

Frequently Asked Questions

1. **Q:** What is Savings Plus?

A: "Savings Plus" is the name of the state's sponsored 457(b) and 401(k) retirement plans available to most State of California employees. These plans allow you to invest in your future by building a retirement savings account using payroll deductions that go into investments you select from the diverse Savings Plus fund lineup.

2. **Q:** What is the difference between a pre-tax and a Roth (after-tax) deferral?

A: Pre-tax deferrals reduce your taxable income the year contributed while Roth deferrals are made on an after-tax basis giving you the contributions and accumulated balance as tax free income during retirement (provided that the withdrawal is made due to attainment of age 59½, death, or disability and the withdrawal is made 5 years or more after January 1 of the first year the Roth contribution was made.)

3. **Q:** What do I need to do to transfer my future leave accruals to Savings Plus?

A: If you are an excluded employee with a leave balance in excess of 640 hours as of December 1, 2016, complete the irrevocable [Transfer Future Leave Accruals to Savings Plus](#) form. The form must be submitted to your Human Resources Office by December 31, 2016.

4. **Q:** What happens if on my form I elect 80 hours to transfer to Savings Plus but in April my department notifies me that the department is offering less hours (20 hours) of leave buy-back?

A: If the Program is offered for an amount less than you elected (20 hours), only 20 hours will transfer to Savings Plus in accordance with your election based upon the following hierarchy: (1) 457(b) pre-tax, (2) 401(k) pre-tax, (3) 457(b) Roth, and (4) 401(k) Roth in accordance with your election until each plan and deferral type you elected is satisfied. The excess hours (60) will be available for use.

5. **Q:** If I elect 40 hours to transfer to Savings Plus and in April my department allows 80 hours of leave buy-back, can I increase my election?

A: Your initial election to transfer 40 hours to Savings Plus is irrevocable and will be processed as requested. However, you can request up to the additional 40 hours as a cash payment.

6. **Q:** Why must I make an election in December for hours I will earn January – May?

A: Due to Constructive Receipt Laws, the Internal Revenue Service (IRS) only allows you transfer future leave accruals to Savings Plus.

7. **Q:** What if I change departments and the new department does not offer the Program or approves a different amount?

A: If your new department does not offer the Program your election becomes null and void and your leave accruals will be available for you to use.

If your new department does offer the Program but for a lesser amount, only the lesser amount will be transferred to Savings Plus.

If your new department does offer the Program but for a greater amount, you will not be able to increase the amount you elected to transfer. However, you can submit a separate request to receive a cash payment for the additional hours offered.

8. **Q:** If I leave a department that does not offer the Program and transfer to a department that does, will I be able to participate in the Program?

A: All election forms requesting to transfer future leave accruals to Savings Plus must be submitted by December 31. If your appointment to your new department is prior to December 31 and you submit your form timely the transfer request will be processed.

9. **Q:** If I need to take an extended leave of absence that uses up all my existing leave accruals, can I get the hours I elected to transfer to Savings Plus back if they have not been transferred?

A: Your election to transfer leave accruals to Savings Plus is irrevocable. However, if you have a qualifying unforeseen emergency (applicable for the 457(b) plan) or a hardship (applicable for the 401(k) Plan) and need to withdrawal funds from Savings Plus you may submit an emergency or hardship withdrawal request form to request funds on deposit.

10. **Q:** What if I elect 80 hours in December but do not have enough hours between January – May to cover the 80 hours?

A: If you do not accrue the 80 hours you elected, you will only be able to transfer the number of hours you accrue during the period of January – May.

11. **Q:** When will the leave accruals I elected to transfer to Savings Plus show up in my Savings Plus account?

A: The cash value of the leave accrual transfers will post as a one-time lump sum deposit at the end of June or in early July.

12. **Q:** Can I transfer my leave accruals to a 401(k) Plan, but start contributing to a 457(b) Plan?

A: Yes, you can transfer your leave accruals to one Plan and start contributing to the other plan. However, you will pay an administrative charge of \$1.50/month for each plan account.

13. **Q:** If I already have a 401(k) Plan can I add the leave accruals back to my existing account?

