

Human Resources Memorandum

SUBJECT: Lump Sum Deferral for End of the Year Separations	NUMBER: HR 16-028
	DATE ISSUED: October 25, 2016
DISTRIBUTION: All CDFW Employees	EXPIRES: N/A

Employees planning to separate (retire) from state service between November 1, 2016, and December 31, 2016, with a CalPERS retirement date of November 2, 2016, or later, 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, 2016, through October 31, 2016, **do not** qualify 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 credit, or other time which the employee was entitled compensation with the exception of sick leave) to a Savings Plus and/or a Saving Plus Roth 401(K) and 457 plans, or a 403(b) tax-sheltered annuity to avoid paying taxes on the funds until withdrawn.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 your 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.

To ensure lump sum deferral amounts are processed timely for the 2016 tax year, the State Controller's Office (SCO) must receive the appropriate documentation no later than **December 15, 2016**. It is strongly recommended that employees anticipate providing their documents to their assigned Personnel Specialist as soon as possible considering the anticipated increase of employee separations at the end of the calendar year.

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