25/21	07/16/21	07/30/21	
	6/24/21 to 7/7/21	6/26/21 to 7/9/21	07/30/21	07/30/21	09/03/21
	7/8/21 to 7/21/21	7/10/21 to 7/23/21	08/13/21	08/13/21	
	7/22/21 to 8/4/21	7/24/21 to 8/6/21	08/27/21	08/31/21	10/01/21
	8/5/21 to 8/18/21	8/7/21 to 8/20/21	09/10/21	09/15/21	
	8/19/21 to 9/1/21	8/21/21 to 9/3/21	09/24/21	09/30/21	11/05/21
	9/2/21 to 9/15/21	9/4/21 to 9/17/21	10/08/21	10/15/21	
	9/16/21 to 9/29/21	9/18/21 to 10/1/21	10/22/21	10/29/21	12/03/21
	9/30/21 to 10/13/21	10/2/21 to 10/15/21	11/05/21	11/15/21	
	10/14/21 to 10/27/21	10/16/21 to 10/29/21	11/19/21	11/30/21	January 2022
	10/28/21 to 11/10/21	10/30/21 to 11/12/21	12/03/21	12/15/21	
	11/11/21 to 11/24/21	11/13/21 to 11/26/21	12/17/21	12/30/21	January 2022
	11/25/21 to 12/8/21	11/27/21 to 12/10/21	12/30/21	12/30/21	

The cut-off date is the last date that a participant can submit a change for the corresponding check date.

*Any contribution changes processed during the transaction period are scheduled to appear on the corresponding check date. Deferral elections for each check date will be processed by Prudential according to the above schedule. **Please note:** The deadline for processing paper (faxed or mailed) forms is three business days earlier than the cutoff for online or phoned in contribution changes. On the last day of the transaction period contribution changes received after 4 PM Eastern Time will not be processed. Online transactions must be received and processed by 4:00pm on the transaction period end date to appear on the corresponding check date.

*If enrolling into the plan for the purpose of deferring from the final payout check, you must complete the following investment allocation and beneficiary section of this form.

Your Authorization

I certify that the information above is accurate and complete and that I give my employer permission to contribute a portion of my salary to the Plan according to the instructions above.

Signature **X** _____

Date
month day year

Important Information continued on the following pages

Social Security number _____

For First Time Enrollees Only

For those whose have an existing account, this form cannot be utilized for changing investments or beneficiaries.

Investment Allocation

This section is **ONLY** required if you have not previously enrolled.

Fill out Option I, Option II, or Option III. **Please complete only one option.**

(Please fill out Option I, Option II, or Option III. Do not fill out more than one option.)

By completion of Option I or Option II you enroll in GoalMaker, Prudential's asset allocation program, and you direct Prudential to invest your contribution(s) according to a GoalMaker model portfolio that is based on your risk tolerance and time horizon, or your years to retirement. You also direct Prudential to automatically rebalance your account quarterly according to the model portfolio chosen. Enrollment in GoalMaker can be canceled at anytime.

Please refer to ctdcp.com for more information on GoalMaker and the rebalancing and age adjustment features.

Option I or Option II must be completed accurately, otherwise your investment allocation will be placed in GoalMaker with age adjustment.

Option I – Choose GoalMaker with Age Adjustment

By selecting your risk tolerance, and confirming your expected retirement age below, your contributions will be automatically invested in a GoalMaker model portfolio that is based on your risk tolerance and years left until retirement. You also confirm your participation in GoalMaker's age adjustment feature, which adjusts your allocations over time based on your years left until retirement.

Select Your Risk Tolerance Conservative Moderate Aggressive

Confirm Your Expected Retirement Age

Expected Retirement Age: 6 5

Yes. Please use the default Expected Retirement Age listed above.

No. Please use as my expected retirement age.

OR

Option II – Choose GoalMaker *without* Age Adjustment

I do not want to take advantage of GoalMaker's age adjustment feature. Please invest my contributions according to the model portfolios selected below.

Time Horizon (years to retirement)	GoalMaker Model Portfolio (check one box only)		
	Conservative	Moderate	Aggressive
26 Plus Years to retirement			
21 to 25 Years to retirement			
16 to 20 Years to retirement			
11 to 15 Years to retirement			
6 to 10 Years to retirement			
0 to 5 Years to retirement			

Time Horizon (years in retirement)	GoalMaker Model Portfolio (check one box only)		
	Conservative	Moderate	Aggressive
0 to 5 Years in retirement			
6 to 10 Years in retirement			
11 Plus Years in retirement			

OR

Important Information continued on the following pages

Social Security number _____

For First Time Enrollees Only

Investment Allocation

Option III – Design your own investment allocation

If you would like to design your own asset allocation instead of selecting GoalMaker, designate the percentage of your contribution to be invested in each of the available investment options. (Please use whole percentages. The column(s) must total 100%.)

