

HUMAN RESOURCES MEMORANDUM 09-001		DATE ISSUED: 01/26/2009
SUBJECT: TRANSFER LUMP-SUM SEPARATION PAY AND 457 CATCH-UP CONTRIBUTIONS		REFERENCE: None
TO: DGS Managers, Supervisors, Personnel Liaisons and Attendance Clerks		SUPERCEDES: None

PLEASE ENSURE THAT THIS INFORMATION IS SHARED WITH YOUR EMPLOYEES

Purpose

The purpose of this Human Resources (HR) Memorandum is to inform employees that the "Request to Transfer Lump-Sum Separation Pay Booklet" has been published and is available at the [Savings Plus Program \(SPP\) website](#).

Note: All previous versions are obsolete and should be destroyed.

Authority

Included in this HR Memo is information on employees' ability to transfer lump sum separation pay into their Savings Plus account. SPP is also available to provide guidance on the catch-up provision and ability to increase their deferral into their 457 plan.

What is Transfer of Lump Sum Separation Pay?

At separation, employees are eligible to cash out their leave credits. In lieu of cash, employees may transfer their pay into an existing Savings Plus account. Employees may extend their Savings Plus deferrals into the following tax year only if their separation date is on or after November 1.

What is Catch-up?

The Catch-up Program allows employees to increase tax deferred contributions, up to double the 457 Plan annual limits; this option only applies to the 457 plan. Employees who didn't contribute the annual maximum in previous tax years may be eligible to participate. Eligibility only applies to the time employed with the State of California.

What is new with Catch-up?

Employees can now participate in catch-up the year they retire. Employees can also use their lump sum separation pay towards their catch-up contributions. Catch-up contributions are subject to Savings Plus approval. Once SPP approves the Catch-up contributions, they will send the employee the approved Catch-up worksheet form SPP-457CW. The employee must submit to their Specialist the following forms: the approved Catch-up worksheet (SPP-457CW) and their lump sum application (NRM 4074CA.2).

Attached is a copy of the lump sum application form NRM 4074CA.2 and the 457 Deferred Compensation Plan Traditional Catch-up booklet.

Responsibility

It is the employee's responsibility to ensure that his/her contributions do not exceed the annual limits. Personnel staff is not authorized to modify applications without the employee's consent.

Questions

If you have any questions regarding this memorandum, please contact your assigned Personnel Specialist.

/s/

MARIA J. LOPEZ, Manager
Personnel Operations Section

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