



Human Resources Benefits and You

457(b) Deferred Compensation Plan

The Oklahoma State University 457(b) Deferred Compensation Plan offers eligible employees an opportunity to set aside extra retirement savings on a voluntary basis. You decide how much money to contribute within the guidelines indicated below. These contributions will be deducted from your regular paycheck on a pre-tax basis (federal and state but not FICA). OSU will remit the contributions to your investment sponsor. Contributions and earnings grow on a tax-deferred basis until withdrawn. 100% vesting occurs with your first contribution.

Eligibility: All employees paid through the OSU payroll system are eligible to participate regardless of classification, percent of time employed, or length of appointment.

Minimum Contribution: \$25 per month.

Maximum Contribution: The maximum tax deferred contribution limit is established by Internal Revenue Service regulations and indicated in the table below. You may contribute the standard amount as long as you have enough eligible OSU pay to contribute at the maximum limit. Employees at least age 50 may contribute at the Age 50+ catch-up limit, providing you have adequate OSU compensation.

Calendar Year	Standard Deferral Limit	Additional Age 50 + Catch-Up
2006	\$15,000	\$5,000
2007	\$15,500	\$5,000
2008	\$15,500	\$5,000

If you are within three years of reaching the age of 65, and you may be eligible for additional catch-up contributions if you have not contributed at the annual maximum in prior years, contact Employee Services, 106 Whitehurst, (405) 744-5449, for more information.

Salary Reduction Agreement: To begin contributions, or change the amount of contributions, you will need to complete OSU's *Voluntary 457(b) Salary Reduction Agreement*. This form can be obtained from the web at <http://hr.okstate.edu> or from Employee Services, 106 Whitehurst, (405) 744-5449. This form authorizes OSU to reduce your pay by the amount specified and then forward the contributions to the appropriate investment sponsor. For employees paid monthly, the contribution is taken from each regular payroll. For employees paid biweekly, the contribution is taken from each regular biweekly paycheck. Contributions for the calendar year will cease when you reach the annual amount specified. If you receive fewer paychecks than anticipated, the annual goal amount may not be reached. If your pay for any given payroll is insufficient to take the full contribution, no contributions will be made for that payroll and your annual goal amount may not be reached.

To discontinue contributions, you must complete a new *Voluntary 457(b) Salary Reduction Agreement* indicating, "zero" contributions to the investment sponsors you are currently using. You may complete more than one agreement per year.

Effective Date: The *Voluntary 457(b) Salary Reduction Agreement* may become effective no earlier than the first day of the month following execution of the form and delivery at Employee Services, 106 Whitehurst,

(405) 744-5449. You may want to retain a copy of the agreement for your files.

457(b) Investment Sponsors: Investment sponsors must complete a Service Agreement with OSU confirming their intent to participate before OSU can accept them as a potential OSU investment sponsor. The companies listed below are available investment sponsors.

**AIG VALIC
Ameritas**

**AXA Equitable
TIAA-CREF**

OSU does not make investment sponsor recommendations. If you need assistance to choose an investment sponsor, you may wish to contact an investment counselor. OSU offers no assurances and assumes no responsibility as to the financial stability of any investment sponsor or the performance of its investment programs. New investment sponsors may be added by enrolling at least 25 employees. Investment sponsors may be dropped if they do not maintain accounts with at least 10 participating employees.

Enrollment with Investment Sponsor: Investment sponsors have an account application that you complete and return to them to open an account. You may be able to complete this form on-line at your investment sponsor website. This form is in addition to the *Voluntary 457(b) Salary Reduction Agreement* that you complete to notify OSU to begin withholding contributions from your paycheck. OSU will send your contributions to the investment sponsor based upon the *Voluntary 457(b) Salary Reduction Agreement*. If you fail to open an account, the investment sponsor cannot accept the money and it may be returned to you or OSU. You designate beneficiaries, choose investment options, and change allocations through your investment sponsor (or the agent for your investment sponsor) rather than through OSU.

Withdrawals: Unlike a 403(b) plan, in certain situations a 457(b) may allow for in-service withdrawal or an unforeseeable emergency withdrawal. If you have not contributed to your 457(b) for two years or more, you may be eligible to withdraw up to \$5,000. Contact your investment sponsor for details regarding withdrawals.

Loans: Loans are permissible under the plan while still employed at OSU, if allowed by your investment sponsor. Availability and conditions are governed by your investment sponsor, the OSU 457(b) plan document, and by Internal Revenue Code restrictions.

Transfers: While still employed at OSU, you may transfer 457(b) plan balances from your current investment sponsor to another OSU approved 457(b) investment sponsor. Such action is not considered a distribution or a rollover because you have received no funds (distribution) and you are keeping all of your accumulations in an OSU 457(b) account.

Distributions: You may receive a distribution of your account or rollover funds to another plan upon separation from employment. In contrast to some other types of retirement plans, there is no 10% tax penalty if distributions are made directly to you and you separated employment prior to reaching age 55. However, while rollovers to another type of retirement plan (non 457[b]) are permissible, should you separate prior to age 55, the 10% penalty on early withdrawals could apply. You may wish to discuss the tax consequences of distribution and rollover options with your investment sponsor or tax advisor.

Because of the IRS Code provisions that govern retirement programs, you must begin receiving minimum distributions by April 1 following the calendar year that you turn age 70 ½ or retire, whichever is later. You may incur heavy tax penalties if you do not begin receiving minimum distributions timely.

OSU Human Resources developed this information for the convenience of OSU employees. It is a brief interpretation of more detailed and complex materials. If further clarification is needed, the actual law, policy, and contract should be consulted as the authoritative source. OSU continually monitors benefits, policy, and procedures and reserves the right to change, modify, amend, or terminate benefit programs at any time.