

Office of State Uniform Payroll

Procedure Title: Deferred Compensation (457R) Plan in Lieu of Retirement	Revision Date:
	Issue Date: 01/14/2016
Unit: Wage and Tax Administration	Page Number: 1 of 1
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The following are examples (from the [LaGov HCM tax model bulletin board](#)) of specific situations where Social Security Administration allows an employee to choose to contribute to LA Deferred Compensation (457R) in lieu of Social Security/Retirement:

- An employee hired into a LASERS eligible position who is age 60 or older OR age 55 to 60 with 40 credits/quarters of FICA may opt to pay FICA or LA Deferred Compensation (457R) in lieu of retirement, except rehired annuitants.
- Elected officials and officials appointed by the Governor and subject to confirmation by the senate are optional in LASERS. These employees may opt to pay FICA or LA Deferred Compensation in lieu of LASERS, except rehired annuitants.

For LA Deferred Compensation (457R) to qualify as an alternative to Social Security and/or Retirement, an employee **must** contribute 7.5% on compensation up to the annual Social Security wage base limit. A separate **combined** contribution limit exists for all 457 plans (retirement, Roth, and savings). An employee enrolled in multiple 457 plans, can contribute a combined amount for all plans, up to the annual 457 contribution limit.

The LaGov HCM system will automatically stop 457R deductions once the wage base limit has been met. Deductions for 457R will automatically resume the first pay period of the next calendar year.

Agencies should refer to OSUP's annual Memorandum and Procedure ([IRC §457 and §403\(b\) Retirement Savings Contribution Limits](#)) for information on Deferred Compensation 457 plan limits and the Social Security wage base limit. As stated in the memorandum, agencies are responsible for monitoring employee contributions throughout the year.

Questions regarding §457 plans should be directed to LA Deferred Compensation at (225) 926-8082 or toll free at (800) 937-7604. Agencies can also visit the IRS website (<http://www.irs.gov>) for more information on §457 plans.