401(k) Flex - Frequently Asked Questions

What is the 401(k) Flex contribution?

The 401(k) Flex contribution is a new mechanism for making contributions to your 401(k) savings plan. During open enrollment (or following a qualifying event) you now have the option to contribute any remaining flex benefit plan (FBP) credits directly to your 401(k). You still have the option to allocate additional contributions to your 401(k) through Anytime Savings in Self-Services.

What is the difference between a *401(k) Flex* contribution and an *Anytime Savings* 401(k) contribution?

	401(k) Flex Contribution	Anytime Savings 401(k) Contribution		
When changes can be made	Only during Open Enrollment or following a Qualifying Event	Anytime		
When contributions are	Semi-monthly	Bi-weekly		
deducted	(24 pay periods)	(26 pay periods)		
What contribution is pulled from	Remaining FBP credits	Bi-weekly earnings		

Both mechanisms allocate funding to your 401(k) savings plan, but there are several differences between the two that are important to be aware of, which are detailed in the table below.

How are the contribution limits affected by a 401(k) Flex contribution?

The total contribution limit does not change. The total combined annual contributions to your 401(k) savings plan (from excess flex credits and your regular salary) cannot exceed the IRS limit of \$18,500 per calendar year (or \$24,500 if 50 years or older by December 31 of that year).

What is the minimum 401(k) contribution that can be made?

Combined 401(k) contributions (from both flex and salary) must be minimum of \$10.00 per pay period.

How do I make contributions using the 401(k) Flex option?

You can make contributions to your 401(k) using the 401(k) Flex option during open enrollment (or following a qualifying event) through Self-Services in the SAP Portal. Please see the <u>401(k) Flex</u> <u>Contributions</u> training on the Risk Management intranet site for detailed instructions on how to use the 401(k) Flex option as well as how to modify or delete Anytime Savings contributions in Self-Services.

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Last year I had remaining FBP credits that I put into my 401(k) through Anytime Savings, do I have to do anything differently if I use the 401(k) Flex option this year?

Yes. You will want to be sure to review your Anytime Savings contribution to ensure that you are designating the appropriate amount. For instance, if last year you had \$100 per pay period in remaining FBP credits and you elected to contribute \$100 in Anytime Savings, that Anytime Savings contribution will continue in Fiscal Year 2018 unless you change or delete it. So, if you have \$100 in remaining FBP credits this year and designate that to your 401(k) using the new 401(k) Flex contribution option and do not make a change to Anytime Savings, then \$200 will be contributed to your 401(k): \$100 from 401(k) Flex and \$100 from Anytime Savings.

FY2017 Paystub:	\$100 contribution to 401(k) from Anytim Savings in FY2017					
Pre-Tax Deductions KAISER PRE TAX MEA DHMO PRE TAX MEA VISION PRE BASIC TERM LIFE PRE 401 (K) SAVINGS PRE SPSP MANDATORY RETIREMENT GEN EE Total Pre-Tax Deduct	59.23 217.78	MEA DHMO PRE TAX MEA VISION PRE BASIC TERM LIFE PRE TX 401 (K) SAVINGS PRE TAX 1 SPSP MANDATORY RETIREMENT GEN EE 2 401k Flex Deduction 1	29.82 10.00 9.25 0.75 00.00 59.23 36.14 00.00 45.19			
		\$200 total contribution to 401(k) in FY2018 (\$100 carried over from Anytime Savings and \$100 from new 401(k) Flex option)				

If you want to only designate \$100 using the 401(k) Flex option, then you will want to change the Anytime Savings allocation to \$0 in Self-Services. The paystub below reflects only the 401(k) Flex deduction.

