

Clackamas County

Deferred Compensation Handbook

Department of Employee Services
Risk & Benefits Division
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503-655-8459

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Introduction

The information in this booklet is provided to assist you in understanding the deferred compensation program, what it may be able to do for you, and the guidelines for participating.

If you have any questions after reading this booklet, you may contact the investment providers directly (names, addresses and telephone numbers are listed on the notice in the back flap of this booklet) or contact the **Risk & Benefits Division at 503-655-8459** for general information.

What is Deferred Compensation?

Clackamas County's Deferred Compensation Program is provided under Internal Revenue Code Section 457. It is a program for public employees that enables them to defer taxes on wages and investment earnings in order to establish savings for supplemental retirement income.

The Deferred Compensation Program provides an opportunity for employees to invest a portion of their salary with one or more deferred compensation funds. With a deferred compensation plan, accumulating savings for the future is easier to manage because contributions are not subject to federal and state income taxes at the time of deferral;

- taxes are not paid on the deferred income and accumulated earnings until they are actually paid out;
- contributions are made through automatic payroll deduction;
- you have the opportunity to invest contributions in various types of investment options;
- you have a variety of payment options at termination or retirement; and
- guaranteed benefits may be paid to your beneficiary at your death.

Who is Eligible to Participate?

Any regular, probationary, elected, or contract employee of Clackamas County or the Housing Authority of Clackamas County in a regular or job share position of at least 18.75 hours per week is eligible to participate.

Why You Should Participate

This program provides a convenient way for you to accumulate money to meet long-term retirement objectives such as:

- increasing financial independence in the future;
- supplementing retirement income;
- accumulating more money than may be possible using after-tax savings methods; or
- reducing your current tax liability.

Why You Should Not Participate

You should *not* defer compensation if you:

- do not have accumulated savings for emergencies, vacations, large purchases, college, or other family expenses;
- cannot afford to save money over a long period of time for future use; or
- expect to have substantially more taxable income after retirement than you presently have.

A deferred compensation account is not a savings account. The money you defer and any earnings will generally **not be available to you** until you leave employment with Clackamas County.

Deferred compensation is only one aspect of personal financial management. It may not be the best option for you. You should consult your financial planner and consider all of your options before deciding to participate in the Deferred Compensation Program.

TAX ADVANTAGES OF DEFERRED COMPENSATION

This type of plan offers you two important tax advantages:

1. **The ability to make before-tax contributions to your retirement plan account.**

For example, if your annual income is \$32,000 and you defer \$4,000 a year to your deferred compensation account, your income would be taxed as if you earned only \$28,000. The chart below illustrates how this program provides tax savings on contributions to a deferred compensation account.

RETIREMENT PLAN CONTRIBUTIONS

	WITHOUT A DEFERRED COMPENSATION PLAN ²	WITH A DEFERRED COMPENSATION PLAN
BEFORE-TAX AMOUNT	\$4,000	\$4,000
Federal Income Taxes Paid ¹	\$1,120	\$ 0
State Income Taxes Paid ¹	\$ 360	\$ 0
Available for Savings/Investment	\$2,520	\$4,000

