



# Help your savings catch up with your retirement needs

Take a look at the catch-up provisions in the City of Seattle Voluntary Deferred Compensation Plan



# What is catch-up?

## You have options to invest more for retirement

Consider two special provisions designed to help people nearing retirement invest even more. Your Voluntary Deferred Compensation Plan Education Consultant can help you understand these provisions, time frames and contribution levels, so you can make an informed decision for your needs.

Normally, the most you can elect to defer to your City of Seattle Voluntary Deferred Compensation Plan (457(b) Plan) account is the lesser of 100% of your includible compensation or the maximum limit set by the IRS. For 2024, that limit is \$23,000.<sup>1</sup> “Catch-up” allows eligible City employees to contribute more than the normal annual elective deferral limits to their 457(b) Plan account.<sup>2</sup> Next, we’ll discuss the two options available through the Plan. You can use only one of these catch-up options per year.

<sup>1</sup> IRS.gov.

<sup>2</sup> As with your regular contributions, pre-tax catch-up contributions and any earnings are tax-deferred, but will be taxed as ordinary income when withdrawn from your 457(b) Plan Account. Catch-up contributions designated as Roth are made with after-tax dollars and, subject to certain conditions, any earnings would be tax-free.

# Types of catch-up

## There are two types of catch-up

### AGE 50 CATCH-UP

The age 50 catch-up provision allows a participant who has or will attain age 50 or more by the close of the calendar year to contribute an additional amount not to exceed the catch-up limit for the taxable year.

To be eligible, you must meet two criteria:

1. Be eligible to contribute to the City's 457(b) Plan
2. Be at least age 50 by 12/31 of the current calendar year

### LAST THREE YEARS SPECIAL CATCH-UP

If you have not contributed the maximum 457(b) amount that you were eligible to contribute in all years of employment, the last three years special catch-up provision allows you to “catch up those contributions” — up to twice the normal annual maximum contribution amount. For example, in 2024 you may be able to contribute as much as \$46,000.

To be eligible, you must meet four criteria:

1. Be a participant who is eligible to contribute to the City's 457(b) Plan
2. Have under-deferred your 457(b) contributions in previous years
3. Designate your Normal Retirement Age (NRA)
4. You may not defer the increased last three years special catch-up amount in the year of your designated NRA; you will be able to defer the age 50 catch-up amount if you are age 50 or older

## Normal Retirement Age

**Normal Retirement Age (NRA) is not the year you are required to separate from service.**

You designate your NRA when you elect to use last three years special catch-up. This date must:

- Occur no later than age 73
- Be no earlier than the year you would be entitled to full pension benefits with no reduction for age or service
- Meet the parameters of NRA according to the Plan Document

Once your NRA is designated, the three calendar years prior to your retirement are the only years in which you are eligible to make last three years special catch-up contributions. The period cannot be extended. You may continue working past your NRA, but last three years special catch-up contributions may not continue into, or beyond, the year you reach your designated NRA.

You may change your last three years special catch-up contributions during this three-year period, including stopping and restarting your deferrals.

Before making decisions about last three years special catch-up, please consult the City of Seattle Deferred Compensation Unit for more details and to confirm eligibility. They can be reached at 206-615-1340 or [DeferredCompQuestions@Seattle.gov](mailto:DeferredCompQuestions@Seattle.gov).

# Ready to catch up?

## Consider catching up

Employees who meet age requirements can automatically participate in age 50 catch-up by updating their deferral election at Nationwide. If you would like to take advantage of last three years special catch-up in the City of Seattle Voluntary Deferred Compensation Plan, reach out to the City of Seattle Deferred Compensation Unit. They can be reached at 206-615-1340 or [DeferredCompQuestions@Seattle.gov](mailto:DeferredCompQuestions@Seattle.gov).

### TOGETHER, YOU'LL



Discuss your situation



Explore your options and plan how to utilize them



Learn to calculate how much you will be able to defer through a catch-up option



Receive guidance on obtaining and completing required paperwork

# Let's talk

## Contact a Voluntary Deferred Compensation Plan Education Consultant:



1-855-550-1757



[cityofseattledeferredcomp.com](http://cityofseattledeferredcomp.com)

Select "Schedule an Appointment Today"

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