FY2018 Paystub (with only 401(k) Flex deduction):

Pre-Tax Deductions		
KAISER PRE TAX	229.82	\$100 contribution to
MEA DHMO PRE TAX	10.00	401(k) from 401(k) Flex
MEA VISION PRE	9.25	in FY2018
BASIC TERM LIFE PRE TX	0.75	
SPSP MANDATORY	59.23	
RETIREMENT GEN EE	236.14	
401k Flex Deduction	100.00	-
Total Pre-Tax Deductions	645.19	

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I only contribute my remaining FBP credits to my 401(k) and would like to switch to using the 401(k) Flex option, when should I remove my Anytime Savings contribution in Self-Services if I don't want to have a break in my 401(k) contributions?

The 401(k) Flex option will not begin until FY2018 (reflected on the paycheck received 7/28/2017), so if you want to contribute to contribute to your 401(k) through Anytime Savings until the 401(k) Flex contribution takes effect, you will need to change your Anytime Savings amount between July 1, 2017 and July 14, 2017.

I entered \$200 using the 401(k) Flex option, why is only \$150 being deducted on my paycheck?

The 401(k) Flex option will only deduct up to the amount of FBP credits remaining after premium deductions for medical, dental, vision, basic life insurance, and FSAs have been taken. So, if you entered \$200 but only \$150 is actually remaining in FBP credits, only \$150 will be deducted on your paycheck.

Why should I use the 401(k) Flex option rather than Anytime Savings to allocate remaining FBP credits to my 401(k) plan?

The key distinction is that the 401(k) Flex option is tied to the Flexible Benefits Plan and corresponding FBP credits. It is important to remember that FBP transactions are going to be paid <u>semi-monthly</u> beginning in Fiscal Year 2018; this includes FBP credits and premium deductions related to employee flexible benefit selections (medical, dental, vision, basic life insurance, FSA, as well as the 401(k) Flex contributions). However, Anytime Savings contributions to your 401(k) will remain <u>bi-weekly</u>, so in the pay periods which skip the FBP transactions, the Anytime Savings contributions *will still be deducted*. Depending on the amount that is contributed through Anytime Savings, this can result in a significant difference in your take home pay (earnings) for those pay periods in which the FBP credits are skipped.

As shown in the screenshots below comparing the 12/1/2017 paychecks (for pay period ending 11/17/2017) there is no difference in earnings whether the 401(k) Flex is used or if the Anytime Savings 401(k) contribution is used, as long as the contribution amount is the same. However, as shown in the screenshots comparing the 12/15/2017 paychecks (for pay period ending 12/1/2017), earnings are significantly lower using the Anytime Savings contribution because the FBP credits, which would offset the deduction, are not paid during that pay period.

Check Date	12/01/2017 11/17/2017	Total Net	735.00	Check Date Pay Period		12/01/2017 11/17/2017	
Pay Period End	11/17/2017	Total Net	/30.00	ray reriod			
	llw Add'l			200	Stat	Allw Add'l	
FED S	3			CA	S	3	
CA S	3			u n			
		Current					Current
		Hours	Amount				Hours
Gross Wages				Gross Wage	s		
HOURLY PAY		80.00	1,974.40	HOURLY PAY	e i i i i i i i i i i i i i i i i i i i		80.00
CITY FBP CREDITS			487.71	CITY FBP (REDITS		
Total Gross Wages			2,462.11	Total Gros	ss Wages		
Pre-Tax Deductions	;			Pre-Tax De	eduction	5	
KAISER PRE TAX			229.82	KAISER PR			
MELA DHMO PRE TAX			10.00	MEA DHMD			
MEA VISION PRE BASIC TERM LIFE F	RE TX		9.25	BASIC THR		PRB TX	
401 (K) SAVINGS PR			237.89	SPSP MANDA			
SPSP MANDATORY			59.23	RETERMEN	CEN ES	1	
RETIREMENT GEN EE			236.14	401k Flex	Deducti	on	
Total Pre-Tax Dedu	octions		783.08	Total Pre-	Tax Ded	luctions	
Post Tax Deduction	15	/		Post Tax I	Oeductio	ns	
ES REFIRE HEALTH			401.25	IN REPRESE	HEAL/TH	1	
SPSP Vol Post 6/30			60.22	SPSP Vol I			1
SP #1 REIPAY AMT TA MELA DUELS	LIKELN .		215.77 23.13	SP #1 REPA	AY AMT T	ALC: N	
PARKING-PARKADE			19.62	MEA DUES PARKING-PA	ARKADE		
Total Post Tax Ded	luctions		719.99	Total Post	t Tax De	ductions	
Suployee Tax Deduc	tions	<u> </u>		Muployee 1	lax Dedu	ctions	
ederal.	1420						
TX Withholding Tax			150.56	Federal	dine m-		
TX EE Medicare Tax	c /		32.08	TX Withhol TX EE Medi			/
State	CA			State	care la	CA /	
TX Withholding Tax	• /		41.40	TX Withhol	lding Ta		
Total Employee Tax	ies 🖉		224.04	Total Empl	Loyee Ta	axes	
Contributio	on to 401(k)			Contr	ributio	n to 401(k)	
						n to 401(k)	
from Anyti	me Savings			from	401(k)	Flex	
						-	

