

Human Resources Memorandum

SUBJECT: Lump Sum Deferral for End of the Year Separations	NUMBER: HR 15-032
	DATE ISSUED: 10/26/2015
DISTRIBUTION: All CDFW Employees	EXPIRES: N/A

Employees planning to retire (separate) from state service between November 1, and December 31, may transfer up to the maximum contribution limit for the current and following tax year to avoid a large tax bill. Employees who separated from January 1, through October 31, are not able to defer their lump sum into the following tax year (Internal Revenue Code (IRC) Section 415).

Separating employees may defer their unused qualifying accrued leave (i.e. vacation, annual leave, holiday leave, or other time which the employee was entitled compensation with the exception of sick leave) to a Savings Plus 401(K) and 457 plans, or a 403(b) tax-sheltered annuity to avoid paying taxes on the funds until withdrawn.

The [Lump Sum Separation Pay Form](#) available through Savings Plus must be submitted to the assigned Personnel Specialists **at least 30 calendar days** before the final day of employment. To learn more about contribution limits and available savings plans please visit www.SavingsPlusNow.com.

December 29, 2015 is the last day the State Controllers' Office (SCO) will process Savings Plus deductions for the 2015 calendar year-end cycle. It is strongly recommended that employees anticipate providing their documents as soon as possible considering the anticipated increase of employee separations at the end of the calendar year. Payroll deductions for the 2015 calendar year will not be processed after **December 29, 2015**.

Should you have any questions or need assistance, please contact your assigned Personnel Specialist or the Human Resources Branch (HRB) Transaction Manager at (916) 653-9075.