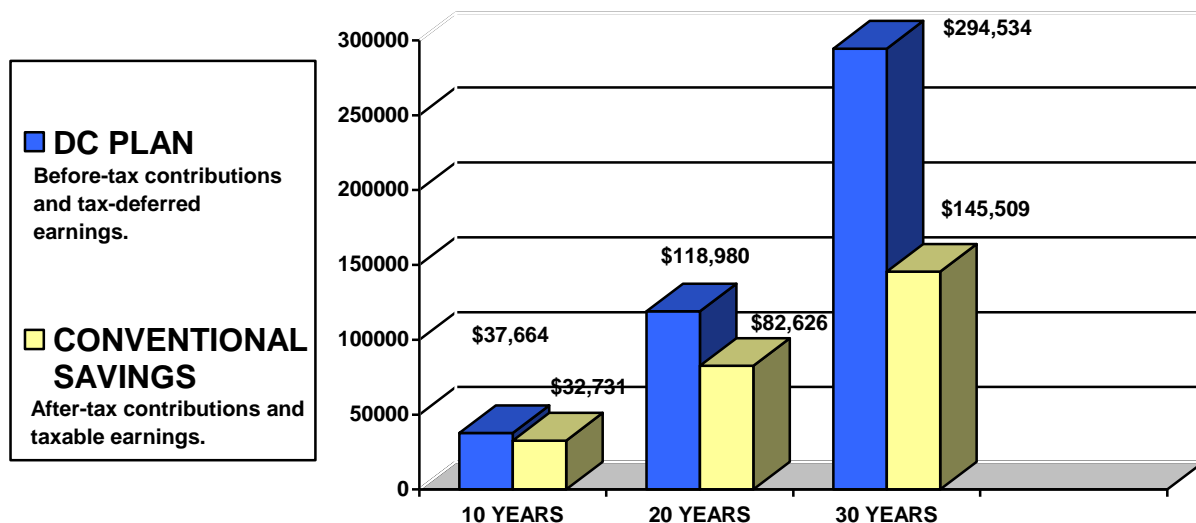
¹Assuming a federal tax of 28% and an Oregon tax rate of 9%. ² All deferred compensation contributions are subject to FICA tax.

You do not pay income taxes on your deferred compensation until you receive payments from your account. And because you usually withdraw money at retirement when you might be in a lower tax bracket, you could pay lower taxes on these earnings.

2. **The ability to build your account faster through tax-deferred accumulation.**

You also defer paying current income tax on the interest and dividends that may be earned on your contributions. This means that the money you would have paid in taxes can remain in your account where it can continue to generate additional income. The advantage of pre-tax savings is shown below. As you can see, the growth of your deferred compensation account quickly outdistances that of the conventional taxable savings plan due to tax-deferred accumulation.

THE POWER OF TAX-DEFERRED GROWTH



This chart compares the difference in accumulated savings between an individual participating in a deferred compensation plan and one who is saving after tax, assuming a 28% federal tax bracket, a 9% state tax and an 8% annual return for both. The individual participating in the deferred compensation program contributes \$100 per pay period, paying no federal or state income tax. The individual with an after tax savings/investment program has only \$63 to save/invest after federal and state tax withholding (\$100 - \$28 federal tax - \$9 state tax = \$63). This chart is for illustrative purposes only and is not intended as a guarantee of a specific rate of return.

FINANCIAL SECURITY AT RETIREMENT

A deferred compensation plan offers you an opportunity to enjoy additional financial security during your retirement years. The potential growth of your deferred compensation account is shown below, showing pay period contributions of \$25, \$50, \$100, or \$150, with an estimated annual earnings rate of 8%.

ACCUMULATION POTENTIAL OF A DEFERRED COMPENSATION PLAN*

Years	\$25/Pay Period \$650 Per Year	\$ 50/Pay Period \$1,300 Per Year	\$100/Pay Period \$2,600 Per Year	\$150/Pay Period \$3,900 Per Year
10 YEARS	\$ 9,939	\$ 19,876	\$ 39,742	\$ 59,611
20 YEARS	32,153	64,302	128,573	192,864
30 YEARS	81,675	163,357	326,636	489,955

**This table is for illustrative purposes only and is not intended as a guarantee of a specific rate of return.*

AMOUNTS DEFERRED

Minimum Amount:

You must defer at least \$12.50 per pay period **or** the minimum amount of the investment option you choose.

Maximum Amount:

Section 457 allows you to defer up to 100% of your “*includible compensation*” to a maximum of \$17,000 per year. (The \$17,000 maximum is indexed to inflation and may increase in future years.) Includible compensation is your taxable gross income, so it is your salary *after* you subtract your Deferred Compensation contribution, and other pre-tax contributions, such as:

- Contributions to other Section 457 plans.
- Section 125 contributions for participants in the county's flexible benefit program, including pre-tax medical premiums and health and dependent care flexible spending account contributions.

