

**457(b) Deferred Compensation Plans
Information for Participants Regarding Maximum Allowable Contributions**

Section 457(b) of the Internal Revenue Code imposes a dollar limit on contributions to 457(b) Deferred Compensation Plans (DCP). The “standard” elective maximum contribution limits for 457(b) plans through the years are as follows:

| | | | | | | | | | |
|-----------|-----------|---------|----------|----------|----------|----------|----------|----------|----------|
| 1979-1997 | 1998-2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| \$7,500 | \$8,000 | \$8,500 | \$11,000 | \$12,000 | \$13,000 | \$14,000 | \$15,000 | \$15,500 | \$15,500 |

Participants nearing normal retirement age may make up some or all of any deferrals they did not make during previous years of eligibility. For these purposes, “normal retirement age” is chosen by the participant as any age between the later of actual retirement age or the age at which the participant is eligible for unreduced PERS benefits (usually age 58 for Tier 1 and age 60 for Tier 2) and age 70½ . Generally speaking, this “limited catch-up” provision allows a contribution of the amount in the above table plus the total of “underutilized contributions” in prior years, but not to exceed twice the above table limit.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) provides new extra elective deferral opportunities for older employees beginning in 2002. Participants who reach their 50th birthday by the end of a particular taxable year are eligible for additional elective deferrals as specified in the table below [IRC § 414(v)]:

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| \$1,000 | \$2,000 | \$3,000 | \$4,000 | \$5,000 | \$5,000 | \$5,000 |

Current interpretation of the law indicates that the participant must contribute the maximum allowable “standard” elective deferral before becoming eligible for the 414(v) extra elective deferrals. Moreover, if a participant is eligible for both the limited catch-up provision and the age-50 provision in the same year, only the provision that provides the larger benefit may be exercised, not both.

Employees who would like to know their own maximum allowable contribution should request a calculation from the District’s consultant listed below, preferably via email:

Carruth Compliance Consulting, Inc.
E-mail: cccinfo@ncompliance.com
Phone: 503-968-8961
10555 SW Lady Marion Drive
Tigard, OR 97224-3529