

**DEXTER COMMUNITY SCHOOLS 457 PLAN**

Employee Booklet

## TABLE OF CONTENTS

AN OVERVIEW OF THE PLAN .....	1
BECOMING A PARTICIPANT IN THE PLAN .....	1
BECOMING ELIGIBLE TO PARTICIPATE .....	1
ENTERING THE PLAN .....	1
PLAN CONTRIBUTIONS .....	1
YOUR SALARY REDUCTION CONTRIBUTIONS .....	1
YOUR EMPLOYER'S CONTRIBUTIONS .....	2
VESTING .....	2
PLAN TO PLAN TRANSFERS.....	2
ROLLOVER CONTRIBUTIONS .....	2
INVESTING YOUR CONTRIBUTIONS .....	3
DISTRIBUTIONS .....	3
WHILE YOU ARE STILL EMPLOYED .....	3
WHEN YOUR EMPLOYMENT ENDS .....	4
PAYMENT OF RETIREMENT BENEFITS .....	4
WITHHOLDING ON DISTRIBUTIONS .....	5
ASSIGNMENTS AND DOMESTIC RELATIONS ORDERS .....	7
PLAN OPERATION.....	5
OPERATION OF THE PLAN.....	5
PLAN AMENDMENTS .....	5
PLAN EXPENSES.....	6
GLOSSARY OF TERMS .....	6

## AN OVERVIEW OF THE PLAN

The Dexter Community Schools 457 Plan, which is called “the Plan” in this booklet, is designed to help provide financial security for you and your family when you retire. This booklet contains basic information about the Plan’s provisions. It is based on the Plan’s “Adoption Agreement” which governs the Plan and describes its provisions in detail. Language in the Adoption Agreement is necessarily complex in order to satisfy all legal requirements. If there is an ambiguity in this booklet, or if there is a difference between the booklet and the Adoption Agreement, the Adoption Agreement will be the final authority. Usually, this booklet will provide all the information you need about the Plan. However, if you need more detailed information, copies of the Adoption Agreement are available from the **Employer**.

The Plan was created and became effective on January 1, 2002. The Plan was most recently restated on July 1, 2011, and is current as of that date.

As you read this booklet, words or terms you see in **Bold Print** are defined in the Glossary at the back. You should direct any questions you may have about this Employee Booklet to the **Plan Administrator** or to the **Employer’s** Human Resources office.

## BECOMING A PARTICIPANT IN THE PLAN

### BECOMING ELIGIBLE TO PARTICIPATE

You will become a **Participant** in the Plan on the first entry date after you meet the following requirements:

- You are an “Eligible Employee” and have completed a Savings Form with the **Employer**. All employees of the **Employer** are eligible EXCEPT:
  - ◆ non-resident aliens

Federal law requires that employees who leave their jobs to serve in the military will not lose benefits. Contributions and service credit with respect to qualified military service will be provided as required by Internal Revenue Code sec. 414(u).

### ENTERING THE PLAN

The entry date is the date you are hired or rehired or the first day of the month concurrent with or next following completion of a Savings Form with the **Employer**.

## PLAN CONTRIBUTIONS

### YOUR SALARY REDUCTION CONTRIBUTIONS

When you meet the requirements to participate in the Plan, you may elect to defer a portion of your **Compensation** by completing a Savings Form and delivering it to the **Plan Administrator** prior to the first day of the month in which deferrals are to begin. If you are a new employee and you meet the participation requirements, your deferrals may begin during the calendar month in which you first become a **Participant**, provided you sign a Savings Form on or before the first day you perform services for the **Employer**. By signing the Savings Form, you agree to be bound by all the terms and conditions of the Plan.

You may defer up to the maximum allowed by law of your **Compensation** each calendar year. Your deferred **Compensation** is pre-tax, which means the money you defer will not be included in your income for federal, and in most cases, state income tax purposes until it is distributed. You may not make deferrals from accumulated sick pay, accumulated vacation pay and back pay.