The concept of “includible compensation” can be confusing. Here are some examples:

	Without Other Pre-Tax Contributions			With Other Pre-Tax Contributions		
Gross Income	15,000	22,000	50,000	15,000	22,000	50,000
Other Pre-Tax Contributions	0	0	0	2,500	2,000	5,000
SUBTOTAL	15,000	22,000	50,000	12,500	20,000	45,000
Deferred Compensation	7,500	10,000	16,500	6,250	10,000	16,500
Includible (Taxable) Income	7,500	12,000	33,500	6,250	10,000	28,500
100% of Includible Income	7,500	12,000	33,500	6,250	10,000	28,500
50% of Gross Income	7,500	11,000	25,000	7,500	11,000	25,000
Maximum You Can Defer	7,500	11,000	16,500	6,250	10,000	16,500

Additional Contributions for Participants Age 50 and Over:

Those employees who have reached or will reach the age of fifty (50) during any plan year – and are not participating in the Catch-up Provision described below – may contribute an additional amount over the annual maximum for the plan year. The additional amount is equal to \$5,500 and then may be indexed in future years in \$500 increments. This additional contribution cannot be used in the years a participant utilizes the Catch-up provision.

If you are not sure how much you can defer, contact the Risk & Benefits Division at 503-655-8459.

Catch-up Provision:

During the last three years before the year you are eligible for normal retirement through PERS/OPSRP, you may be eligible to defer up to 2 times the annual maximum per year (for 2012 the maximum amount available is \$34,000). The actual amount you may defer will be based on your individual eligibility and prior contribution levels. Normal retirement for General Service Tier 1 members is age 58, age 60 for Tier Two members and age 65 for OPSRP members. OPSRP members may also receive normal retirement benefits at age 58 with 30 years of service. Police and Fire members may retire at age 55, or for OPSRP members at age 60, or at 50-55 with 25 or more years of credible service. A member may retire at any age with 30 or more years of credible service. Contact the Risk & Benefits Division at 503-655-8459 for more details.

IMPACT ON YOUR SPENDABLE INCOME

Deductions from your pay for deferred compensation reduce your taxable income and have a direct effect on the amount of spendable income you receive each pay period. Your deferral, however, does not change the Social Security (FICA) taxes withheld from your pay which are based on your unadjusted gross earnings.

Based on current tax tables, the following are examples of how deductions for deferred compensation can affect your take-home pay:

<i>Bi-weekly salary of \$1,150, married with two exemptions</i>	Without Deferred Compensation	With Deferred Compensation
Federal Tax	\$61.35	\$55.87
State Tax	66.45	63.56
FICA	87.98	87.98
Amount Deferred	0.00	37.50
Net Pay	\$934.22	\$905.09
After Tax Savings Account	37.50	0.00
Spendable Income	\$896.72	\$905.09

<i>Bi-weekly salary of \$716, single, with one exemption</i>	Without Deferred Compensation	With Deferred Compensation
Federal Tax	\$59.90	\$56.15
State Tax	46.14	44.23
FICA	54.77	54.77
Amount Deferred	0.00	25.00
Net Pay	\$555.19	\$535.85
After Tax Savings Account	25.00	0.00
Spendable Income	\$530.19	\$535.85

<i>Bi-weekly salary of \$1700, married, with 3 exemptions</i>	Without Deferred Compensation	With Deferred Compensation
Federal Tax	\$125.38	\$144.13
State Tax	105.40	98.52
FICA	130.05	130.05
Amount Deferred	0.00	75.00
Net Pay	\$1,339.17	\$1,282.30
After Tax Savings Account	75.00	0.00
Spendable Income	\$1,264.17	\$1,282.30

ENROLLMENT PROCESS

To begin participating in the Deferred Compensation Program, you must complete the required forms:

- Clackamas County Deferred Compensation Participation Agreement
- Clackamas County Deferred Compensation Beneficiary Designation
- ING Enrollment Form

You **must** meet with the investment provider representative to set up your account and complete the forms specifying how you want your money invested. If you submit a Participation Agreement without having first set up your account with the investment provider, your deferrals will not begin until you do complete the required forms. Please refer to the investment providers listed in the notice in the back of this booklet or contact the Risk & Benefits Division at 503-655-8459 for more information.

