

3 - EMPLOYEE BENEFITS

3.14 - Deferred Compensation and Individual Retirement Accounts (IRAs)

Revised: July 1, 2007

Reviewed: April 2018

Deferred compensation (Section 457 of the IRS code) is a method to enable public employees to defer federal and state income taxes on a portion of their savings. Taxes are paid on the savings and earnings when withdrawn, usually during retirement, when the employee is presumably in a lower tax bracket.

Mission Square administers the City's deferred compensation plans and both traditional and Roth IRAs. These plans are available for regular employees who are regularly scheduled to work at least 520 hours per year. Employees may elect to contribute to these plans through payroll deductions.

Employees who were enrolled in the AXA (Equitable) deferred compensation payroll deduction plan with the City prior to April 1, 2007 are allowed to continue their payroll contributions to that plan. New enrollments are not allowed.

Because the State requires that eligible employees primary retirement fund is either IPERS or the Police & Fire 411 retirement system the City does not contribute to deferred compensation plans or IRAs for employees.

Additional information, plan explanations, and enrollment forms are available in the City's Human Resources Department.