

Contributing Through Two Plans

S A V E M O N E Y A N D R E T I R E T O M O R R O W

CONTRIBUTING THROUGH TWO PLANS CAN BENEFIT YOU!

Now You Can Save More for Tomorrow

Did you know that you can save and invest through your 403(b) Plan and the Massachusetts Deferred Compensation SMART Plan (457 Plan) at the same time, giving yourself a powerful opportunity to double your before-tax contributions in 2009? Consider these reasons to contribute to your 457 Plan and 403(b) Plan simultaneously.

Greater Retirement Savings Power

- With time and the power of compounding on your side, participating in two plans can provide an incredible boost to your retirement strategy.
- In 2009, if you are under age 50, you may contribute \$16,500 to each Plan, for a total of \$33,000.
- In 2009, if you are age 50 or older, you may contribute \$22,000 to each Plan, for a total of \$44,000.
- In 2009, if you are within three years of normal retirement age and have not contributed your maximum in previous years, you may be able to utilize Standard 457 Catch-Up, which allows you to contribute up to twice the regular dollar limit—\$33,000 in 2009.¹

Valuable 457 Features

- As an employee, you can contribute to one of the most attractive savings and investment vehicles available today: the SMART Plan.
- There is no 10% early withdrawal penalty for 457 plans. The penalty applies to IRAs and 401(a), 401(k) and 403(b) plans.
- You get the most generous contribution limits if you are within three years of normal retirement age and have undercontributed in prior years. The 457 Plan now allows for a flexible payout similar to your 403(b) Plan.
- You can contribute the maximum amount to both the 457 and 403(b) Plans.

Increased Tax Benefits

While tax-deferred growth is important regardless of your income tax bracket, it becomes more powerful as your marginal income tax bracket increases. Maximizing your contributions to both the 457 and 403(b) Plans may double your tax benefit each year.

Expanded Investment Options

Having access to more investment options through both Plans allows you to stay diversified—especially during the inevitable cycles of market volatility.

Highlights for 457 and 403(b) Plans in 2009		
Feature	457	403(b)
Maximum Contribution (Under Age 50)	\$16,500	\$16,500
Maximum Contribution (Age 50 or Older)	\$22,000	\$22,000
Standard Catch-Up Allowed	\$16,500 ¹	No
15 Years of Service Catch-Up Allowed	No	Yes*
Potential Eligibility for Tax Credit	Yes	Yes
Roll Over to Other Eligible Plans ²	Yes	Yes
Distributions Before 59½ Without 10% Early Withdrawal Penalty	Yes	No ³
Payout Flexibility	Yes	Yes

*Contact your Plan Administrator to confirm availability.

Get started today! Contact your local representative to set up an enrollment meeting convenient for you. Call (877) 457-1900 or go to www.mass-smart.com > Enroll Now.⁴

1 You may not use both Standard 457 Catch-Up and Age 50+ Catch-Up in the same year. If you need help calculating your maximum contribution limit, please contact your local registered representative.

2 If new plan accepts rollovers.

3 Some exceptions may apply, but typically there is a 10% federal penalty on distributions taken prior to age 59½. Withdrawals from all plans are subject to ordinary income taxes. The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

4 Access to the voice response system and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



Contributing Through Two Plans (continued)

Putting the Pieces Together

As you review your options and establish your long-term savings goals, look at how saving and investing through your 457 and 403(b) Plans simultaneously can impact your retirement planning efforts. If you have not been able to save aggressively until now, this is a savings and investment opportunity you don't want to overlook.

For Participants Under Age 50

You may contribute \$16,500 to each of the two Plans, for a total of \$33,000. The hypothetical examples below show the benefit of contributing to both Plans versus just one. The examples assume you make the maximum contribution during each of the next 10 years and an annual return of 6% compounded monthly.⁵

Contributing to Just One Plan

Year	Annual Contribution	Total Cumulative Contribution	Account Value
1	\$16,500	\$16,500	\$16,961
3	\$16,500 ⁶	\$49,500	\$54,087
5	\$16,500 ⁶	\$82,500	\$95,934
7	\$16,500 ⁶	\$115,500	\$143,102
10	\$16,500 ⁶	\$165,000	\$225,334

Contributing to the 457 and the 403(b) Plan

Year	Annual Contribution	Total Cumulative Contribution	Account Value
1	\$33,000	\$33,000	\$33,923
3	\$33,000 ⁶	\$99,000	\$108,174
5	\$33,000 ⁶	\$165,000	\$191,868
7	\$33,000 ⁶	\$231,000	\$286,203
10	\$33,000 ⁶	\$330,000	\$450,668

To increase your contributions to the SMART Plan, call the SMART Plan Service Center at (877) 457-1900 or go to www.mass-smart.com > Account Access.⁴ Once logged in, go to Manage Investments > Change Contribution Amount.

Eligible to Contribute to the 403(b) Plan

A 403(b) Plan is a retirement plan for employees of public schools (including institutions of higher education), certain ministers, and employees of various tax-exempt organizations (for example charities). Contact your Plan Administrator for eligibility requirements.

⁵ For illustrative purposes only. Not intended to predict or project future investment results and does not represent the performance of any investment option. Assumes an annual return of 6% compounded monthly, and does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown would be reduced if these fees had been deducted.

⁶ May be indexed for inflation in no less than \$500 increments in future years. Limits in these years may be higher.

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