Federal law places a limit on the total amount of Plan contributions that may be made in any calendar year. The amount you can defer plus the amount of any Contribution your **Employer** may make cannot exceed \$16,500 for the 2011 calendar year. For years following 2011, the legal limitation for deferrals will be adjusted for inflation.

In addition, special rules apply which increase the deferral limit for those **Participants** who are within three years of reaching their normal retirement age. Please see your **Plan Administrator** for details. Normal retirement age under the Plan is age 65.

Furthermore, if you are at least age 50 or will attain age 50 before the end of a calendar year, then you may elect to defer additional amounts (called "catch-up contributions") to the Plan as of the January 1<sup>st</sup> of that year. The additional amounts may be deferred regardless of any other limitations on the amount that you may defer to the Plan. The maximum "catch-up contribution" that you can make in 2011 is \$5,500. After 2011, the maximum may increase for cost-of-living adjustments.

As a **Participant**, you have the ability to begin, change, stop or resume your deferrals as designated by your **Plan Administrator**

## **YOUR EMPLOYER'S CONTRIBUTIONS**

### **Discretionary Employer Nonelective Contribution**

For each **Plan Year**, the **Employer** may contribute **Employer** contribution amounts. The amount will be determined each **Plan Year** by the **Employer**. The **Employer** Contribution will count towards the limit Federal law places on the deferral amount that can be contributed to the Plan during the year.

## **VESTING**

You are always 100% vested in your Salary Reduction Contributions, Transfer and Rollover Contributions.

You are also always 100% vested in your **Employer** Contributions.

## **PLAN TO PLAN TRANSFERS**

With the Plan Administrator's approval, the Plan may also accept a direct plan-to-plan transfer of your vested amount from another eligible 457(b) plan for governmental employers. This transfer must represent the entire value of your vested accrued benefit in the transferring plan.

## **ROLLOVER CONTRIBUTIONS**

At the Plan Administrator's option, the Plan may also accept rollover contributions from other governmental 457 plans, Code sec. 403(b) plans (tax sheltered annuities) and Code sec. 401(a) plans (including 401(k) plans). Rollovers from IRAs may also be accepted, to the extent they do not include after-tax money. If you receive an eligible rollover distribution from such a plan while you are a Participant, you may, with the Plan Administrator's approval, rollover any portion of that distribution to this Plan, either directly or within 60 days after you receive it. The Plan may also accept your rollover if you are an Eligible Employee but not a Participant because you have not yet satisfied the Plan's requirements for entry. The Plan Administrator will determine if the rollover satisfies certain legal requirements. To make this determination, the Plan Administrator may require information from you.

## INVESTING YOUR CONTRIBUTIONS

You may direct how your contributions are invested among the available investment options. Details about the various investment options are available from the **Employer**.

If you do not direct the investment of your contribution accounts, they will be invested in a fund designated by the **Employer**. If you direct less than 100% of your contributions, the balance will be invested in this same fund.

You may change your contribution directives (how your new contributions will be invested), transfer your funds from one investment option to another and obtain information about your account through the Personal Savings Center on The Standard's web site ([retirement.standard.com](http://retirement.standard.com)) or through INFOLINE, an interactive voice response system. Information on both Personal Savings Center and INFOLINE is available from the **Employer**.

## DISTRIBUTIONS

### WHILE YOU ARE STILL EMPLOYED

In general, your contributions will remain in the Plan as long as your employment continues with the **Employer**. However, there are some exceptions to this general rule, which are listed in this Section.

**Unforeseeable Emergency.** You may qualify for a withdrawal while you are still employed, if you are experiencing an "Unforeseeable Emergency." An Unforeseeable Emergency is a severe financial hardship resulting from one of the following:

- a sudden and unexpected illness or accident suffered by you or your beneficiary, or the spouse or dependent of either;
- loss of your or your beneficiary's property due to casualty, including the need to rebuild a home following damage to the home not otherwise covered by homeowner's insurance (e.g., as a result of a natural disaster);
- the need to pay the funeral expenses of your or your beneficiary's spouse or dependent;
- other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your or your beneficiary's control. However, except as specifically provided above, neither the purchase of a home nor payment of college tuition is an Unforeseeable Emergency.

