

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 2023 is \$22,500 (plus an additional \$7,500 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 \$ _____
 After-Tax (Roth) Contribution Election. I wish to contribute \$ _____

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 2023, the maximum amount you can defer to a 457(b) or 403(b) account is \$22,500. Individuals turning age 50 during the calendar year or older can contribute an additional \$7,500 for a total of \$30,000. 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 date.

Paycheck Date	Due to OST by
01/13/2023	12/31/2022
01/27/2023	
02/10/2023	01/31/2023
02/24/2023	
03/10/2023	02/28/2023
03/24/2023	
04/06/2023	03/31/2023
04/21/2023	
05/05/2023	04/30/2023
05/19/2023	
06/02/2023	05/31/2023
06/16/2023	
06/30/2023	
07/14/2023	06/30/2023
07/28/2023	
08/11/2023	07/31/2023
08/25/2023	
09/08/2023	08/31/2023
09/22/2023	
10/06/2023	09/30/2023
10/20/2023	
11/03/2023	10/31/2023
11/17/2023	
12/01/2023	11/30/2023
12/15/2023	
12/29/2023	
01/12/2024	12/31/2023

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 _____

KEEP A COPY FOR YOUR RECORDS