

LIUNA Post Employment Program Frequently Asked Questions (FAQ)

1. **Question:** *What is the Post Employment Program?*

Answer:

- The Post Employment Program offers employees a unique way to save taxes on their leave balance payouts.

2. **Question:** *Why do I need to make this election prior to my employment with the County ceasing?*

Answer:

- Regulations under (Treas. Reg. § 1.451-2(a)) of the Internal Revenue Code state that Constructive Receipt is an IRS principle in tax law that requires an employee to pay taxes on non-cash wages, including unused leave balances credited to an account or made available to an employee without restriction in the future. The employee does not have to physically receive cash to be taxed. Constructive Receipt applies anytime an employee has the choice to convert non-cash benefits into a taxable or non-taxable (VEBA) option.

3. **Question:** *What leave balances will be contributed towards the Post Employment Program?*

Answer:

- Sick leave balances are eligible for the Post Employment Program if one of the following apply.
- Employees with 5 or more years, but less than 15 years, of continuous County service, will have all accrued sick leave contributed at fifty percent (50%) of their current salary value, up to a maximum of 960 hours of full pay.
- Employees with 15 or more years of continuous service will have all accrued sick leave contributed at one hundred percent (100%) of their current salary value, up to a maximum of 960 hours of full pay.

4. **Question:** *What are my options?*

Answer:

- Employees will have the option to make a one-time irrevocable election which consists of two Plans.
- The Deferred Compensation Plan – a qualified 457(b) plan that provides participants with an opportunity to contribute their eligible leave balances into a retirement plan up to the current maximum allowable contribution per IRS contribution limits. The plan provides tax shelter on contributions and income earnings until the participant withdraws the funds in lump-sum or periodic payments.

- The VEBA Health Savings Plan – a health reimbursement arrangement that provides participants with post-employment health expense reimbursement that may be used for qualified out-of-pocket medical/dental/vision expenses, and insurance premiums.

5. **Question:** *What is the current maximum allowable contribution into the Deferred Compensation Plan?*

Answer:

- The 2025 maximum allowable contribution to the 457 Deferred Compensation Plan is \$23,500 for regular deferrals, \$7,500 for Age 50 Catch-up deferrals, \$23,500 for Age 50 Special Catch-Up and \$11,250 for Super Catch-Up if you are between ages 60-63. However, you may only contribute into one of the Catch-up options annually. If your leave balance exceeds the annual maximum allowable contributions, the amount you elected to defer will be reduced and any remaining balance will be paid to you as cash, and subject to taxes.

6. **Question:** *What are the Tax Benefits and Considerations for each Plan?*

Answer:

- Under the Deferred Compensation Plan the pre-tax contributions are deferred from income tax and not subject to state and federal income taxes, however your Social Security and Medicare (FICA) taxes are not waived. The after-tax contributions are taxed upfront and are not taxable at the time of distribution as long as the distribution is made after five consecutive tax years since the first Roth contribution, and if the distribution is made after age 59 ½, or due to death or disability.
- Under the VEBA Health Savings Plan the contributions, investment earnings, and distributions from the account are exempt from state and federal income taxes, exempt from Social Security and Medicare taxes (and are not counted towards your social security earnings).

7. **Questions:** *How can I learn more about each option?*

Answer:

- Plan Documents and Summary Plan Descriptions are available on our website <https://rc-hr.com/retirement-benefits> > Retirement Forms

8. **Question:** *What if I do not make any election within the 60-day window?*

Answer:

- If no election is made within the 60-day election window, 100% of the payable value of the employee’s qualifying sick eligible leave balances will be contributed to the 457(b) Deferred Compensation Plan and subject to the maximum limits set by the IRS. Any remaining monies shall be paid to the employee. If the employee does not have a 457(b) Deferred Compensation account at the time of retirement, the employee’s demographic information will be forwarded to the appropriate administrator of the 457(b) Deferred Compensation program with the payable value of the qualifying sick leave and a 457(b) Deferred Compensation account will be established and monies will be deposited accordingly.

9. **Question:** *What if I would like to contribute to a 457(b) Deferred Compensation Plan prior to retirement?*

Answer:

- The County of Riverside offers two (2) vendors for the 457(b) Deferred Compensation Plan, Nationwide and Corebridge Financial. You can select the link or QR codes below to complete the enrollment information with either or both vendors.

Nationwide	Corebridge Financial
<p>Visit: https://www.riversidecountydc.com/rsc-web-preauth/enroll</p> <p>OR scan QR CODE: </p>	<p>Visit: https://www.corebridgefinancial.com/rs/countyofriverside/plan-details/enrollment</p> <p>OR scan QR CODE: </p>

10. **Question:** *How long will my election remain in effect?*

Answer:

- The employee’s one-time irrevocable election shall remain in effect through the duration of time in a LIUNA represented classification. Should the employee transition to a classification in another bargaining unit, and subsequently return to a LIUNA represented classification, the initial irrevocable election will remain in effect.

11. **Question:** *How do I make my election?*

Answer:

- Employees can access the Post Employment Program election page via PeopleSoft Self-Service by navigating to: **Menu > Self Service > Benefits > Post Employment Election** during the 60-day election window.

Have more questions?

For more information, please contact the Human Resources Retirement Division at (951) 955-4981, Option 2 or email Retirement@rivco.org.