The circumstances that will constitute an Unforeseeable Emergency will depend on the facts and circumstances. However, a withdrawal for an Unforeseeable Emergency will not be allowed to the extent that such emergency can be remedied by reimbursement or compensation by insurance or otherwise; liquidation of assets (but only to the extent that the liquidation itself would not cause a severe financial hardship); or stopping your deferrals to this Plan.

**In-Service Withdrawals of Small Accounts.** If your account balance excluding Rollover Contributions is less than \$5,000, you may request a withdrawal if you have not made a deferral into the Plan for two years, and as long as no similar distribution has been made before under these provisions or the provisions of "Mandatory Distributions of Amounts Less Than \$5,000."

**Plan Loans – Borrowing from your Account.** The Plan permits Plan Loans under certain circumstances. To learn more about plan loans, use Personal Savings Center on The Standard's web site ([retirement.standard.com](http://retirement.standard.com)) or contact your Plan Administrator for a copy of the Loan Policy and a loan application.

## WHEN YOUR EMPLOYMENT ENDS

Your retirement benefit becomes available to you on the earliest of your employment termination (including retirement) or your death (benefits are payable to your spouse or beneficiary).

**Upon Employment Termination.** When you terminate employment with the employer, your benefit will be paid in a lump sum as soon as administratively possible after your termination date, unless you choose to defer payment to begin payout on a specified future date or select another form of payment as described in the section "Payment of Retirement Benefits" below.

**Required Minimum Distributions.** If you are age 70½ and have terminated employment with the Employer, federal law requires that you begin receiving benefits from the Plan. The first distribution must be made for the calendar year in which you reach age 70½ and have retired, though actual receipt may be delayed until April 1 of the following year. However, you will then have two taxable distributions in that year. Additional distributions must be made by each subsequent December 31 of every following year.

The IRS imposes a substantial penalty for failure to satisfy the minimum distribution requirement. If you are approaching your 70<sup>th</sup> birthday, you may wish to contact the **Plan Administrator** to discuss your options under the Plan.

**Upon Your Death - After Benefit Payments Have Been Made or Begun.** If you die after your benefits have begun to be paid out, continuation of benefit payments will depend on the terms and conditions of the form of benefit you selected. If your benefits were paid in a lump sum prior to your death, there will be no benefits payable as a result of your death.

**Upon Your Death - Before Benefit Payments Have Been Made or Begun.** If you die before receiving a distribution of your vested benefit, your spouse or other beneficiary will be entitled to a distribution of your vested account balance.

Death benefits will be paid to your spouse or beneficiary in a lump sum. However, before payment begins, your spouse or beneficiary may choose an alternate form of benefit from among the available options listed in "Payment of Retirement Benefits" below. Your spouse or other beneficiary may also elect to defer the distribution and leave the funds in the plan. However, federal law requires that death benefits must be distributed according to the following rules:

- Death benefit distributions made in a lump sum must be distributed no later than December 31 of the fifth calendar year following the Participant's death.
- Any death benefit other than a lump sum distribution made to the Participant's spouse must be distributed beginning no later than (1) December 31 of the calendar year immediately following the calendar year in which the Participant died; or (2) December 31 of the calendar year in which the Participant would have reached age 70½, whichever is later.
- Any death benefit other than a lump sum distribution made to a non-spouse beneficiary must be distributed beginning no later than December 31 of the calendar year immediately following the calendar year in which the Participant died.

## PAYMENT OF RETIREMENT BENEFITS

The following forms of benefit are available subject to the conditions shown. If no election is made, your benefit will be paid in a lump sum payment.

**Lump Sum Payment.** You will receive the entire vested portion of your plan account in a single payment.

**Payments from Account.** You will receive regular periodic payments in an amount that you choose, which will continue until you have exhausted your vested account balance. The payment period cannot be longer than your life expectancy, or the joint life expectancies of you and your beneficiary. If you die before you have received your entire vested benefit, the remaining payments will be made to your beneficiary.