EFFECTIVE DATES

Participation is effective on the first day of the month following receipt of all required forms by the cutoff date of the 20th of the month. You may specify a later date on your Participation Agreement Form. Those deferrals effective on the first day of the month will be deducted from your first paycheck of the month; those deferrals effective after the first monthly paycheck will be deducted on the pay date you specify on the form. If forms are received after the cut off date of the 20th of the month, your participation will not be effective until the next following month. See examples in the following chart:

All Required Forms Received	Effective Date	Paycheck Affected
March 20	April 1	First Paycheck
March 31	May 1	First Paycheck
April 1	May 1	First Paycheck

PARTICIPATION CHANGES

Once you are enrolled in the Deferred Compensation Program, you may:

	FORMS DUE DATE	EFFECTIVE DATE (unless you specify a later date)
Increase your contributions	Up to the 20 th of the month	1 st of the following month
Re-enroll after stopping	Up to the 20 th of the month	1 st of the following month
Decrease or stop contributions	Up to the 20 th of the month	1 st of the following month
Transfer balances between investment options	Any time	Any time
Change your beneficiary	Any time	Any time

To meet the effective date, all required forms must be completed and received in the Risk & Benefits Division by the due date.

WHEN PARTICIPATION ENDS

You will no longer be able to contribute to the County's Deferred Compensation program when you terminate employment, retire, or no longer meet the eligibility requirements.

PAYOUT FROM YOUR DEFERRED COMPENSATION ACCOUNT

Payments from your Deferred Compensation Account may be made in the event of:

- your termination of employment;
- your retirement;
- your total and continuing disability;
- your death (paid to your beneficiary or beneficiaries);
- an unforeseen emergency (see *Hardship Withdrawals* section); or,
- an inactive account with a balance of less than \$5,000 (see *In-Service Withdrawals* section).

When you make your decision regarding the date your payout is to begin, you must contact ING customer service at 1-800-584-6001 to request your payout paperwork. There are no Federal tax penalties for early withdrawal.

Income taxes are due for the tax year(s) in which you receive the money. Rollovers from your 457 account into a 401(k), 403(b) or IRA will now be allowed. However, the amounts rolled over may be subject to a 10% early withdrawal penalty. Consult your financial or tax advisor for specific details.

PAYOUT DATES AND OPTIONS

When you leave employment with the County, you may begin payout immediately or you may decide to wait to receive your benefits. (If your account balance is less than \$5,000, payment may be made in a lump sum.) However, payments must begin no later than April 1 after the year in which you reach age 70½. There are no tax penalties for early withdrawal of 457 Deferred Compensation plan funds.

The amount of your payments will vary depending on several factors, including the amount of compensation you deferred, the investment options(s) you selected, how well your investment(s) “performed”; and the payout option you select. You can make your payout decision anytime after you have separated from service. Regulations will now allow changes to your method and amount of payout even after you have begun receiving your money.

However, if you do not select a payout option by March 1 of the year after you reach age 70½, payments will be over a period not to exceed your life expectancy.

Payout options include:

- life annuity option (with or without payment certain option);
- joint and last survivor income;
- payments for a designated period (equal monthly, quarterly, semi-annual or annual payments);
- lump sum;
- systematic withdrawal option;
- estate conservation option.

DEATH BENEFITS

If you die *after* you begin receiving payments, your beneficiary will receive payments under the option you selected in your Payout Request form.

If you die *before* you begin receiving payments, your beneficiary will receive payments under the option you selected in your Payout Request form *unless another date and/or option is selected within 60 days of your death*. To change the payout date or option, your beneficiary must complete a new Payout Request form specifying the date the payout should begin and how payments should be made. If the payments are to be made over a period of time, that period of time cannot exceed the life expectancy of your beneficiary.

If there are no surviving beneficiaries, the current value of any remaining payments will be paid to your estate in a lump sum.

HARDSHIP WITHDRAWALS

Generally, you will not have access to your Deferred Compensation account until your termination of employment or retirement. However, Section 457 of the Internal Revenue Code allows for Hardship Withdrawals in the event of an “unforeseeable emergency.” An unforeseeable emergency is defined as a severe financial hardship resulting from a sudden and unexpected illness or accident, loss of property due to casualty, or other extraordinary circumstance beyond your control. Section 457 specifically states that hardship withdrawals are **not** intended to purchase a home or send children to college.

