

# LEAVE CONTRIBUTION OPTIONS

## PLANNING TO RETIRE?

When you retire, you can choose to cash out your unused leave—this is called Lump Sum Separation Pay, and it is taxable. Employees have the option to reduce their tax burden by contributing some or all of that payout into a 403(b), 401(k), or 457 plan. This can help employees save on taxes now and grow their retirement savings for the future.

## DEADLINE

To support a smooth transition, it is strongly recommended that employees submit their Lump Sum Separation Pay Contribution Election Form at least **30 days** prior to their separation from service. This allows ample time for any necessary discussions that may affect the timely completion of an employee's paperwork. Please note that, at a minimum, all Lump Sum Separation Pay paperwork must be officially submitted no later than five (5) business days before your separation date (Monday through Friday, excluding weekends and legal holidays) to ensure timely processing.

## OPTION TO SPREAD YOUR CONTRIBUTIONS

If your last day of work (separate from service) is between November 1 and December 31, you may defer your separation pay into your Fidelity or Savings Plus account into the following tax year. This allows you to potentially maximize contributions for both this year and next.

## WHAT ARE YOUR OPTIONS?\*



### FIDELITY 403(b)

The CSU's 403(b) Supplemental Retirement Plan (SRP) is a voluntary program that allows eligible CSU employees to save toward retirement by contributing to tax-deferred investments. Participants may choose to invest pre-tax and/or Roth (after-tax).

*\*Participants may contribute to both a 403(b) and a 401(k) plan in the same tax year; however, combined contributions across both plans cannot exceed the IRS 402(g) annual limit.*



### SAVINGS PLUS 401(k) & 457

Savings Plus is a voluntary program offered by the state of California. This program allows employees to save toward retirement by investing pre-tax contributions in tax-deferred investments, via two deferred compensation plans: a 401(k) and a 457.

## THE NEXT STEPS\*\*

1. Review your current Voluntary Defined Contribution Plan—stay within deferral limits.
2. If you have not yet established a Voluntary Defined Contribution Plan account with either Fidelity or Savings Plus, you will need to do so before submitting your Lump Sum Separation Pay Contribution Election Form.
3. Complete the Lump Sum Separation Pay Contribution Election Form with your chosen vendor.
4. Sign and date the Form.
5. Complete the 403(b) Special Catch-Up worksheet and/or 457 Traditional Catch-Up contribution worksheet, if applicable.
6. Copy all documents for your personal records.
7. Submit all signed and dated forms to your personnel office.

*\*\*Please note: If contribution elections are submitted for multiple plans the order of deductions will be as follows: 403(b), 457, 401(k). Employees must still stay within the contribution limits for the year.*

## INVESTMENT ELECTIONS

If you do not have an investment election on file, your contribution will be deposited into a Target Date Fund based on your date of birth and will remain there until you request a different fund option. If you do not set up an account prior to the contribution being deposited, your contribution will be invested in the Target Date Income Fund.

## IRS CONTRIBUTION LIMITS FOR 2025

\$23,500

**Catch-up limit (age 50-59 and 64+) 2025**

\$7,500

**Catch-up limit (age 60-63) 2025**

\$11,250