Example
3 Year Rule
(As of January 2013)

If you will be 65 in 2016, you may contribute the lesser of the following in 2013:

(a) $33,500; or
(b) $17,500 + ($17,000 minus the amount you contributed in 2012)

3. "50 and over" Catch-up Contribution

A participant age 50 or over (by the end of the calendar plan year) may defer additional amounts to the Plan as an additional "catch-up" contribution. For the 2013, the additional catch-up contribution is $5,500. (This means the total deferral contribution limitation for 2013 is $23,000 for those over 50). Please Note: This adjustment does not apply in any year in which the participant utilizes the "Last Three-Year" Catch-Up described above. If you are eligible for both Catch-Up contributions, you may only use the one that provides the greater deferral opportunity. You should work with ETF and your own advisor to determine which deferral adjustment to utilize.

ETF also establishes its own rules to comply with these limitations and certain state law requirements.

Distributions

You will be eligible for distributions from the Plan under the following circumstances:

(a) Separation from Employment with the District;

(b) Attainment of age 70 ½; or

(c) In the event of a financial hardship due to an unforeseeable emergency.

Hardship Withdrawal

In the event of an unforeseeable emergency, a Participant or Beneficiary may request a distribution of his or her benefits at any time.

Benefits paid under a Hardship Withdrawal shall be limited strictly to the amount necessary to meet the unforeseeable emergency constituting financial hardship. Such a financial hardship must first be relieved by: (1) Reimbursement from insurance; (2) liquidation of Participant's assets not held in the Plan; or (3) by cessation of deferrals under the Plan.

A Participant's deferrals will automatically be terminated upon approval of a Hardship Withdrawal and the Participant must wait six months before re-enrolling in the Plan.

For more information about what constitutes an unforeseeable emergency, please contact the Employee Trust Funds or Security Benefit.

CAUTION

The information in this leaflet summarizes the terms of the District's 457(b) Plan and the Internal Revenue Code as of January 1, 2013, and is not to be constructed as legal, tax or investment advice. This leaflet cannot, and does not, alter the terms of the Plan or the law. Changes in the Plan or the law hereafter may change this summary. Please consult with your accountant for additional information.

Jefferson School District

Deferred Compensation Plan

457(b) Plan

Investing in Your Future

Jefferson School District
206 South Taft Avenue
Phone: (920) 675-1000
Fax: (920) 675-1020
www.jefferson.k12.wi.us

Your Plan

Jefferson School District (the "District") allows its employees to participate in the Deferred Compensation 457(b) Plan (the "Plan"). Whether you choose to participate in the Plan is entirely up to you.

The District and the Vendors listed in this brochure maintain the Plan in compliance with Internal Revenue Code §457(b). The Plan is not established or maintained by the District for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Accordingly, the Plan and the District are not subject to ERISA.

Tax Treatment

If the Plan maintains its tax preferred status, your money invested in the Plan will receive preferential tax treatment under Internal Revenue Code ("IRC") §457(b).

<u>Pre-tax Deferrals</u>. Because you do not have to pay taxes on the amount you contribution to a 457(b) plan for the year in which you contribute to the plan, investing in a 457(b) plan can lower your overall tax burden—at least in the present. You can defer the income tax on your contributions until you begin making withdrawals from your account—typically when you retire. The earnings on your account also grow tax-free until withdrawal. Contributions to the 457(b) Plan are reported annually on your W-2 forms, but are not included in income subject to taxation. Your 457(b) contributions are deducted from your gross salary and income taxes are calculated on your remaining pay**.**

Participation

To participate in the Plan (or to change an existing contribution election), you must provide the District with a signed Salary Reduction Agreement. You must choose the whole dollar amount that you wish to contribute each payroll period. The Agreement must be signed by you and returned to the District before the start of the payroll period when your election or change will become effective. You can always decide to stop contributing to the Plan—such changes must also be made, in writing, using a Salary Reduction Agreement. Additional paperwork may need to be completed in order to participate in the Plan.

Vendors

You have the following choices of vendors available under the Plan:

Wisconsin Deferred Compensation Program

Contributions and Limitations

While you may choose how much of your salary you wish to contribute to the Plan, your contribution must comply with all of the following legal limitations:

1. Annual Deferral Limitation

The first limitation applies to all of your elective deferrals from your salary to this Plan. Elective deferrals are contributions that you make instead of receiving all of your pay at that time. The elective deferrals under this Plan are not considered in conjunction with deferrals you make under the 403(b) Plan of the District.

<u>For the 2013 tax year, all of your elective deferrals to this and all other plans cannot exceed $17,500 per calendar year</u> (unless you qualify for one of the catch-up contributions described below). This limit will be adjusted annually thereafter by the IRS.

2. "Last Three-Year" Catch-up Contribution

In addition, may be eligible to contribution more then the elective deferral limit. For any one or more of your last three (3) taxable years before your normal retirement age, you may make additional contributions to the Plan. The amount of additional contributions will be the lesser of:

(a) two times the amount of elective deferrals allowed; or

(b) the amount of the elective deferral allowed plus any portion of the elective deferral which was allowed but which you did not contribute.