

Optimize Your Tax Savings – Enroll in the Deferred Compensation Program

Securing a comfortable retirement involves balancing the three key components of "The 3-Legged Stool": Pension, Social Security, and personal savings. As a dedicated employee of SLO County, you're already solidifying two legs of your retirement income – your Defined Benefit Pension and Social Security benefits. To fortify the third leg, your personal savings, consider leveraging tax-efficient strategies, such as enrolling in the SLO County Deferred Compensation Plan.

Pre-Tax Advantage: The Deferred Compensation Plan operates as a "457" plan, similar to a private-sector 401(k). This plan empowers you to make pre-tax contributions directly from your paycheck. Opting for pre-tax contributions means that your Deferred Compensation (DC) Plan contributions do not face immediate tax withholding. This not only boosts your take-home pay but also allows your contributions to grow alongside your investments. Taxes are only levied upon distribution during your retirement. The tax-deferred status of plans like these maximizes the compounding of investment earnings, significantly enhancing your long-term assets.

Post-Tax Flexibility: Additionally, the plan offers a "Roth" option, allowing you to designate your DC Plan contributions as post-tax deductions. While this doesn't provide an immediate tax break, choosing the Roth option ensures that your contributions are tax-free when withdrawn during retirement.

Strategic Investments: Nationwide serves as the DC Plan Provider, managing the deferred-pay contributions. Participants have the flexibility to direct investments into mutual funds or opt for a low-risk fixed account. The level of investment risk is entirely at your discretion.

Contribution Limits: The IRS sets annual contribution limits, with the 2024 figures as follows:

Regular DC Plan Limit:	\$23,000
Catch-up amount (age 50+):	<u>\$7,500</u>
Total (age 50+):	\$30,500

Special Catch-up contribution limits may apply in the final years of your career – inquire with Nationwide for eligibility details.

Maximizing Contributions: While not everyone contributes the maximum amounts, your unique circumstances (e.g., additional income sources) might allow you to save more than expected. Explore possibilities to optimize your contributions.

Smart Retirement Timing: Consider the "December 31st Retirement Date / Final Paycheck" strategy. If you anticipate significant payouts for accrued vacation and sick leave upon retirement, retiring at year-end might enable you to defer these amounts into the DC Plan. Coordinate with Payroll to understand the deferral limits.

More Information: For further details on DC Plan participation or to enroll, contact Loren Farfan at Nationwide (818/642-8191 or 877/677-3678) or visit [San Luis Obispo County Deferred Compensation Plans \(sanluisobispo457.com\)](https://sanluisobispo457.com)

Secure your financial future – enroll in the Deferred Compensation Program today!

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