

INSTRUCTIONS FOR DEFERRAL OF FINAL SICK AND VACATION PAYOUTS STATE OF DELAWARE DEFER 457(b)/403(b) PLANS

Voya Retirement Insurance and Annuity Company
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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(b) Deferred Compensation Plan — open to most active State employees — or the 403(b) Plan, limited to employees of eligible educational institutions. By making pre-tax deferral from the sick/vacation payout into the Plans, 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 prior to the month the final payment occurs. All the required forms are located under the Deferred Compensation Forms section on the Office of State Treasurer (OST) website, www.treasurer.delaware.gov.

PROCEDURE

Determining Deferral Amount

OST recommends employees meet with their agency, district HR or payroll representative at least ninety (90) days prior to retirement to discuss accumulated sick and/or vacation pay. Consider deferring the amount that you will receive in your final paycheck to your Delaware DEFER retirement account. Employees will need an estimate of the total gross payout, the date when it will be paid, the estimated mandatory Social Security and Medicare taxes, and their year-to-date contributions to the 457(b) or 403(b) Plan. When determining the amount available to defer, the employee should take the estimated total gross payout amount, subtract the estimated Social Security and Medicare taxes and subtract any other mandatory payroll deductions. 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 during the calendar year by the date of the final paycheck. The maximum for calendar year 2022 is \$20,500 (plus an additional \$6,500 for age 50 and over).

Education employees of a public school district, the Dept. of Education, and Delaware Technical and Community College, as well as Delaware State University are able to contribute to both the 403b and 457b plans. PHRST Paybreeze software is available to HR and payroll representatives to assist in calculating the deferral from the final paycheck.

Employees Not Previously Enrolled

Employees who have not previously participated in the DEFER 457(b) or 403(b) Plan will need to contact Voya customer service at 800-584-6001 to request a pin be sent out to them via mail. This will allow them to open an account by logging onto www.DelawareDEFER.com. The next step will be to confirm their investment allocation and beneficiaries for their account.

Deadline for Submitting Forms

The completed forms with original signatures must be received by the OST the month prior to the employee's final paycheck date per the IRS regulation. All forms should be faxed to the OST at 302-677-7031, or e-mail to Treasury_DeferredComp@delaware.gov. Once the final payout check has been issued, OST personnel will not reverse or reprocess paychecks to allow employees to make corrections on deferrals of sick and vacation leave payouts due to employee error.

Common Problems to Avoid

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

- Do not wait until the last minute. When the final payout forms are submitted too close to the final paycheck date, there may not be enough time for the OST 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 contribution limit, otherwise the deduction may not execute properly.
- ***If your form is not in good order, the deduction will not occur, and the final paycheck cannot be reversed and reprocessed.***

NEED HELP?

Employees who want help with calculating sick or vacation leave deferrals to their DEFER 403(b) or 457(b) account should set up an appointment with a DEFER plan representative by logging onto www.DelawareDEFER.com.

DEFERRAL ELECTION FORM FOR FINAL SICK AND VACATION PAYOUTS STATE OF DELAWARE DEFER 457(b)/403(b) PLANS

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INSTRUCTIONS (Please print using blue or black ink.)

For more information please see Deferral of Sick and Vacation from Final Paychecks, which can be found at www.treasurer.delaware.gov under "Forms Library" or contact your plan representative for assistance.

Completed forms can be faxed to **302-677-7031** or e-mailed to **Treasury_DeferredComp@delaware.gov**.

Local Office Number: 302-318-8840

1. ABOUT YOU

Employee ID _____ Select plan ☐ 457(b) ☐ 403(b)

Agency/School District _____

HR or Payroll Representative _____ Phone _____

Name (last, first, middle initial) _____

Address _____

City _____ State _____ ZIP _____

Date of Birth _____ Home Phone _____

Date of Retirement/Separation _____

2. CONTRIBUTION INFORMATION

Date of Payout _____ Sick Leave Payout \$ _____ Vacation Leave Payout \$ _____

Additional Salary \$ _____ Total Gross Pay \$ _____

☐ **Pre-Tax Contribution Election.** I wish to contribute \$ _____ sick payout

☐ **After-Tax (Roth) Contribution Election.** I wish to contribute \$ _____ sick payout

Please verify your payout information with your payroll representative, sign and date the form and fax it to the attention of:
The Office of the State Treasurer at **(302) 677-7031** or e-mail to **Treasury_DeferredComp@delaware.gov**.

IMPORTANT

For calendar year 2022, the maximum amount you can defer to a 457(b) or 403(b) account is \$20,500. Individuals turning age 50 during the calendar year or older can contribute an additional \$6,500 for a total of \$27,000. Please indicate whether the amount to be deferred is a pre-tax or after tax "Roth" deduction. Please note that amount deferred are before State and Federal taxes but not before social security taxes.

KEEP A COPY FOR YOUR RECORDS

2. CONTRIBUTION INFORMATION *(Continued)*

In order to have your contribution take effect on the “Paycheck Date” forms must be received by OST by the corresponding Due to OST by” date.

Paycheck Date	Due to OST by
01/14/2022	12/31/2021
01/28/2022	
02/11/2022	01/31/2022
02/25/2022	
03/11/2022	02/28/2022
03/25/2022	
04/08/2022	03/31/2022
04/22/2022	
05/06/2022	04/30/2022
05/20/2022	04/30/2022
06/03/2022	05/31/2022
06/17/2022	
07/01/2022	06/30/2022
07/15/2022	
07/29/2022	
08/12/2022	07/31/2022
08/26/2022	
09/09/2022	08/31/2022
09/23/2022	
10/07/2022	09/30/2022
10/21/2022	
11/04/2022	10/31/2022
11/18/2022	
12/02/2022	11/30/2022
12/16/2022	
12/30/2022	
01/13/2023	12/31/2022

3. 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. **I will submit the form to OST no later than the end of the month prior to the month you receive your final paycheck.**

Signature _____ Date _____

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