



**CITY OF  
TUCSON**

## **SPECIAL REMINDER ANNOUNCEMENT TO NEW HIRES**

### **Enrollment Deadline for the 401(a) Supplemental Retirement Savings Plan for New Hires**

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This special announcement contains information about the enrollment deadline for the City's 401(a) Supplemental Retirement Savings Plan ("the Plan"). The City of Tucson offers employees two separate retirement savings account plans all employees through ICMA Retirement Corporation:

- The **457** deferred compensation plan provides participants an opportunity for tax deferred retirement savings up to a \$17,000\* annual maximum; employees age 50 / over can save up to \$22,500 annually.
- The **Supplemental Retirement Savings 401(a) Plan** offers participants an additional tax deferred retirement savings opportunity because it provides participants with an opportunity to save up to an additional \$50,000 above the annual 457 plan limits.
- Either of these programs are useful for planning your sick leave and vacation leave pay-outs at retirement; but if they are greater than the maximum 457 limit, the 401(a) plan offers a solution with its higher additional annual limit.

All employees can enroll in the 457 plan at any time during the year, but IRS revisions to 401(a) plans have changed what was historically an annual enrollment call to a decision made near the beginning of employment. After December 30, 2009, the program remains available only to new hires irrevocable electing to participate within 60 days of their date of hire. That deadline may be significant to anyone considering retirement in the future, especially if they are expecting large sick leave and vacation leave pay-outs at retirement which may otherwise exceed annual limitations available from the 457 plan. Even if you are not among those expecting a large payout at retirement, you might still want to consider participating in the Plan for the additional retirement savings opportunities it offers.

New hires should considering enrollment at this time because enrollment is only available to new hires electing to participate within the first sixty days of their employment, after that period lapses, enrollment is not allowed.

The 401(a) Plan offers participants higher annual deferral limits, but is much more restrictive than the 457 plan because it requires participants to select all deferral rates on active pay and for termination pay; once selected at enrollment these rates cannot be changed and remain irrevocable as long as the participant is employed with the City of Tucson.

If you are interested in the 401(a) Plan, or the 457 Deferred Compensation plan, please contact the Retirement Office at 791-4597, or stop by our 5<sup>th</sup> Floor City Hall Offices at 255 West Alameda.

*\*Higher limits may apply – contact our office for details*