

# Department of Accounts

## Payroll Bulletin

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at [cathy.mcgill@doa.virginia.gov](mailto:cathy.mcgill@doa.virginia.gov)

State Payroll Operations

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### **Roth 457 – Additional Supplemental Retirement Option**

#### **Roth 457 – Deduction 052**

Effective July 1 a Roth contribution option is available to all participants in the Commonwealth of Virginia 457 Deferred Compensation Plan. These are contributions that employees make to their 457 Plan accounts on an *after-tax* basis. Employees pay taxes on the contributions now, rather than later. Employees may withdraw their Roth assets, which includes both their Roth contributions and any associated earnings, on a *tax-free* basis, as long as certain criteria are met.

Deduction 052, ROTH 457, has been established to accommodate post-tax 457 contributions. As with existing 457 retirement deductions (deferred compensation or hybrid voluntary), ICMA is the administrator for Roth post-tax contributions. The new deduction will be included in the monthly enrollment/changes file beginning with the pay period of July 25 through August 9, 2015.

#### **Report Changes**

The addition of the Roth 457 deduction impacts several existing reports. In addition to the standard system reports, deduction 052 will appear as a line-item on the following reports:

Report U002, SUSPENSE RECONCILIATION REGISTER  
Report U023, SUMMARY OF PAYROLL EXPENDITURES  
Report U062, DC/CIPPS DEFERRED COMP/CASH MATCH UPDATE LISTING  
Report U063, DC/CIPPS DEFERRED COMP/CASH MATCH ERROR REPORT  
Report U149, CASH MATCH (DED 45 + 46) DISCREPANCY LISTING

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## Roth 457 – Additional Supplemental Retirement Option, continued

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**Deduction Goal and Shared Deferral Limit**      Regardless of whether defined contribution deferrals are made pre-tax (deferred compensation or hybrid voluntary) or to a Roth post-tax plan, the total of all 457 deferrals for an employee cannot exceed the limits set by IRS. For 2015 the deferral limits are as follows:

Normal Limit	\$18,000
Age 50 catch-up:	\$6,000
457 standard catch-up:	\$18,000

Each 457 deduction will be combined and compared against the applicable maximum.

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**Cash Match**      CIPPS will automatically establish or change the cash match deduction 045, DC MATCH, based on the total of the three deductions. However no cash match is provided for an employee enrolled in the Hybrid retirement program if the voluntary contribution percentage is not at the maximum percentage regardless of how much is contributed to Deferred Compensation or the Roth 457.

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## 2015 Payroll Conference

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**CIPPS Training Materials**      A link to the presentations from the 2015 Payroll Conference held at the beginning of June is now available on the DOA website:

[http://www.doa.virginia.gov/Payroll/Training/CIPPS\\_Intro\\_Training/CIPPS\\_Training\\_Manual.cfm](http://www.doa.virginia.gov/Payroll/Training/CIPPS_Intro_Training/CIPPS_Training_Manual.cfm)

Look for items dated June 2015.

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**VSDP Worksheet**      A link to the revised version of the VSDP spreadsheet discussed in the 2015 Payroll Conference held at the beginning of June is now available on the DOA website:

[http://www.doa.virginia.gov/Payroll/Forms/Payroll\\_Forms\\_Main.cfm](http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm)

The spreadsheet is available in the first section, Calculation Spreadsheets.

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