

457(b) Plan Highlights

SULPHUR SPRINGS INDEPENDENT SCHOOL DISTRICT

You are eligible to participate in the 457(b) retirement plan sponsored by Sulphur Springs Independent School District. Contributing to a 457(b) plan will help to give you peace of mind through financial security during your retirement. A 457(b) plan will allow you to contribute a portion of your compensation as a pre-tax or after-tax (Roth) contribution (if allowed by your Employer) in order to save toward your retirement. Participation in the 457(b) plan is completely voluntary. If you are already contributing to the 457(b) plan, now is a perfect time to increase your contributions.

WHAT IS A 457(b) PLAN?

A 457(b) plan is a non-qualified tax-deferred compensation plan that works very much like other retirement plans such as the 403(b) and 401(k). This plan is for employees of certain tax-exempt, governmental organizations or public education institutions.

An employer may sponsor a 457(b) plan to provide a benefit to its employees to save for retirement on a tax-deferred basis.

WHY CONTRIBUTE TO A 457(B) PLAN?

- Save for your retirement
- Reduces your taxable income
- Contributions and earnings grow tax-deferred
- Ability to contribute to a 403(b) and 457(b).
- Portability of a 457(b) plan, allows you to move your money into a new employer's 457(b) plan. You could move it into a 403(b) or 401(k) if the plan accepts such transfers, or into an IRA.

TAX-DEFERRED GROWTH

Employees set aside money for retirement on a tax deferred basis through a salary reduction agreement with their employer. Under this arrangement, the employee agrees to take a reduction in salary. The money reduced is directed into an investment company offered by the employer. The 457(b) contributions grow tax free until withdrawal at retirement or termination of employment.

TAKING THE INITIATIVE

Contributing to a 457(b) retirement plan can help you take control of your future retirement needs. Other sources of retirement income, including state pension plans and, if applicable, Social Security, often do not adequately replace a person's salary upon retirement. A 457(b) plan can be a great way to provide you with additional income at retirement.

POSSIBLE TAX CREDITS

If you contribute to the plan, you may be able to receive a tax credit, which could reduce your overall federal income tax paid for the year.

ROTH

You may also choose to save part of your earnings on an AFTER-TAX (ROTH) basis. Qualified distributions will allow you to withdraw your money tax-free.

HOW MUCH CAN YOU CONTRIBUTE TO A 457(b) PLAN

You may elect to save:

- Up to 100% of your income
- Up to \$17,500 in 2013
- Extra \$5,500 if age 50+

457(B) SPECIAL CATCH-UP PROVISION

The 457(b) Special Catch-up provision permits increased annual contributions on behalf of a participant. It allows you to make up, or "catch up," for prior years in which you may not have contributed the maximum amount to your employer's 457(b) plan. The catch-up limit is the lesser of:

- Twice the annual contribution limit, as described previously; or
- The annual contribution limits for the year plus underutilized amounts from prior taxable years.

HOW TO ENROLL IN THE PLAN

You will need to make an election regarding how much of your compensation you wish to defer to the 457(b) plan. You will also need to determine which company you would like to invest your contributions with. A list of approved vendors and the Salary Reduction Agreement can be found by visiting the National Benefit Services website at www.nbsbenefits.com or by contacting (800) 274-0503 extension 5. Once you have decided how much to contribute and which vendor to invest your funds, please contact the vendor directly to obtain and submit all necessary paperwork to open the account.

INVESTMENT CHOICES

Annuity contracts provided through an insurance company or custodial accounts provided through a retirement account custodian are allowed in 457(b) plans. For more information and a list of approved investment providers for your plan, visit <http://www.nbsbenefits.com> You will need to contact the investment providers for a comprehensive listing and for information regarding the available investment choices they provide.

TRANSFERS

As a participant in the 457(b) Plan, you have the option to request a tax-free contract exchange between different investment providers within the same plan. For a list of exchange eligible investment providers for your 457(b) Plan, please visit <http://www.nbsbenefits.com>

DISTRIBUTIONS FROM THE PLAN

You or your beneficiary will be able to withdraw your vested balance when one of the following occurs:

1. Retirement
2. Total Disability
3. Death
4. Termination of Employment

Please visit our website www.NBSbenefits.com

Note: The Vendors may require additional paperwork.

LOANS

You may borrow up to ½ of your vested balance up to \$50,000 (whichever is less). Contact your current Vendor about the Loan Policy for your Plan.

UNFORESEEABLE EMERGENCY

Your plan may allow for Unforeseeable Emergency Distributions. Please contact your Benefits Department for more information about the requirements.

GENERAL PLAN INFORMATION

To obtain additional information about participation, and about the savings products made available under the plan, please contact your payroll/human resources department.

Plan Name:

Sulphur Springs Independent School District
457(b) Plan

Plan Administrator:

Sulphur Springs Independent School District

Plan Contact Person:

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