Sonoma County
Office of Education

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FAQ

457 Plan

What is a 457 plan?

A 457 plan is a deferred compensation program that allows employees to voluntarily set aside salary before taxes for retirement. SCOE offers a 457 plan through CalPERS.

Who is eligible to participate?

All certificated and classified employees at SCOE are immediately eligible to join this deferred compensation plan. Employees may join at any time and end their participation at any time. There is no minimum hours requirement.

What is the maximum contribution allowed under the plan?

Contact the IRS or CalPERS for information on current contribution limits. Employees over 50 or within three years of retirement may contribute additional amounts, known as a "catch-up contributions."

What is a catch-up contribution?

There are two types of catch-up contributions:

- If you are within three years of retirement, the 457 plan gives you the opportunity to make up for years in which you did not make the maximum contribution.

- Individuals age 50 or older may contribute additional amounts above the "applicable deferral limit" for the year. The over-50 catch-up may not be used at the same time as the catch-up provision available during the three years before normal retirement age.

If you are considering either of these catch-up contributions, contact CalPERS.

How do I decide where to invest my money?

SCOE provides no specific investment advice to individual employees. Subject to plan limitations and regulations, employees are responsible for determining how they wish to invest their deferred compensation.

How do I enroll?

To enroll in the CalPERS 457 Plan, request an enrollment packet from SCOE's Human Resources department or CalPERS.

How do I change the amount being set aside in the plan?

You may change your contribution amount at any time by calling the CalPERS Information Line at 1 (800) 260-0659 to request an Employee Action Form or by contacting your local plan representative. Any changes you make to your contribution amount will usually take effect within two pay periods, depending on when you make the change. Contributions to the plan are by salary deferral only. The contribution amount you select is automatically deducted from your paycheck.

Does the 457 plan offer self-directed investments?

Yes. The Self-Managed Account (SMA) provides an option for you to choose from over 4,000 different funds. You may open an SMA account with an initial investment transferred from any of the core funds. Please contact CalPERS for details and fees.

How do I keep track of the money in my account?

The CalPERS 457 Plan website allows you to track and manage your plan account online. An account statement is also mailed to you each quarter and confirmation statements are mailed as transactions occur.

How can I change allocations among investments?

Most plan transactions and information requests can be made 24 hours a day, 7 days a week, by calling the CalPERS Information Line at 1 (800) 260-0659. Account access requires a PIN.

What if I have money in another 457 plan from a former employer?

Check with the existing plan to see if you can leave the funds in place. If you would like to transfer the funds to the CalPERS 457 Plan, request an Account Transfer Form from CalPERS. This form must be filed with your old plan, with a copy to CalPERS.

Can I set aside money in both a 457 plan and 403(b) plan?

Yes, but you must follow the contribution limits for both plans.

When can I make a withdrawal?

The 457 plan is a retirement savings plan and you generally cannot withdraw money while you are still employed. When you leave employment, you may withdraw funds; leave them in place; transfer them to a 457, 403(b) or 401(k) of a new employer; or roll them into an Individual Retirement Account (IRA). There may be tax penalties for withdrawing funds prior to age 59-1/2.

What happens when I retire?

You have a variety of distribution choices when you retire. You may take a distribution immediately upon separation or in any subsequent year, provided you begin distribution no later than April of the year following age 70-1/2. At your discretion, distributions can be made:

- In a lump sum,
- In a partial lump sum, with the remainder in installments,
- In installments, over a payout period you select, or
- As an annuity, payable for your life and that of your spouse.

These distribution choices and tax rules governing them are complicated. You are encouraged to talk with a tax advisor or financial planner before deciding how to take your distribution.