



### Catch-Up

Contribution Option

# Special Three-Year Catch-Up Provision

### ■■■■ What is catch-up?

"Catch-up" refers to a provision of the Internal Revenue Code (IRC) that permits participants who are in a governmental 457(b) plan (such as the Horizons Plan) and who are within three calendar years of Normal Retirement Age (NRA), as defined by the Plan document, to defer additional amounts over the normal maximum contribution allowed.

# ■■■■ How much can I contribute through the catch-up provision?

The maximum contribution allowed under the IRC catch-up provision is double the normal contribution limit. In 2012, the maximum normal contribution is \$17,000, thus Three-Year Catch-Up contributions may be as much as \$34,000 depending on how much you "under-contributed" in prior years.

### ■■■■ Who is eligible?

You are eligible only if you are within three calendar years of your NRA, if you under-contributed in prior years for which you were eligible, and if you have not participated in the catch-up provision at Los Angeles County or any other employer that offered a governmental 457(b) plan.

If in prior years you were eligible to contribute to the Plan but did not, or you contributed less than the maximum for which you were eligible, you have an unused balance for catch-up. For example, if you contributed only \$2,500 in a year in which you were eligible to contribute \$7,500, you would have an unused balance of \$5,000 to catch up on.

### ■■■■ What is Normal Retirement Age?

NRA is the date designated by the participant for catch-up contribution purposes, which can be no earlier than certain ages specified in the Plan document. Under the terms of the Plan, your minimum NRA is dependent on the LACERA retirement plan in which you participate.

The following table illustrates NRAs for each LACERA plan and the corresponding catch-up eligibility age.

LACERA Plan	Eligible for Normal Retirement (with unreduced benefits) at Age	Eligible for Catch-Up (three years prior to NRA)
All Sheriff and Fire Department Employees	40	The year you turn 37
Other Safety Member Plan A&B (those not employed by Sheriff or Fire Department)	55	The year you turn 52
General Member Plan A (except Sheriff and Fire Department employees)	62	The year you turn 59
General Member Plan B to E (except Sheriff and Fire Department employees)	65	The year you turn 62

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### ■■■■ How do I determine how much catch-up I have available?

Great-West Retirement Services® (Great-West) uses payroll information to calculate each employee's unused contribution balance. If you are close to retiring, you may be able to defer your Termination Pay by using the catch-up provision. Contact Great-West for more information on this topic.

### ■■■■ What happens if I enroll in catch-up but then do not retire at my stated NRA?

If you are eligible and enroll in catch-up but then do not retire upon reaching your stated NRA, your catch-up contributions would not be affected. You only need to be within three years of the Plan's NRA to make catch-up contributions, even if you retire at a later date.

# ■■■■ What happens when I complete my catch-up?

Once you finish your three years of catch-up, your contribution will be reset to \$0 (zero). You must then request a new contribution percentage to continue contributing at the normal contribution levels by logging in to your account at www.countyla.com; click on the "Change Account" tab and then the "Deferral" link.¹ You may also call the County of Los Angeles Service Center at (800) 947-0845. It is your responsibility to reinstate your Horizons contributions after you finish Three-Year Catch-Up and to ensure that you do not exceed the contribution limit. If you defer more than allowed, excess contributions will be returned to you, less taxes.

# ■■■■ Can I stop catch-up in the middle of the three-year period?

Yes, you can, but there are possible repercussions to doing so. Catch-up for the County's Defined Contribution Plans is a once-in-a-lifetime privilege. It may be utilized only during the three years ending prior to the Plan's NRA as defined in this flier. Once the NRA has been designated for purposes of using the catch-up provision, it becomes irrevocable. You may participate in catch-up for up to three consecutive calendar years ending prior to your NRA.

Should you decide not to utilize one of the years, it may not be made up later. You cannot participate in catch-up during the year in which you retire—only in the three calendar years prior to your NRA. Further, if you cease catch-up deferrals at any time during the three-year eligibility period, you cannot restart catch-up again under the County's Defined Contribution Plans. You may, however, resume regular contributions. Any changes to the deferral amount should be made in dollars while you are participating in the Three-Year Catch-Up. If you change your catch-up deferral from a "dollar amount" to a "percentage" while enrolled in the Special Three-Year Catch-Up program, your catch-up participation will be automatically terminated and the amount you are allowed to contribute will be reduced to the standard contribution limit.

#### ■■■■ When does the three-year period start?

The three-year period is counted on a calendar year basis. You may commence catch-up at any time during an eligible calendar year; however, whether you start at the beginning or end of the year, that year counts as a full catch-up year. If you cease catch-up deferrals at any time during the eligibility period, you cannot restart catch-up again under this Plan or any other eligible section 457(b) plan. You may, however, resume regular contributions.

# ■■■■ Can I also contribute using the Age 50+ Catch-Up provision?

No, you cannot participate in the Age 50+ Catch-Up and this special catch-up simultaneously.

#### ■■■■ How do I apply for catch-up?

Contact Great-West at (800) 947-0845 for more details, to confirm your eligibility, and to get started on the process.

Note: You cannot enroll in catch-up by merely changing your deferral percentage; you must complete the application process.

1 Access to the voice response system and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

Investment options and their underlying funds have been selected by the PAC. Securities (except those offered through the Self-Directed Brokerage Option) are offered through GWFS Equities, Inc., a Great-West Company and FINRA member firm.

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