

# Understanding Your 457(b)

## Overview

The 457(b) is a deferred compensation plan (DCP) that allows you to save pre-tax dollars for retirement. It is an employer-sponsored plan your district can choose to make available to you. Investment options with a 457(b) include mutual funds and share certificates.

## Taxes

Contributions are made to your 457(b) before taxes are taken from your paycheck, reducing your taxable income. Taxes are paid on withdrawals, typically in retirement when you will likely be in a lower tax bracket.

## Withdrawals

Regardless of age, you may withdraw from your 457(b) when you leave your employer, or in the case of death, disability or unforeseeable emergency. Supporting documentation is required and you may be subject to penalty fees. Distributed funds cannot be rolled back into the plan.

## Loans

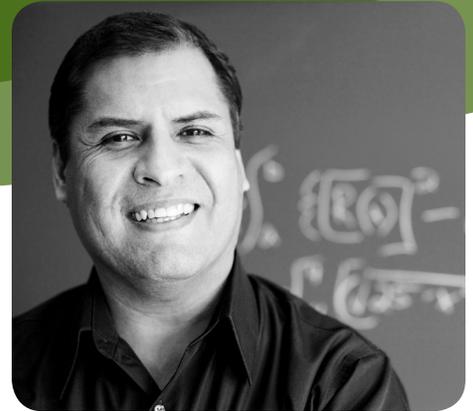
A loan may be taken against your 457(b) funds while you are still employed. Repayment terms and interest rates are determined by your plan's administrator.

## Contribution Limits

In 2009, you may contribute up to \$16,500 to 457(b).

It is possible to make a catch-up contribution of up to \$22,000 more than the maximum if you meet the following requirements:

- Age 50+ in 2009 = an additional \$5,500
- Age is within three years of Normal Retirement Age (NRA)\*  
NRA in 2009 = an additional \$16,500



## Here to help you

The 457(b) administrator for your district is SchoolsFirst Federal Credit Union. If you have questions, or would like to open your 457(b), please contact:

**Michael Duarte**  
Retirement Plan Representative

**Phone**  
800/462-8328 x4116

**Email**  
mduarte@SchoolsFirstfcu.org

**Web site**  
www.SchoolsFirstfcu.org

A 457(b) account must be opened prior to your first contribution. A complete list of approved providers is available upon request.

Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. Nondeposit investment and insurance products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by SchoolsFirst FCU. CBSI is under contract with SchoolsFirst FCU, through the financial services program, to make securities available to Members.

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## The Pre-Tax Savings Advantage\*\*

Based on a teacher's annual income of \$45,000

	457(b) Contribution		
	\$100/Month	\$300/Month	\$500/Month
Monthly gross income	\$3,750	\$3,750	\$3,750
Net Pay Check	\$2,786	\$2,652	\$2,518
Change in Paycheck	\$67	\$201	\$335

\*NRA is typically 62 or 65. Check with your plan administrator.

\*\*This is a hypothetical example used for illustrative purposes only and is not indicative of any specific investment. The example does not reflect any fees or charges that may apply.