



# Deferred Compensation — NJSEDCP

Information for:  
State of New Jersey Employees

## DEFERRED COMPENSATION

The New Jersey State Employees Deferred Compensation Plan (NJSEDCP) provides you, as an eligible State employee, an opportunity to voluntarily shelter a portion of your wages from federal income taxes while saving for retirement to supplement your Social Security and pension benefits. Under the Plan, federal income tax is not due on deferred amounts or accumulated earnings until you receive a distribution (payment) from your account. Presumably, distribution is at retirement when your tax rate is expected to be lower.

## PLAN ADMINISTRATION

The NJSEDCP, governed by the guidelines of Internal Revenue Code (IRC) Section 457 and the laws of the State of New Jersey, is administered by Prudential Financial for the State of New Jersey. Individual participant's accounts are maintained by the Administrator and statements of account are furnished quarterly. All Plan expenses are borne by the participants, and notification of administrative fees is provided at enrollment. The Deferred Compensation Board is the final authority on all matters concerning the operation of the Plan; by law, the State Investment Council has the right to supervise certain aspects of the Plan including the investment of assets.

## ELIGIBILITY FOR ENROLLMENT

To enroll in the NJSEDCP, you must be employed by the State of New Jersey or an eligible agency, authority, commission, or instrumentality of State government.

If you are employed through a county, township, or municipality, and not paid directly by the State of New Jersey or one of its agencies, you are NOT eligible for the NJSEDCP.

## HOW TO ENROLL

You can obtain an enrollment package from your human resources office or benefits administrator, or enroll by contacting Prudential Retirements directly at 1-866-NJSEDCP (1-866-657-3327); a TDD line is also available at 1-877-760-5166. You can also enroll through Prudential Financial's website: [www.prudential.com/njsedcp](http://www.prudential.com/njsedcp)

Upon enrollment, you agree that your deferrals and any earnings become and remain State property, with the understanding that all amounts due will be held in trust for you and your beneficiaries and will be paid to you following severance of employment. You may defer between one and 100 percent of your salary (minus your tax-sheltered pension or other voluntary tax-sheltered contributions) with an annual dollar maximum in 2018 of \$18,500 (\$24,500 for individuals age 50 and older). You then choose how you want to invest among the 20 investment funds now offered through Prudential Financial.

## MANAGING YOUR INVESTMENTS

As a participant in the NJSEDCP, you have the ability to make changes on your account such as increase, decrease, suspend, or resume deferral percentages. You may also change your investment elections to any of the 20 pre-approved products offered under Prudential.

## DISTRIBUTION OF YOUR MONEY FROM THE PLAN

Your Deferred Compensation Plan account may be distributed following severance of employment due to termination, retirement, or disability. Distribution is also permitted in the case of an unforeseeable financial hardship, as defined under IRC Section 457, following approval by the Deferred Compensation Board. In-service distributions are permitted on smaller, inactive accounts.

If your account balance is **less than \$5,000** at the time of distribution as a result of severance of employment, you must take a lump-sum payment.

If your account balance is **\$5,000 or more**, you may elect:

1. A one-time lump-sum payment;
2. A portion of your account in a specific dollar amount; or
3. Periodic installment payments.

Upon severance of employment, you may begin your account distribution as soon as administratively feasible, you may elect a future distribution date, or you may do nothing. However, you must begin receiving distribution no later than March of the year following your attainment of age 70 1/2, or the year of employment termination, whichever is later. For daily valued funds, your account will be valued at the close of the day prior to your distribution date. For monthly valued funds, your account will be valued at the close of the month prior to your election for payment. A Distribution Request form must be completed and returned to the Plan office.

### TAX CONSEQUENCES

The NJSEDCP is an eligible deferred compensation plan under IRC Section 457. Distributions from the Plan may be eligible for rollover, however, they do not qualify for special five-year or 10-year averaging. Distributions are defined as pension payments and are subject to federal income tax, unless rolled over to another retirement plan.

### IF YOU DIE BEFORE DISTRIBUTION IS COMPLETE

At the time of your death, your executor, beneficiary, or a family member should contact Prudential Financial at 1-866-NJSEDCP. Your beneficiary will be notified of the options for account distribution. Beneficiaries have the same distribution options available to members who terminate employment; however, the maximum period for periodic installment payments to non-spousal beneficiaries cannot exceed five years. Beneficiaries receiving distributions are subject to the same tax consequences as the original member.

### QUESTIONS

Contact Prudential Financial or the NJSEDCP through the Division of Pensions & Benefits in writing or call 1-866-NJSEDCP. The NJSEDCP office can answer your questions about the Plan and your account, and can provide any necessary forms.

Additional information on account and investment options is also available from Prudential Financial at: [www.prudential.com/njsedcp](http://www.prudential.com/njsedcp)

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*This fact sheet has been produced and distributed by:*

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