

## **457 Plan and Cash Match Plan Rules Related to Lay-Offs**

Employees who have been laid off should be aware of the 457 Deferred Compensation Plan and Cash Match Plan rules that apply to their situation.

State employees who are laid off typically receive Work-Force Transition Act (WTA) Severance benefits. WTA-Severance is a package of benefits that include monthly payments and certain health and life insurance coverage. The severance payments are not considered to be compensation and, therefore, may not be contributed to the 457 Plan.

Severance benefits are provided to individuals who are no longer employed by the State. These employees are considered to have terminated employment and are eligible to request a distribution from their 457 and Cash Match Plans, unless they have moved to employment with another employer that offers the plans. The normal timing of distributions applies. The participant must have had one full calendar month during which he received no reportable creditable compensation before processing of the distribution begin.

NOTE: These Plan rules are different from those that apply to your VRS Member Contribution Account (MCA). If you take a distribution of your MCA your Severance benefits will cease. Go to [www.varetire.org](http://www.varetire.org) and select the Member tab for more information on WTA.