

# **CITY OF SAN MATEO VOYA PART-TIME/SEASONAL DEFERRED COMPENSATION PLAN**

## **General Information**

Certain City employees are **required** to participate in the City of San Mateo Part-time/Seasonal (PTS) Deferred Compensation Plan, specifically:

- SEIU non-Merit Part-time employees
- Unrepresented non-Merit Part-time employees
- Library Per Diem employees

\*Please note that CalPERS retired annuitants are not eligible for this benefit.

The PTS Plan is an alternative to Social Security coverage as permitted by the Federal Omnibus Budget Reconciliation Act of 1990 (“OBRA”). As a result of participating in the PTS Plan, you are not subject to the Old Age, Survivors and Disability Income (also known as Social Security) portion of FICA tax on the compensation you defer under the Plan. You are subject to the Medicare portion of FICA.

## **Enrollment**

Employees in the above categories are automatically enrolled in the PTS Plan through Voya. Participation is immediate upon hire or rehire, and contributions are deducted beginning with your first paycheck.

## **Mandatory Contributions**

Contributions under the PTS Plan equal 7.5% of the participants pay. Under the plan, both you and the City make contributions. You are required to contribute 3.75% of your gross compensation per pay period to the plan (“mandatory contributions”). The City of San Mateo will also contribute an amount equal to 3.75% of your gross compensation each pay period. Additional contributions by the employee can be made under the plan.

Your contributions are made on a tax-deferred basis. This means that your contributions are not subject to Federal or State income tax at the time they are invested in the plan. You will be taxed on the value of your contributions (including any earnings) when you receive a distribution of your benefits from the plan. Unless your employment status changes, you may not stop or reduce mandatory contributions to the plan.

## **Investment Information**

The Federal Omnibus Budget Reconciliation Act of 1990 (“OBRA”) limits the investment choices under the PTS plan to options that provide for a fixed rate of return. When you enroll in the plan, your contributions are automatically invested in the Voya Fixed Account. You may not transfer your account balance out of the Voya Fixed Account.

### **Payment Options**

When you are entitled to a distribution of benefits under the plan, you have the choice from a variety of payout options\*. These include:

- Distribution over your lifetime.
- Distribution over your lifetime and the lifetime of your designated beneficiary.
- Distribution over a set period, not extending beyond your life expectancy.
- Distribution over a set period of time, not extending beyond the joint and last survivor life expectancy of both you and your designated beneficiary.
- Systematic withdrawal of your account over a specified period, or of a specified amount.
- Lump sum, or partial lump sum distribution, in combination with other options.
- Transfer of all or a portion of your benefits to another eligible 457(b) Deferred Compensation Plan.
- Rollover of your benefits into another employer-sponsored or eligible retirement plan (an eligible retirement plan is a 401 qualified plan, a 403(b) tax deferred annuity program, or another governmental 457(b) deferred compensation plan).
- Rollover of your benefits into an IRA

\* Some options require a minimum account balance

### **Taxation**

Amounts distributed directly to you from the plan before retirement age will only be taxable to you when actually paid, and will be reported on IRS Form 1099R. It will be subject to 20% federal tax withholding.

### **Divorce**

In the event of your divorce, the court may issue a domestic relations order that addresses the split of your account and the payment of a portion of your benefits to an alternate payee. Voya® will review your domestic relations order to determine whether it satisfies the plan and IRS requirements for a Qualified Domestic Relations Order (QDRO). If it does, and the alternate payee is your former spouse, he or she is entitled to elect immediate distribution of the amounts awarded under the QDRO. A spousal alternate payee is also eligible to rollover amounts awarded to another eligible retirement plan in which he or she participates.

### **Voya Representative**

If you have any questions about the PTS Deferred Compensation Plan, please call our Voya representative, Peter Ng, at (408) 386-6061, or email him at [Peter.Ng@voya.com](mailto:Peter.Ng@voya.com). For more information, please visit the web site at <https://sanmateo.beready2retire.com>.