Evidence of the unforeseen emergency and financial hardship is required. It must be a situation you could not have anticipated or otherwise budgeted for. The expenses must not be reimbursable by insurance coverage, and you must have depleted all other available assets for the situation to be considered an emergency. **If approved**, the amount of the withdrawal is limited to the amount required to meet the emergency.

If you need to apply for a hardship withdrawal, contact ING Customer Service at 800-584-6001 to request the hardship withdrawal paperwork. You must stop your contributions to the Deferred Compensation Program prior to applying for a hardship withdrawal. You will not be able to re-enroll in the program for **one year** following a hardship withdrawal.

IN-SERVICE WITHDRAWALS

Section 457 also allows for withdrawals for inactive accounts with low balances. You may make a **one-time** lump sum withdrawal of your entire account balance while still employed by the County, if all of the following conditions are met:

- your account balance is \$5000 or less; and,
- no contributions have been made for at least two years; and
- you have not made any previous in-service withdrawals while employed (other than a hardship withdrawal).

If you are receiving County-paid deferred compensation, your account is considered active and you do not qualify for an in-service withdrawal.

If you have money left at Clackamas Community Federal Credit Union (CCFCU) that is being systematically transferred to your ING account you can only do an in-service withdrawal if the combined total of your ING and CCFCU accounts are \$5000 or less and you have made no contributions to either account for at least 2 years.

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)

If you are involved in a divorce, annulment or marital separation, the court may make a judgment to award part of your deferred compensation account to your spouse or another dependent (alternate payee). If this happens, you or your attorney should contact the Risk & Benefits Division immediately for specific information regarding the division of assets between you and the alternate payee.

In accordance with a divorce decree, order, or settlement, the alternate payee may request any payout date and option. The alternate payee’s payments may begin:

- not earlier than 61 days after the appropriate paperwork is completed and the alternate payee’s account has been established by the carrier as if the alternate payee were a participant, and
- the alternate payee has completed the necessary payout forms.

The investment providers will withhold federal and state income taxes from the alternate payee’s payments based on the alternate payee’s withholding liability. Should the alternate payee die while receiving a distribution, the remaining funds will be paid out to the alternate payee’s beneficiary.

ROLLOVERS

From another Plan: The Clackamas County Deferred Compensation Plan will accept a direct rollover (plan to plan) or an indirect rollover (by participant within 60 days of receipt of distribution) from other retirement plans such as 401(k), 403(b), 401(a) and Individual Retirement Accounts (IRAs). Only pre-tax contributions made to these other plans may be rolled over into our plan. The monies from these accounts will be kept separate from your 457 account. Rollovers from other governmental 457 plans will be deposited with your Clackamas County deferred compensation account. All rollovers into the Deferred Compensation plan are subject to approval by Clackamas County.

To another Plan: At separation of service you will now be able to transfer your account to another type of deferred compensation account – 401(a), 401(k), 403(b), IRA – not just another governmental 457 plan. However, amounts transferred into a plan will generally take on the characteristics of the receiving plan. For example, a 457 account that is rolled into a qualified plan or IRA will be subject to the 10% penalty tax for early withdrawals, and will not be available for payout until the participant is 59 ½ .

NONASSIGNABILITY CLAUSE

Your deferral of compensation to the Plan is expressly declared to be unassignable and nontransferable. Neither you nor any other person can use your account balance as collateral for the purchase of a house or for a personal loan. Your account balance is not subject to garnishment, bankruptcy judgments, alimony, or payment of any debts.

DEFERRED COMPENSATION COMMITTEE

The Deferred Compensation Committee is comprised of County employees who have been appointed by the Board of County Commissioners. Committee membership consists of:

- County Treasurer;
- Director of Employee Services;
- Benefits Manager; and,
- Represented and Non-Represented County employees.

The role of the committee is to review the operation of the plan and make recommendations for changes in the areas of providers and administration.

ANSWERS TO THE MOST COMMONLY ASKED QUESTIONS...

ABOUT THE PROGRAM

1. Who owns the deferred compensation funds?

The County determines plan investment providers and makes decisions about the administration of the plan, but all assets in our Deferred Compensation plan must be held in a qualified trust, custodial account or annuity contract for the exclusive benefit of participants and their beneficiaries. These assets are not subject to the claims of the creditors of the County nor can the County use them for any purpose other than the payment of benefits to plan participants or their beneficiaries.

