

## TO: EMPLOYEES GETTING READY TO RETIRE

The deadline is approaching for those employees retiring in June 2011 who want to take advantage of the 457 Traditional Catch-Up provision. You should submit your 457 Traditional Catch-Up application to Savings Plus ASAP, but no later than 15 business days prior to your separation.

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### 2011 Contribution Limits

| Tax Year | 401(k)/403(b) Annual Limits | 457 Annual Limits | Total    |
|----------|-----------------------------|-------------------|----------|
| 2011     | \$16,500                    | \$16,500          | \$33,000 |

Want to contribute more?

- **Age-Based Deferral** – If you're age 50 or older, you can contribute an additional \$5,500 for a total of **\$22,000 per plan**. This enables you to shelter **2011** taxable income up to \$44,000. You can't take advantage of Age-Based Contributions in the 457 Plan if you participate in Traditional Catch-Up.
- **457 Traditional Catch-Up** – If eligible, you can contribute up to double the annual limit to your 457 plan, **\$33,000 in 2011**. If approved, you can participate in the three years prior to your Normal Retirement Age. If you participate in Traditional Catch-Up, you can't participate in the Age-Based provision in the 457 Plan at the same time.

### Traditional Catch-Up Provision

If your vacation lump sum pay will exceed the maximum limits that you can defer for this year (see chart above) you may want to take advantage of the 457 Traditional Catch-Up provision. The Catch-Up provision allows you to catch-up for prior years where you didn't contribute the annual maximum. If you're eligible, you may contribute twice the 457 annual limit, up to the amount underutilized in prior tax years while working for **your current employer**. Remember, you can only participate in either Age-Based Contribution in the 457 Plan, or 457 Traditional Catch-Up.

#### **What you Need to Do:**

- **Fax** a completed Traditional Catch-Up Application **and W-2s** for the year(s) you're claiming as underutilized to Savings Plus at **least 15 business days prior to separation**. (Download the current "457 Deferred Compensation Plan Traditional Catch-Up Booklet" from [www.sppforu.com](http://www.sppforu.com), click on "forms and publications.") **Our Fax Number is (916) 327-1885.**

- *Savings Plus will review your completed application. If approved, we'll fax (or e-mail) you the approved Catch-Up Calculation Worksheet for your signature. To facilitate processing, please provide a fax number or an e-mail address on your fax cover sheet or on the application. Sign the approved worksheet and fax it back to Savings Plus. Keep the original to give to your HR office.*
- *You must attach the **approved** Catch-Up Calculation Worksheet to the "Request to Transfer Lump-Sum Separation Pay Application" and submit both forms to your Personnel Office at **least five business days prior to your final day of employment.** **We expect a large number of retirements prior to June 30, 2011, so deadlines will be strictly enforced.***

### Important Things to Keep in Mind about Catch-Up

- You can't participate in Catch-Up if you're already retired.
- If your combined contributions to your 401(k) and 457 Plans for the year plus the value of your lump sum payment don't exceed the annual limits, you don't need to participate in Catch-Up.
- Complete all sections of the Traditional Catch-Up Application. Missing information delays processing. Make sure you include your retirement date and indicate if you plan to use lump sum separation pay to fund your Catch-Up.
- Normal Retirement Age is between age 50 and 70 1/2. You can participate in Catch-Up during the last three years PRIOR to your Normal Retirement Age.

### Questions?

Contact your Personnel Office or call Savings Plus at (866)-566-4777 and press \*0 to speak to a customer service representative Mon – Friday 8:30 a.m. – 4:00 p.m. PT.

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