Option III must be completed accurately and received by Prudential **before** assets are accepted; otherwise, contributions will be placed in the default investment option selected by your plan. Upon receipt of your completed enrollment form, **all future** contributions will be allocated according to your investment selection. You must contact Prudential to transfer any **existing** funds from the default option.

I wish to allocate my contributions to the Plan as follows:

Percent Allocated	Codes	Investment Options
_ _ _ _ %	XT	Connecticut Stable Value Fund
_ _ _ _ %	C3	MetWest Total Return Bond Fund
_ _ _ _ %	3T	Vanguard® Total Bond Market Index Fund - Institutional
_ _ _ _ %	D1	Vanguard® Inflation-Protected Securities Fund - Inst
_ _ _ _ %	RG	Calvert Bond Portfolio - Class I
_ _ _ _ %	WR	Vanguard® Institutional Index Fund - Institutional Plus
_ _ _ _ %	KV	American Funds American Mutual Fund® - Class R-6
_ _ _ _ %	CB	TIAA-CREF Social Choice Equity Fund - Institutional Class
_ _ _ _ %	2L	TIAA-CREF Large-Cap Growth Index Fund
_ _ _ _ %	SB	TIAA-CREF Equity Index Fund - Institutional Class
_ _ _ _ %	CH	Wells Fargo Premier Large Co GR- R6
_ _ _ _ %	D9	T. Rowe Price Diversified Mid Cap Gr I
_ _ _ _ %	RR	Vanguard® REIT Index Fund - Institutional Shares
_ _ _ _ %	RP	Vanguard® Mid-Cap Index Fund - Institutional Shares
_ _ _ _ %	1G	JPMorgan Mid Cap Value Fund - Class I Shares
_ _ _ _ %	H7	Vanguard® Explorer™ Fund - Admiral™ Shares
_ _ _ _ %	KB	TIAA-CREF Small-Cap Blend Index Fund - Institutional Class
_ _ _ _ %	RK	DFA Real Estate Securities Portfolio - Institutional Class
_ _ _ _ %	EE	TIAA-CREF International Equity Index Fund - Institutional Cl
_ _ _ _ %	K8	American Funds EuroPacific Growth Fund® - Class R-6
1 0 0	Total	

Important Information continued on the following pages

Social Security number _____

For First Time Enrollees Only

Your Beneficiary Designation

This section is **ONLY** required if you have not previously enrolled. I designate the following as beneficiary of my account with regard to the percentage(s) I have indicated below. Please list additional beneficiaries, along with percentages they are to receive on a separate page, if needed. Indicate whether the additional beneficiary(ies) is/are primary or secondary beneficiary(ies). **The use of My Living Children or Per Stirpes as types of beneficiary designations are not permissible. Please provide the specific names and information on the form for the individuals you want to designate. Please use whole percentages.**

Primary Beneficiaries – You must make sure all your percentages in the primary section total 100%

Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:
Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:
Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:

Secondary Beneficiaries – You must make sure all your percentages in the secondary section total 100%

Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:
Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:
Full Legal Name:	SSN:	Date of Birth:
Address:		
Relationship to you:	Telephone Number:	Percentage:

Important Information continued on the following pages

Social Security number _____

Trusted Contact

You may, but are not required to, name a trusted contact person who is intended to be a resource that could assist Prudential in the event of suspected financial exploitation. If designating a trusted contact below, please provide as much information as possible to assist Prudential in reaching the trusted contact, if needed.

First name _____ MI _____ Last name _____

Address _____

City _____ State _____ ZIP code _____

Email address _____

Cell phone number* _____ Home phone number* _____
area code *area code*

Business phone number* _____ Relationship _____
area code

*At least one phone number is required.

By choosing to provide information about a trusted contact, you authorize Prudential and its affiliated broker-dealer, Prudential Investment Management Services LLC, to contact the trusted contact listed above and disclose information about your account to that person in the following circumstances: to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165 (Financial Exploitation of Specified Adults). Please note that if you have other accounts with Prudential Retirement, the trusted contact named above will apply to each of your accounts.

Your Authorization

I certify that the information above is accurate and complete and that I give my employer permission to contribute a portion of my salary to the Plan according to the instructions above.

Signature **X** _____

Date _____
month day year

Social Security number _____