



To: Human Resources and Payroll Representatives
From: Michael Green, Financial Investment Program Manager
Date: January 8th, 2014
Re: Deferral of Sick and Annual Leave to the 457(b) and 403(b) Deferred Compensation Plans

This memo is to help clarify the process for employees wishing to defer their accumulated sick and/or vacation pay to the State's Deferred Compensation Plan upon separation or retirement from State service.

The IRS has issued regulations, which we are able to rely on, regarding the deferral of accumulated sick and vacation pay. The regulation states that the employee must make the deferral election in the month before the accumulated sick and vacation pay would be paid.

For example, if an employee retired from State service on January 1, 2014 and they received their sick and vacation payout on January 10, 2014, they had to have made their deferral election no later than December 09, 2013 (per IRS receipt 1 month in advance of retirement).

Employees would need to complete and return the Sick/Vacation Deferral Form to the Treasurer's Office based on the schedule attached if they would like to defer their sick and vacation payout included in their final paycheck. The Sick/Vacation Deferral Form can be found on our website at www.DelawareSaves.com.

Failure to return the Sick and Vacation Form to the Delaware State Treasury based on the attached schedule *may* result in the participant not having their desired deferral amount deposited into their retirement account and the payment of unwanted Federal and State taxes on the entire amount of their final paycheck.

Participants should consult with tax advisor or investment professional regarding the annual IRS contribution limits and the use of catch up provisions for participants over the age of 50. More information regarding these limits and provisions can be found at the Delaware State Treasury website, www.delawaresaves.com.

For additional information please contact a member of the Deferred Compensation Team at 302-672-6700.

Sincerely,

Mike Green
Financial Investment Program Manager

Please have employee fax completed Sick and Vacation deferral form to 302-677-7031

Date of Paycheck containing Sick and Vacation Payout

Date Sick and Vacation form needs to be faxed to Treasurer's Office

1/10/2014	12/10/2013
1/24/2014	12/24/2014
2/7/2014	1/7/2014
2/21/2014	1/21/2014
3/7/2014	2/7/2014
3/21/2014	2/21/2014
4/4/2014	3/4/2014
4/17/2014	3/17/2014
5/2/2014	4/2/2014
5/16/2014	4/16/2014
5/30/2014	4/30/2014
6/13/2014	5/13/2014
6/27/2014	5/27/2014
7/11/2014	6/11/2014
7/25/2014	6/25/2014
8/8/2014	7/8/2014
8/22/2014	7/22/2014
9/5/2014	8/5/2014
9/19/2014	8/19/2014
10/3/2014	9/3/2014
10/17/2014	9/17/2014
10/31/2014	10/1/2014
11/14/2014	10/14/2014
11/26/2014	10/26/2014
12/12/2014	11/12/2014
12/26/2014	11/26/2014

For questions regarding the Sick and Vacation Form or help with determining the deferral amount, please call 302-672-6704 or email mike.green@state.de.us

Reminder: Participants are still responsible for their payroll taxes on their *gross amount* of their sick and vacation pay. Please have the participant account for these taxes when determining their final deferral amount. Thank you.