SUFFOLK COUNTY

PUBLIC EMPLOYEES DEFERRED COMPENSATION BOARD

Labor and Management Working as One

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Plan Administrator

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Working after Retirement or Resignation?

Please remember that generally, distributions from the Suffolk County Deferred Compensation Plan are not permitted until you separate from County service. If you retire or resign from one position and take another position in any County department, whether it be full time, part time or seasonally, you have not separated from County service for Plan purposes. As a result, you are not yet eligible for a distribution from your Plan account. You will still be permitted to contribute to the Plan, as you are still an employee of Suffolk County. Working for any other municipality or company will not prevent you from taking distributions.

2019 Deferral Limits

The 2019 deferral limits will be announced by the IRS in late October or early November. As soon as they are announced, the Board will notify you through an All Employees Memorandum (AEM) and will post the announcement on the Plan's website, scdeferredcomp.org.

Governmental 457(b) vs. 401(k)

While similar to a 401(k), the Suffolk County Public Employees Deferred Compensation Plan is a governmental 457(b) plan, operating under Section 457(b) of Internal Revenue Code. One of the major benefits of a governmental 457(b) plan is that it does not have an age-based early withdrawal penalty. Once you separate from service, regardless of your age, you are entitled to take distributions from your Plan account without incurring a 10% early withdrawal penalty. This exemption applies to salary deferred and later distributed from a governmental 457(b) plan. If you roll your assets out of the Plan to a 401(k) or IRA, you will likely be subject to the 10% early withdrawal penalty.
The chart on the back of this newsletter provides a comparison of the two types of retirement plans.

(Over, please)

c/o Civil Service Dept. - Bldg. 158, PO Box 6100, Hauppauge, NY 11788-0099

Comparison of Governmental 457(b) Plans (such as Suffolk County's) & 401(k) Plans

	457(b) plan (such as Suffolk County's)	**401(k) plan**
Can local governments offer?	Yes	No, unless adopted before May 5, 1986
Contribution/Deferral Limit	Up to $18,500 in 2018	Up to $18,500 in 2018
Increased contribution limit for **3 Year Catch Up**?	Yes, lesser of: • 2 x normal limit ($37,000 in 2018) or • normal dollar limit plus sum of unused deferrals in prior years Note: Cannot do Catch Up and Age 50+ contributions in the same year. In years when employee is eligible to take advantage of both limits, the employee can use the higher of the two.	No increased limit
Age 50+ contributions (for individuals who are 50 or over at the end of the calendar year)	Contribution limit increased by $6,000 (up to a total of $24,500 in 2018) Note: See above. Cannot combine with 3 Year Catch Up.	Contribution limit increased by $6,000 (up to a total $24,500 in 2018)
Are **loans**, which are not treated as taxable distributions to the participant, permitted?	Yes	Yes
Hardship distributions permitted?	Yes, if both: 1. the distribution is required as a result of an **unforeseeable emergency** for example, illness, accident, natural disaster, or other extraordinary and unforeseeable circumstances arising from events beyond the participant's (or beneficiary's) control, AND 2. the participant exhausted other sources of financing and the amount distributed is necessary to satisfy the emergency need	Yes, if both: 1. the distribution is required to meet an immediate and heavy financial need, which does not have to arise from an unforeseeable emergency. For example, purchase of a principal residence, tuition and related room and board expenses for employee, spouse or dependents, or expenses required to prevent eviction/foreclosure are acceptable, AND 2. the participant exhausted other sources of financing and the amount distributed is necessary to satisfy the financial need
Distributable events	• Severance from employment • Attainment of age 70 ½ • Unforeseeable emergency (see above) • Small inactive account distribution (not to exceed $5,000)	• Severance from employment • Attainment of age 59 ½ • Hardship (see above)
Early Withdrawal Penalty of 10% if under 59 ½ years old	No	Yes
Required Minimum Distributions at 70 ½ years old	Yes	Yes

For more details on any of the topics above, please visit scdeferredcomp.org or contact your Board Representative. Board Rep contact information can be found on our website.

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