



Cherokee County School System 403(b) Special Pay Plan Highlights for Employees

403(b) SPECIAL PAY PLAN BENEFITS

The Cherokee County School System 403(B) Pension Plan includes a Special Pay benefit to enhance retirement savings options available to employees. The 403(b) Special Pay benefit allows eligible employees to roll-over pay for accumulated leave into a tax-deferred retirement savings account. **Leave payments of \$2,000 or more are automatically deferred into the Cherokee County School System 403(B) Pension Plan as follows:**

- ✓ Employees who do not qualify for participation in the State of Georgia Teacher Retirement System and, as such, cannot utilize unused sick leave accumulation toward retirement service, are allowed, upon completion of service, to be compensated for unused sick leave days earned in the service of Cherokee County School District at one-half of their value up to a maximum reimbursement of 45 days.
- ✓ Twelve-month employees regularly working in a position half-time or more accrue vacation leave at a rate of one day per month up to 12 days per year with a total maximum accumulation of 45 days; and upon completion of service, are compensated for accrued vacation leave.

Eligible sick leave and vacation leave payments as described above are included as a Special Pay benefit in the Cherokee County School System 403(B) Pension Plan. Important features of the benefits include:

- Savings of 6.2% in Social Security taxes and 1.45% in Medicare taxes; federal income taxes are deferred until withdrawal of contributions
- Immediate 100% vesting of contributions
- Plan contributions may be deposited for up to five years after an employee's separation from service for compliance with IRS annual exclusionary limits
- Eligible pay for leave accumulation of \$2,000 or more is automatically deferred
- Plan provides for make-up contributions to offset IRS penalties for employees who elect withdrawals before normal retirement age*

When you become eligible for Special pay benefits upon separation of service, a representative from VALIC will be in contact with you to advise you of the options available. Inquiries may be directed to Paige Foster, VALIC Financial Advisor, by phone: 770-286-3529, by email: paige.foster@valic.com; or, you may contact the Benefits Department.

*If the employee is 55 or older no penalty applies; contact VALIC for more details.