

## Consider the potential benefits of the special catch-up provision

### It can be a great way to help you prepare for your “day one” of retirement

If you’re approaching retirement, the Nassau County Deferred Compensation Plan offers a special three-year “catch-up” (CU) provision that can enable you to make extra contributions to your plan account.

#### How does it work?

If you have not always contributed the maximum to your Nassau County Deferred Compensation Plan account, you may be able to take advantage of the CU provision. The special catch-up provision allows you to contribute more than the “normal” plan limit (\$22,500 in 2023) to make up for not maximizing your annual contributions in earlier plan years. Your maximum contribution amount under CU is two times that year’s normal limit. The normal limit is established by the Internal Revenue Service each year.

Please note: Your limit increases in the year you turn age 50. In 2023, your “over age 50” limit is \$30,000. This limit is sometimes referred to as Over Age 50 Catch-Up, but it has no bearing on the Three-Year Special Catch-Up.

For example, a 62-year-old participant who has accumulated unused prior-year contributions of \$51,000 could choose to contribute \$22,500 (the normal 2023 limit) PLUS special catch-up contributions of \$22,500.

#### EXAMPLE 62-year-old participant

Catch-Up (CU) Year 1	Catch-Up Year 2	Catch-Up Year 3
\$22,500 annual contribution (2023 max) \$22,500 max annual CU contribution	\$22,500 annual contribution (2024 max)* \$22,500 max annual CU contribution	You only have \$6,000 CU credits remaining. You may contribute either:  \$28,500 (the \$22,500 “normal” limit* + \$6,000 CU credit) or \$30,000 (the “over age 50” limit).
\$45,000 total allowable 2023 contribution	\$45,000 total allowable 2024 contribution	You would probably choose to forgo your \$6,000 CU credits and instead take advantage of the “over age 50” limit. You may not do both (i.e., \$30,000 + \$6,000), and your \$6,000 will not be made up.

*\*Assumes normal IRS limit remains at \$20,500 for 2023 and 2024.*

#### How do I know what I contributed in prior plan years?

Your Dedicated Retirement Counselor has access to contribution history dating back to 1998. You are responsible for providing and attesting to any contribution history prior to 1998. As a reminder, your year-to-date contribution amounts appear on your last pay stub of each year, as well as on your Form W-2 provided to you by Nassau County each year. It may also be available on quarterly plan statements prior to 2008 if you’ve retained that information. Please factor in the time it takes to obtain this information and to perform the CU calculation into the time frame you would like to begin CU, and plan accordingly.

## When can I start using the special catch-up provision?

You may initiate the CU provision in the three years prior to reaching your normal retirement age under your pension system. Your normal retirement age is the year you are eligible to retire under this pension system with a full, unreduced benefit (but not before age 40). Please contact your pension system to verify your eligibility date. If you are not covered under a pension system, your CU years are three years between age 65 and 70 ½.

## Important information about the special catch-up provision:

- You may use it only during your three years of employment **before** your declared normal retirement age. Your normal retirement age can be any year you choose, within eligible plan parameters, up to age 70 ½.
- It's a one-time election—once you start it, your three-year window begins, regardless of when you retire.
- You may not use it in the same year as you make over Age 50+ contributions. The 2023 Age 50+ limit is \$30,000.
- You may not start or continue CU in the plan year that you turn 70 ½ .
- CU must be initiated through your department's dedicated Retirement Counselor. You must sign up for the CU provision each year with your dedicated Retirement Counselor.
- Should you need to change your contribution rate during this three-year CU period, please contact your dedicated Retirement Counselor.

*For more information about the special catch-up provision, contact your dedicated Empower Retirement Counselor.*

## Your dedicated Retirement Counselors

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## Disclosures

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