## WITHHOLDING ON DISTRIBUTIONS

**Mandatory Withholding and Direct Rollovers.** A benefit paid from the Plan in a lump sum or in installments paid over a period shorter than 10 years, or a period shorter than your life expectancy if that is less than 10 years, is an “eligible rollover distribution”. Federal law requires that income tax be withheld at a rate of 20% on an eligible rollover distribution unless you have elected a direct rollover.

A direct rollover is a distribution that is rolled directly from this plan to another qualified plan, 403(b) plan (tax sheltered annuity), governmental 457 plan, or IRA. Direct rollovers are not subject to the 20% withholding rule.

Prior to your receiving an eligible rollover distribution, you will be provided with a written notice of the income tax withholding rules. You will be given an opportunity to elect a direct rollover to another plan or IRA. If you elect to make a direct rollover, you will need to provide the **Plan Administrator** with sufficient information to identify the other plan or IRA which will be accepting the rollover payment.

## ASSIGNMENTS AND DOMESTIC RELATIONS ORDERS

Generally, benefits under the Plan cannot be assigned by you or reached by creditors before they are distributed to you. However, there is an exception to this rule for a qualified domestic relations order.

A “qualified domestic relations order” (or “QDRO”) is any judgment, decree or order of a court of law which creates, recognizes or assigns to an “alternate payee” (usually a spouse, a former spouse, a child or other dependent) the right to receive all or a portion of your benefits under the Plan. If a domestic relations order relating to your benefits under the Plan is received by the **Plan Administrator** and the **Plan Administrator** determines that it meets certain requirements, all or a portion of your benefits may be assigned to the alternate payee. A copy of the plan’s QDRO procedures can be found in Personal Savings Center on The Standard’s web site ([retirement.standard.com](http://retirement.standard.com)).

## PLAN OPERATION

### OPERATION OF THE PLAN

All your plan contributions are held in a trust fund. The Plan trustee is responsible for the safekeeping of the trust fund, and must hold and invest Plan assets in a prudent manner and in the best interest of plan participants and their beneficiaries. The trust fund established by the Plan’s trustees will be the funding medium used for the accumulation of assets from which benefits will be distributed. While all the Plan assets are held in a trust fund, the Plan Administrator separately accounts for each Participant’s interest in the Plan.

### PLAN AMENDMENTS

The **Employer** intends to continue the Plan indefinitely; however, it necessarily reserves the right to amend the Plan or even to terminate the Plan if circumstances require. Such circumstances could include adverse financial conditions, or other conditions under which the **Employer** could not continue this Plan. You will receive information about the options available

to you if the Plan terminates.

## **PLAN EXPENSES**

The expenses of operating and maintaining the Plan may be paid by the **Employer**. However, the following expenses will be charged directly to a **Participant's** account:

- the quarterly participant administration fee,
- any administrative expenses attributable to a single sum benefits payment fee for a distribution other than at death,
- a Participant loan administration fee, or
- a qualified domestic relations fee.

## **GLOSSARY OF TERMS**

### ***Compensation:***

Wages, salaries and/or other remuneration that is received by a **Participant** for service performed while an eligible employee during a **Plan Year**. **Compensation** also includes all deferrals and all **Compensation** that is not taxable pursuant to a cafeteria plan or as a qualified elective transportation fringe benefit or a Code sec. 457 deferred compensation plan. **Compensation** does not include fringe benefits (cash and noncash).

### ***Employer:***

Dexter Community Schools, who has adopted this Plan.

### ***Participant:***

An eligible employee who has met the Plan's eligibility requirements, and therefore is entitled to participate in the Plan.

### ***Plan Administrator:***

The **Employer** or one or more persons appointed by the **Employer** to control or manage Plan operation and administration.

### ***Plan Year:***

The 12-consecutive month period ending each December 31<sup>st</sup>.

This Employee Booklet was prepared by Standard Retirement Services, Inc. on behalf of Dexter Community Schools.