12/01/17 Paycheck using Anytime Savings contribution (net earnings \$735.00):

12/01/17 Paycheck using 4001(k) Flex contribution (net earnings \$735.00):

735.00

Amount

1,974.40 487.71

2,462.11

229.82 10.00 9.25 0.75 59.23 236.14 237.89

783.08

401.25 60.22 215.77 23.13 19.62 719.99

150.56 32.08

41.40 224.04

Earnings are not affected by the 401(k) contribution method in periods where FBP credits are applied, assuming all else being equal.

12/15/17 Paycheck using Anytime Savings contribution (net earnings \$535.90):

12/15/17 Paycheck using 401(k) Flex contribution (net earnings \$722.40):

Check Date	12/15/2017	Total Net	535,90	Check Date		12/15/201	Matel Mat	722.40
Pav Period End	12/01/2017			Pav Period		12/01/201	/	
Stat A	JIW Add'I 3			-		Allw Add	1	
CA S	3			PED CA	s s	3		
		Current					Current	
		Hours	Amount				Bours	Amount
Gross Wages				Gross Wage	s			
HOURLY PAY		80.00	1,974.40	HOURLY PAY			80.00	1,974.40
Total Gross Wages			1,974.40	Total Gros	s Wages			1,974.40
Pre-Tax Deductions	;			Pre-Tax De	duction	s		
401 (K) SAVINGS P	NE TAX		237.89	SPSP MANDA	TORY			59.23
SPSP MANDATORY RETIREMENT GEN ES			59.23	RETIREMENT				236.14
Total Pre-Tax Deck	actions		533.26	Total Pre-	Tax Ded	uctions	1	295.37
Post Tax Deduction	15	/	·	Post Tax D	eductio	ns		
NS RETIRES HEALTH			417.30	NO REPERSO				417.30
SPSP Vol Post 6/30			60.22	SPSP Vol P SP #1 REPA				60.22 215.77
SP #1 REPAY AMT 12 MEA DUES	Ale and		215.77 23.13	MEA DUES				23.13
PARKING-PARKADE			19.62	PARKING-PA	RKADE			19.62
Total Post Tax Dec	luctions		736.04	Total Post	Tax De	ductions		736.04
Employee Tax Deduc	rtions	/		Employee T	ax Dedu	ctions	1	
Federal	1400			Federal		1950		
TX Withholding Tau			114.87	TX Withhol TX NB Medi				150.56
TX MB Medicare Tau State	' са /		28.63	State	care 1a			20.05
TX Withholding Ta			25.70	TX Withhol	ding Ta	× /		41.40
Total Employee Tax	tes		169.20	Total Empl	oyee Ta	xes		220.59
FBP credits	not applie	d						
but contrib	ution to			FBP cred	lits no	t applied	and	
				401(k) F	lex con	tributior	n not	
401(k) from	•					is pay pe		
Savings still	deducted			ueuucte		iis pay pe	nou	

Earnings can vary significantly depending on the 401(k) contribution method in periods where FBP credits are not applied.