ABOUT THE ENROLLMENT PROCESS

2. What is the minimum amount I must contribute each pay period to participate in the program?

\$12.50 per pay period is the minimum allowable contribution.

3. What is the maximum amount I may defer?

You can defer 100% of your includible gross income (gross income less any pretax contributions, including deferred compensation) up to a maximum of \$17,000 per calendar year. (The \$17,000 maximum is indexed to inflation and may increase in the future.) Your maximum contribution may be reduced by any pre-tax contribution under a Section 125 plan such as the health care or dependent care flexible spending accounts or pre-tax health insurance contributions. This maximum includes all eligible deferred compensation plans in which you are participating. (See “Amounts Deferred” on page 3.)

4. Can I enroll in, and make deposits to, more than one fund at the same time?

Yes, subject to the indicated minimum and maximum contribution levels.

5. What if I have additional questions before I can make my decision about enrolling?

For general information, call the Risk & Benefits Division at 503-655-8459.

For technical information on the options available from the investment providers, contact Wendy Stefani with ING at 503-937-0351.

6. When will deductions begin for my requested contributions?

Participation is effective on the first day of the month following receipt of all required forms by the monthly cut-off date. If forms are received after the monthly cut-off date of the 20th of the month, your participation will not be effective until the next following month. (See "Enrollment Process and "Effective Dates" on page 5.)

ABOUT CHANGES DURING THE YEAR

7. How do I increase, decrease, or stop my contributions?

Complete and return a Deferred Compensation Participation Agreement Form to the Risk & Benefits Division. (See "Participation Changes" on Page 5.)

8. If I stop contributions to a fund, must I transfer the money to another fund?

No. While employed at Clackamas County you may leave those funds on deposit indefinitely even if you are no longer making regular contributions. Funds in your account will continue to be invested in the options you chose, and you will continue to receive account statements from the providers.

9. What happens to my deferred compensation during an unpaid leave of absence?

When you stop receiving a paycheck, contributions will be suspended until you return to active status and have sufficient earnings to cover the deferral amount. Funds in your account will continue to be invested in the options you chose, and you will continue to receive account statements from the providers.

10. When can I change my beneficiary?

You may change your beneficiary at any time. Complete and return a Designation of Beneficiary form to the Risk & Benefits Division. The change will be effective on the date the signed and completed form is received in the Risk & Benefits Division.

ABOUT PAYOUT OR DISTRIBUTION OF FUNDS

11. When do I become eligible to receive the funds in my deferred compensation account?

You are eligible to receive payments from your account when you leave employment with the County for any reason, in the event of a financial emergency, or when you have an inactive account. Your beneficiary will be eligible to receive payments when you die. (See pages 6 and 7.)

12. Will I have to wait until I am age 65 to receive the money?

No. Once you are eligible for payout, you may choose to receive payments immediately or you may delay receipt until a future date. All payouts, however, must begin by April 1 in the year after you reach age 70½, or when you leave employment with the County if you work beyond that date. There are no Federal tax penalties for early withdrawal of deferred compensation funds.

13. What do I need to do to receive a payout of the funds in my deferred compensation account?

Obtain Payout Request forms from ING Customer Service by calling 800-584-6001.

14. What if I change my mind about payout after I am receiving funds from my account?

You will be able to change your payout amount and method of payment after payout begins.

15. If I die before or after payout has begun, can my beneficiary file new Payout Request forms and select a different method of payout of the funds in my account(s)?

Yes and no. If you die after payout has begun, your beneficiary will receive payments as you specified in your Payout Request. If you die before payout has begun, your beneficiary may request a change in payout by completing a new Payout Request form within 60 days of the date of your death. Your beneficiary should contact the investment provider to obtain information about any restrictions or limitations on the method, amount or beginning date of payout.

16. If I think I need a payout from my deferred compensation account to meet a financial hardship, how do I apply?

In the case of financial hardship, contact ING Customer Service at 800-584-6001 to request Hardship Withdrawal paperwork.

You must stop your contributions to the Deferred Compensation Program prior to applying for a hardship withdrawal. You will not be able to re-enroll in the program for one year following a hardship withdrawal.

