



# Social Security Illustration

**When an employee does not contribute to the 457(b) Plan, there is no matching contribution from the City**

**Example:** the 1st year, if an employee annual salary is \$23,317. The City will contribute 2.35% to the 457(b) Plan, which will be a total of \$548 for the 1st year.

$$\text{\$23,317.00} \times 2.35\% = \text{\$548 (total payout)}$$

Annual salary x ER's contribution to 457(b) = total payout

**When an employee contributes to the 457(b) Plan, there is matching contributions from the City**

If the employee contributes \$75.00 per pay period which is \$1,800.00 a year to the 457(b) Plan. The City will match the annual salary, plus still contribute 2.35% to the 457(b) Plan.

- \*Employee annual salary - \$23,317.00
- \*City contribution to 457(b) - 2.35%
- \*Employee contribution to 457(b) at \$75.00 pay period = \$1,800.00 yearly
- \*City match - 1.5% (\$23,317.00 x 1.5%) = \$350.00

$$\text{\$548.00} + \text{\$1,800.00} + \text{\$350.00} = \text{\$2,698.00 (total payout)}$$

ER's contribution to 457(b) + EE's annual contribution + ER's match @ 1.5% = total payout

**When an employee contributes to the 457(b) Plan, there is matching contributions from the City. (The employer will match the employee's contributions to the 457(b) based on the years of service).**

**NOTE:** If the employee continues to contribute to the 457(b) Plan, the matching will increase based on the employment years of service: See right.

- 1-14 years = 1.5%
- 15-20 years = 3%
- 20+ years = 4.5%