

General Description of 457 Retirement Plan

1. What is a 457 plan?

A 457 plan is a tax-favored **retirement plan** established under Section 457 of the Internal Revenue Code, which permits eligible employees to make salary deferrals on a pre-tax basis in order to both save on income taxes and build up retirement funds.

2. Who is eligible to participate in the school district's 457 plan?

All employees who normally work 20 or more hours per week are eligible to participate. Further, substitutes working at least 1000 hours per calendar year may also participate.

3. How much can an employee contribute to the 457 plan?

The Internal Revenue Code sets limits on the amount that an employee can contribute to a 457 plan. That limit for 2021 is \$19,500. This is the basic annual limitation for a calendar year. An employee must contribute the annual minimum deferral amount of \$240 to participate.

4. How do I begin, change or end deferrals to the 457 plan?

A district salary reduction agreement is required. This form must be completed and into the Payroll Office by the 15th of the month prior to the month the salary reduction is to begin or be changed. May 15 is the last date changes may be made for the summer payroll for partial year employees. A salary reduction form is required for every company the employee decides to utilize. Companies have agents authorized to sign the salary reduction agreements. Contact information for these agents is available on the district website or through the benefits office.

5. If I am over 50, can I contribute more to the 457 plan?

An employee who has attained age 50 or more by the end of the calendar year is permitted to elect an additional amount. The maximum amount for 2021 \$6,500, subject to a cost-of-living adjustment for subsequent years. There are special catch up rules that apply to those participants within 3 years of Normal Retirement Age. Please see agents for more details.

6. When can I start collecting disbursements from the 457 plan?

Distributions may not be made earlier than the earliest date on which a participant has a severance from employment for any reason including the employee's death,

disability, or retirement. The plan does include provisions which allow in-service access to 457 plan assets including loans and withdrawals.

7. What companies may I use to invest my deferrals?

The school district has designated investment products available for the plan from VALIC, Lincoln Financial Group, MetLife, and Security Benefit. Agent contact information is available on the district website and through the benefits office. Please note that you have the sole authority and discretion to select and direct investment of all of the assets in your account among the investment funds provided by these four companies. You accept full and sole responsibility for the success or failure of any investment selection you make.

*If the summary and plan document do not agree, the plan document will dictate all provisions.