

Section 10 provides information for the employer with regards to the FPPA 457 Deferred Compensation Plan (457 Plan). FPPA abides strictly by the FPPA Deferred Compensation Plan approved by the IRS. If your department has not already adopted this plan, and is interested doing so, please contact the Field Education Team at FPPA.

On January 1, 2019 the FPPA 457 Deferred Compensation Plan became the FPPA 'Multi-Employer' 457 Deferred Compensation Plan. For more information about the adopted Plan Document visit [FPPAco.org/governing.html](https://fppaco.org/governing.html)

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For more information about the 2019 adopted FPPA 'Multi-employer' 457 Deferred Compensation Plan Document visit [FPPAco.org/governing.html](https://fppaco.org/governing.html)

A. What is a 457 Plan?

A 457(b) Deferred Compensation plan is a supplemental, voluntary savings plan offered to public employees. The FPPA 'Multi-Employer' 457 Deferred Compensation Plan allows employees to set aside a portion of their salary on either a pre-tax or post-tax (Roth) basis and allows their contributions to grow based on their self-directed investments.

Employees or employers, through payroll deductions, can contribute up to the maximum limits each year. The maximum annual limits change periodically. For current annual contribution limits, please refer to the FPPA website. ([FPPAco.org/Fidelity.html#contributionlimits](https://fppaco.org/Fidelity.html#contributionlimits))

Some unique characteristics of the 457 Plan are that distributions prior to age 59 ½ do not have an IRS early withdrawal penalty (please see <https://fppaco.org/PDF/fidelity/How-To-Save-Ways-To-Save.pdf> for more information on Traditional vs. Roth distributions). Participants who have not contributed the annual maximum may be eligible to use the "Catch-Up" provision once over the age of fifty.

FPPA partners with Fidelity Investments to offer a wide array of investment options for the FPPA 457 Plan. Investment options can be found at <https://fppaco.org/Fidelity.html>

B. Who is Eligible to Participate?

If an employer has adopted the FPPA 457 Plan, then active firefighters, police officers, sheriff's deputies and other personnel who provide direct support to that public safety department are eligible to participate.

C. The Employer's Role "At a Glance"

1. Complete the documents to adopt the plan
2. Collect the Deferral Forms to enroll members
3. Report contributions

D. Adopting the Plan

1. The employer should contact the Field Education Team at FPPA and request the official plan documents. These documents include:
 - a. FPPA 'Multi-Employer' 457 Deferred Compensation Plan Document
 - b. FPPA 'Multi-Employer' 457 Deferred Compensation Plan Adoption Agreement
 - c. FPPA 'Multi-Employer' 457 Deferred Compensation Plan Trust Agreement
2. FPPA will email a set of PDF documents to the employer. The employer's board and legal counsel should review these documents.
3. The employer should sign the documents, keep the original copies, scan and email a copy of the original signed documents back to FPPA.
4. FPPA will sign the documents and return a fully executed copy of the original documents to the department via email.

E. Enrollment

After the Employer has adopted the FPPA 'Multi-Employer' 457 Deferred Compensation Plan members can obtain the Guide to Investing in FPPA's Self-Directed Plans from FPPA. In order to enroll, members should complete the Enrollment Form (also known as the Deferral Form or Contribution Authorization Form) and submit it to the employer's payroll office. Enrollment is effective when Fidelity receives a participant's contributions.

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F. Compensation

Contributions are not required to be contributed on member's pensionable earnings, as with other plans. Contributions are calculated on the member's compensation.

Rule 1.06 of the FPPA 457 Plan document defines compensation as:

"Compensation" means the total remuneration earned by an employee for personal services rendered to the Employer for the calendar year, including amounts deferred under this Plan and any other deferred compensation plan.

G. Reporting and Payment of Contributions to FPPA

Contributions are reported and paid to FPPA following the same process as reporting pension and D&D contributions. Refer to Section 4 of the Employer Guide for a detailed description of this process.

H. Unforeseeable Emergency Provision

According to the FPPA 'Multi-Employer' 457 Deferred Compensation Plan Document, Section 5.01(b) (1), a participant may, at any time, whether active or retired, request a withdrawal for a financial hardship that results from an unforeseeable emergency. They should contact Fidelity to initiate the process. Fidelity reviews the requests and makes the determination whether payment is justified. The amount of payment is limited to the amount reasonably needed to meet the emergency.

Unforeseeable Emergency Defined

"Unforeseeable Emergency" means the participant experiences a severe financial setback resulting from a sudden and unexpected event. This may include a(n):

- sudden and unexpected illness or accident of the participant or a dependent of the participant;
- casualty loss of the participant's property (which may include damage as a result of a sudden and unexpected incident such as a storm, flood, fire, or earthquake)
- imminent foreclosure of, or eviction from, a participant's primary residence
- need to pay for unexpected and sudden medical expenses (including non-refundable deductibles and prescription medicine)
- need to pay funeral expenses for a family member, or
- similar extraordinary and unforeseeable circumstances arising from events beyond the participant's control

Deciding if circumstances constitute an unforeseeable emergency is determined on a case-by-case basis.

If a participant's hardship can be relieved through reimbursement or compensation by insurance, liquidation of the participant's assets (to the extent that this liquidation wouldn't cause a severe financial hardship), or by stopping Deferrals to this Plan then payment for the hardship from the 457 Plan cannot be approved.

Additionally, unforeseeable emergencies shall not include the payment of college tuition or purchase of a residence. Refer to the FPPA 457 Deferred Compensation Plan Document Section 5.01(b)(2) for the full, legal definition.

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I. Loan Provision

Although the FPPA 457 Deferred Compensation Plan is intended for retirement, members may borrow from their account.

- The minimum loan amount is \$1,000, and a loan must not exceed \$50,000 or 50% of the member's vested balance, whichever is greater.
- Members may have one loan outstanding at a time.
- There is a loan initiation fee and a quarterly loan maintenance fee. The initiation and maintenance fees are deducted from the member's plan account.
- The interest rate, used to calculate the repayment of the loan, is 1% over the prime rate as verified by Fidelity.
- Members then pay the money back into their account, plus interest, on a monthly basis via Automated Clearing House (ACH). Loan repayments are made electronically by transferring funds from the member's personal bank account or credit union account.

J. Employer Information Changes

FPPA communicates with the employers by maintaining an employer contact system. The system includes names and addresses of city/district personnel designated as key contacts. Please advise FPPA of any changes in contact information.

K. Member Information Changes

Changes to a member's name or address should be submitted to FPPA through the Employer Reporting System by the employer. However, the member should also submit any name or address changes to Fidelity.

Changes to the member's beneficiary designation must be submitted to Fidelity. The member can update their beneficiary information online through the Fidelity NetBenefits website, or by completing the Fidelity beneficiary form, which they can obtain by contacting Fidelity. Beneficiary designations should be made for all plans in which a member participates. FPPA and Fidelity do not share beneficiary information or changes.

This document is intended to be a plain language overview of FPPA administered plans and procedures. It should be used in conjunction with the applicable FPPA Rules and Regulations, plan documents and the Colorado Revised Statutes. Alone, this guide can only be considered a summary and not a comprehensive reference to retirement, disability and survivor benefits provided by FPPA. This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the applicable plan documents, the Colorado Revised Statutes, and FPPA Rules and Regulations that govern the plan.