

Oregon Savings Growth Plan (OSGP)

Overview

The state offers the Oregon Savings Growth Plan -- a voluntary 457 deferred compensation plan¹ -- to supplement the PERS retirement plans. Advantages of participating in deferred comp include:

- Regular savings through payroll deductions
- Reduced taxable income from the pre-tax deductions
- Compounded earnings

As part of the 457 plan, OSGP offers participants a general purpose and residential loan program. Participants repay loans through payroll deductions.

A third-party vendor, currently ING, administers the plan for PERS.

Relationship to OSPA

If a state employee chooses to participate in OSGP, OSPA deducts the contribution amount from the employee's pay each month. After each final payroll run, OSPA prepares an electronic file for the third-party vendor. The file lists the employee contributions and loan repayments for that run. At the same time, OSPS initiates a funds transfer through Oregon State Treasury (OST) to OSGP.

In calculating and making the deductions, OSPA uses the P070 Deductions and Deduction Adjustments and the Payroll Deduction Table (ADD1, ADD2, PTD1, and PTD2 screens).

P070 DEDUCTIONS AND DEDUCTION ADJUSTMENTS

Contributions

For the OSGP contributions, a program converts the monthly electronic file from the third-party vendor. It makes P070 entries in OSPA with DED CODE DESC: DCNN and PLAN CODE DESC: 010, 100 or 600. If the employee designates a percent of gross pay, the P070 entry will have a value in EMPLOYEE SHARE PCT GRS. If the employee

¹ A 457 deferred compensation plan is a defined contribution retirement plan for employees of state and federal governments and agencies and certain tax-exempt charitable organizations.

designates a set amount per month, the P070 will have a value in the EMPLOYEE SHARE FIXED AMOUNT.

The program assigns a DATE BEGIN of the current pay period. Typically, employee requests take effect at least one payroll period after the request. For example, if a participant makes an entry at ING's web site in January, the employee's March pay will generally reflect the change.

Generally, do not make DCNN entries or changes unless OSGP requests it. Typically, OSGP will only contact payroll under unusual circumstances, such as:

- Participation in the Max-Plus or Catch-up programs
- A final check

Loan Repayments

For the repayment of a loan, the third-party vendor will notify the agency payroll office when to start deductions and the amount of the deduction. Payroll will enter the deduction with DED CODE DESC: LONN on the P070.

PAYROLL DEDUCTION TABLE

An employee can request a monthly deduction for a specific amount, or a percent of wages. IRC Section 457 establishes the maximum that we may deduct from the employee's pay. The Payroll Deduction Table (entered on the ADD1 and displayed on the PTD1) establishes the vendor and the maximums for OSPA. Fields on the PTD1 that impact the calculation include:

Maximum PCT Curr = the maximum percent of the gross pay for the current pay period that may be deducted for deferred comp

Maximum PCT YTD = the maximum percent of the gross pay for the year that may be deducted for deferred comp

Maximum Amt Curr = the maximum dollar amount that may be deducted in the current pay period for deferred comp

Maximum Amt YTD = the maximum dollar amount that may be deducted in the current year for deferred comp

For employees who have requested a FIXED AMOUNT on the P070, during the payroll run OSPA will edit against the Maximum Amt Curr and the Maximum Amt YTD on the PTD1. It will not deduct more than the maximums defined on the PTD1, even if the P070 reflects a higher amount.

Rather than a fixed amount, the employee may designate up to 100% of gross salary. OSPA will multiply the employee's gross pay by the PCT GRS. It will then compare the amount calculated to the Maximum Amt Curr and the Maximum Amt YTD on the PTD1. It will not deduct more than the maximum amounts defined on the PTD1, even if the PCT GRS on the P070 would dictate a higher amount.

When the employee's deduction will exceed the maximum, the employee will be on the E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports. Possible messages include:

5980-DEFCMP MONTHLY EXCEEDS PRETAX MAX
5980-DEFERRED MONTHLY AMT EXCEEDS MAX
5980-DEFERRED MONTHLY AMT REDUCED
5985-LEGIS RETIRE SYS AMT > PRETAX MAX
5985-LEGIS RETIRE SYS AMT NOT REDUCED
8625-DEFCOMP YTD WILL BE EXCEEDED SOON
8625-DEFCOMP YTD REDUCE MONTHLY DED
8625-YTD AMOUNT EXCEEDS MAXIMUM
8625-YTD AMT WILL EXCEED MAX NEXT MONTH

Unless the employee is separating at year end (see Recommended Practices, Year End), you do not need to change the P070; OSPA will only deduct the allowable amount.

PTD2 PAYROLL DEDUCTION TABLE

For OSGP participants, there are three plan codes for the DCNN deduction code on the PTD2 Payroll Deduction Table:

010 – Legislative Plan
100 – Regular
600 – Catch-up

If the employee has a plan code 100 deduction that exceeds the maximum amount and is eligible for catch-up, the program that converts the OSGP file and loads the information to OSPA will create two deductions on the P070 -- one with a 100 plan code and one with a 600 plan code.

There is one deduction code (LONN) for the OSGP loan program repayments. It does not have any plan codes. Enter the monthly repayment amount in the EMPLOYEE SHARE FIXED AMOUNT field on the P070.

OSGP

A state employee can enroll, change or cancel contributions to OSGP by:

- Completing a paper form and turning it into the payroll office to forward to OSGP

- Calling a toll free 1-800 telephone number
- Entering the data on the ING website

The employee designates a percent of wages or a fixed amount. S/he also designates the investment instruments (up to nine options) and the amount or percentage of the deduction that will go to each one.

The third-party vendor sends OSPA an electronic file in time to process for preliminary run 2 each month. The file includes three types of entries – add a new deduction, change an existing one, or stop an existing one. The program that converts the file also interfaces the P070 entries to OSPA. Currently, the file does not include loan repayment deductions.

Resources

AUTHORITY / REFERENCES

IRC section 457: http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000457----000-.html

IRS Web site: <http://www.irs.gov/>

ORS 243.400 to 243.507, <http://www.leg.state.or.us/ors/243.html> and OAR 459-050, http://arcweb.sos.state.or.us/rules/OARS_400/OAR_459/459_050.html , Deferred Compensation Plans

OSGP web site: <http://oregon.gov/PERS/OSGP/index.shtml>

FORMS

OSGP forms: http://oregon.gov/PERS/OSGP/osgp_forms.shtml

REPORTS

XREF01 Deduction Reconciliation

XREF76DC Deduction Register Detail – Deferred Compensation

E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports

Revision History

Date	Rev. No.	Modification
------	----------	--------------

Date	Rev. No.	Modification
12/27/06	1.0	Original
08/15/07	1.1	Loan program, WR#3067, correct maximum calculation
01/06/09	1.2	ING purchased CitiStreet July 2008, timing clarified
06/29/09	1.3	Treasury account name change