ABOUT HOW DEFERRED COMPENSATION AFFECTS TAXES AND OTHER RETIREMENT INCOME

17. While I'm still employed, will my W-2 reflect deferred compensation deductions?

Not specifically. Your W-2 will list your adjusted gross wages that were subject to taxes, and your total earnings before any deductions were made for deferred compensation, reimbursement spending accounts and health insurance premiums. Amounts in deferred compensation accounts are not reported as taxable income until payments are actually received by you or your beneficiary.

18. If I participate in the deferred compensation program, will it affect current contributions to Social Security or PERS?

Under current regulations, deferred compensation will not affect the level of Social Security taxes or PERS contributions. These are calculated on your gross earnings before any deferral of income. The only two items affected by deferring income are the withholdings for state and federal income taxes.

19. Are there any financial penalties applied to payouts?

There are no IRS penalties other than ordinary income taxes due at the time of payout.

20. When I start receiving the money, how do I report it to the Internal Revenue Service?

Each year, the provider will report the amount paid out to you and amount withheld for taxes to the IRS and to you on a 1099R form. The amount of taxes withheld by the provider may not be your actual tax liability for the year. That liability will depend on your total gross income from all sources. It is your responsibility to complete the state and federal income tax forms as required.

21. Do I need to report payout income from my deferred compensation fund(s) to Social Security? Will that income have an affect on the amount of Social Security benefits I receive?

No. At the time you were contributing to deferred compensation, Social Security taxes were deducted from your gross earnings. You report deferred compensation as income for state and federal tax purposes only. At this time, deferred compensation payments are not subject to Social Security taxes and are not considered earnings in applying the Social Security earnings limitation.

22. After retirement, will deferred compensation income affect my normal PERS retirement benefits?

No. PERS retirement benefits are not affected by income from deferred compensation programs.

ABOUT OTHER IMPORTANT DEFERRED COMPENSATION PROGRAM INFORMATION

23. *Since the County holds my deferred compensation funds in a trust, do I really have any control as to where the money is invested?*

Your contributions are limited to the investment providers offered through the County's program. Your choices will be honored unless Clackamas County determines the investment provider of choice is not fulfilling its contractual responsibilities or is no longer providing adequate services or protection of participant accounts. In that event, Clackamas County will notify you promptly and will offer other investment provider choices.

24. *If I acquire a sum of money, can I deposit it in my deferred compensation account(s)?*

No. Only pre-tax contributions withheld from your Clackamas County earnings can be deposited to your deferred compensation account.

25. *Other than my pay period contributions, are there any administrative costs to me?*

The investment providers do not charge any maintenance fees, but may collect an asset fee equivalent to a percentage of your account balance. Contact the providers for more information.

26. *If I already have an Individual Retirement Account (IRA), can I also participate in the Deferred Compensation Programs?*

Yes, you can participate subject to the regulations concerning IRA's and the minimum and maximum contribution requirements of the Deferred Compensation Program. Contact your financial or tax advisor for more information. When you retire or end employment with Clackamas County, your deferred compensation funds may be rolled over into an IRA.

27. *Are my deferred compensation funds protected? Is there any guarantee that there will be earnings on my deferred compensation?*

The variable accounts are subject to the gains and losses of the market. Neither Clackamas County nor the investment provider can guarantee that your investment choices will show a gain. The approved investment funds have been carefully selected, but you should give careful consideration to your choices. The actual gains or losses of the investments you choose will be reflected in your account balance.

For more information, contact the representative listed on the notice in the back of this booklet. If this notice is missing, please contact the Risk & Benefits Division at 503-655-8459 for current information.

ING FINANCIAL SERVICES (ING)

Contact Wendy Stefani at 503-937-0351 or 1-800-638-3141

Cell Number: 503-704-8697

Email: wendy@lewis-stefani.com

Web address: www.ingretirementplans.com

Toll free Customer Service: (800) 584-6001

Self-Service: www.ingretirementplans.com/custom/clackamas

- Plan oversight by a third party consultant.
- 31 Best-in-class investment options currently offered (including 8 Target-Date Portfolios).
- Lower fees
- If you wish to participate without choosing an investment option you will be enrolled in the Target Date Portfolio that is based on your date of birth.