A: Yes, all transfers will be deposited into your existing account. You are responsible for ensuring the value of your leave accruals plus any regular contributions do not exceed the annual IRS limit. The current limit if you are age 49 or less is \$18,000 per plan. If you are age 50 or older the limit is \$24,000 per plan. If you do not have an account then one will be established for you.

14. **Q:** What will happen if I submit my form electing to transfer vacation leave to Savings Plus and then switch to annual leave?

A: If you switch your leave type, your leave type for transfers to Savings Plus will change accordingly.

15. **Q:** May I participate as a current rank and file employee?

A: The option to transfer leave accruals into Savings Plus is currently only available to excluded employees that have a vacation or annual leave balance in excess of 640 hours as of December 1, 2016.

16. **Q:** How can I determine if the value of my leave accrual transfer plus my current contributions will exceed the annual contribution limit?

A: If you are already contributing the maximum amount to each plan [457(b) and 401(k)], you may not participate in this transfer option. However, you can calculate the value of your leave accruals by multiplying your hourly wage times the number of hours you elect to transfer. Then add that value to your current annual contributions to Savings Plus. If you are age 49 or less, the limit is \$18,000 per plan. If you are age 50 or over, the limit is \$24,000 per plan.

17. **Q:** What mechanism does Savings Plus have in place to ensure I do not over-defer?

A: Employees are responsible for monitoring their contribution limits. However, if you do over- defer you will receive a refund of the over-deferred amount and the applicable earnings prior to April 15 of the following year.

18. **Q:** My spouse is relatively new to state employment and has less than 640 hours of vacation. Since I have around 1,000 vacation hours, may I transfer some of my hours to my own Savings Plus account and additional hours to his Savings Plus account?

A: The IRS only allows you to transfer accrued leave to your own account.

19. **Q:** May I transfer my old Personal Leave Program (PLP) accruals?

A: Only vacation and annual leave accruals may be transferred to Savings Plus.

20. **Q:** May I transfer future sick leave accruals?

A: Sick leave is not an eligible leave type for this program. Only vacation and annual leave accruals are eligible.

21. **Q:** How will the value of my leave accruals be invested (in which fund?)

A: If you have an existing Savings Plus account, your assets will be invested in accordance with the current contribution allocation you have on file for that plan.

If you do not have an existing Savings Plus account, Savings Plus will establish an account for you or if you are opening up an account in the other plan, your initial transfer

will be invested in the Target Date Income Fund and will remain in that fund until you modify your investment election. Fund Fact Sheets are located in the “Enroll” tab at savingsplusnow.com in the “My Investment Options” section. You may transfer your assets to any Savings Plus investment fund without a charge.

22. **Q:** Are taxes withheld from the transfer?

A: For a pre-tax transfer, the transfer value is only subject to FICA and Medicare taxes.

For a Roth after-tax transfer, mandatory taxes are withheld from the transfer amount. The payment is not subject to deductions for retirement; however, the following mandatory deductions are withheld (if applicable): Federal Tax Withholding, State Tax Withholding, FICA, and Medicare.

23. **Q:** What happens if I turn in the paperwork timely, but my Personnel Office does not process the request because they do not have enough funding?

A: If your department does not participate in the Program, your request becomes null and void and all hours marked to be transferred to Savings Plus will be available for use.

24. **Q:** If I have 650 hours, can I only elect to transfer 10 hours to Savings Plus?

A: There is no minimum amount. You may elect to transfer up to the lesser of the accruals you will earn during January through May of the following year or 80 hours. If your leave balance falls below the 640 hours after December 1, your request will still be processed.

25. **Q:** Is there a cost or a fee to transfer my leave accruals to Savings Plus? If so, how is the fee calculated?

A: There is no cost or fee to transfer to Savings Plus.

26. **Q:** Is this transfer considered the same as a rollover to Savings Plus?

A transfer of leave accruals is not considered a rollover. A rollover does not count toward your annual contribution limits. However a transfer of leave accruals to Savings Plus does count towards your annual limits.

27. **Q:** If I elect to transfer 40 hours of my vacation or annual leave, how will the hours be displayed on my paycheck stub?

A: Your vacation or annual leave accruals will continue to show on your paycheck stub as additional leave accruals, however these hours will not be available for you to use.