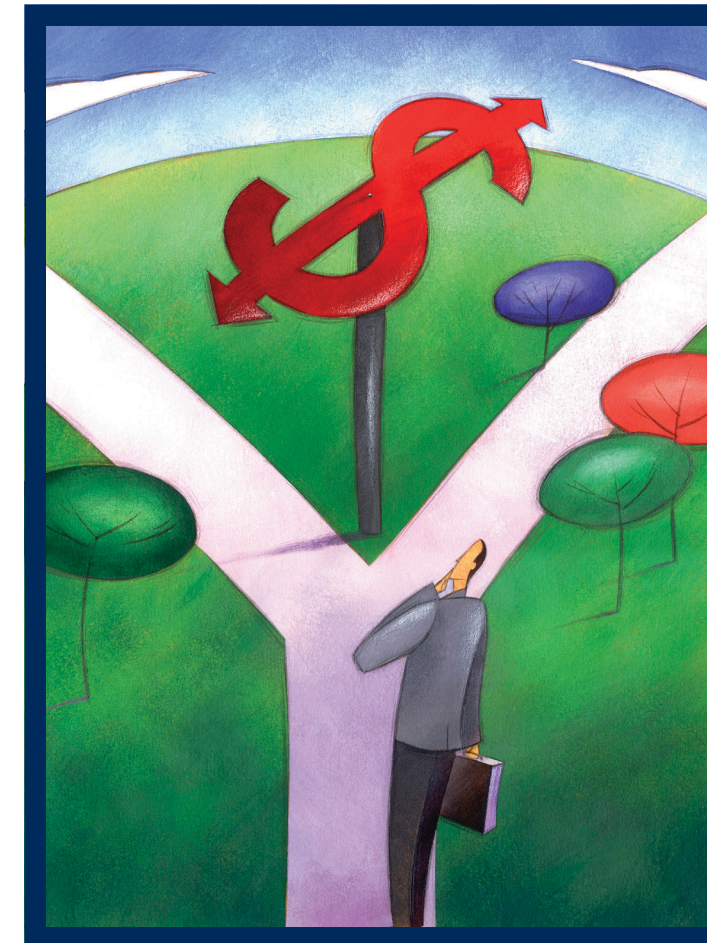


Brief Plan Comparison

Features	Governmental 457(b) Plans	Traditional 403(b) Plans
Contribution Limits & Coordination of Contribution Limits	<ul style="list-style-type: none"> \$15,500 maximum contribution plus catch-up options (if eligible for catch-up) 457(b) limits are not offset by 403(b) contributions 	<ul style="list-style-type: none"> \$15,500 maximum contribution plus catch-up options (if eligible for catch-up) 403(b) limits are not offset by 457(b) contributions
Early Withdrawal Penalty Tax	None - Normal income tax only	10% early withdrawal penalty tax may apply under age 59 1/2, plus normal income tax
Employer Control	Employer is responsible for administration and compliance A Third Party Administrator may be used to reduce Employer responsibility	Employer control is currently limited and most administration is handled by issuers and custodians This will change with the proposed 403(b) Regulations
Eligibility Rules	Deferrals may be made available to all eligible employees as indicated by the 457(b) Plan Document	Deferrals are available to all eligible employees
Age 50 Catch-Up Option	Total of \$5,000 for all 457(b) plans of the same Employer (not available if special catch-up option is used)	Total of \$5,000 for all retirement plans of the same employer (other than 457(b)), even if special catch-up option is used
Special Catch-Up Option	Three years prior to normal retirement age allows the lesser of: <ul style="list-style-type: none"> Two times the current year's normal contribution limit each year to a total possible catch-up of \$93,000*; or Underutilized limits from past years <i>* may be increased with COLA</i>	IRC 402(g) 15 year catch-up service option increases limit by the lesser of: <ul style="list-style-type: none"> \$3,000 annually with a total maximum contribution of \$15,000 less additional limit used in past years; or \$5,000 times years of service less past elective deferrals
Required Minimum Distribution	RMD rules apply at age 70 1/2 or later, severance from service, and also after death	RMD rules apply at age 70 1/2 or later, severance from service, and also after death
Distribution Restrictions	Funds cannot be distributed until: <ul style="list-style-type: none"> Age 70 1/2; Severance from employment; Disability; Death; or Unforeseeable emergency 	Funds cannot be distributed until: <ul style="list-style-type: none"> Age 59 1/2 Age 55 and retired Severance from employment (see early withdrawal penalty above) Disability; Death; or Financial Hardship
Loans	Permitted, with loans from all qualified plans limited to the lesser of: <ul style="list-style-type: none"> \$50,000; or One half of vested benefits or \$10,000, if greater 	Permitted, with loans from all qualified plans limited to the lesser of: <ul style="list-style-type: none"> \$50,000; or One half of vested benefits or \$10,000, if greater
Hardship Distributions	Contributions may be distributed to the extent required for an unforeseeable emergency beyond control of participant, such as: <ul style="list-style-type: none"> Medical care; Casualty loss; or Payments needed to prevent eviction from foreclosure on home 	Contributions may be distributed to the extent required for a financial hardship even if foreseeable and voluntary such as: <ul style="list-style-type: none"> Medical care; Payments needed to prevent eviction from or foreclosure on home; Payment of tuition; or Purchase of a home
Transfer to Purchase Years of Service	Available	Available
Portability of Plan Funds After Qualifying Event	<ul style="list-style-type: none"> Another Governmental 457(b); 403(b); IRA (Traditional, SEP, SAR-SEP);and 401(a) Plan (Pension, 401(k), STRS) 	<ul style="list-style-type: none"> Another 403(b); Governmental 457(b); IRA (Traditional, SEP, SAR-SEP);and 401(a) Plan (Pension, 401(k), STRS)



457(b) / 403(b) Plan Information Guide

The TDS Group is a California School Boards Association District Services Partner



Program Overview

Defined Contribution plans provide employees the opportunity to invest in Internal Revenue Code 457(b) and 403(b) plans.

The programs require voluntary participation.

Employees who wish to participate in a 457(b)/403(b) designate a portion of their salary to contribute on a per pay basis.

Contributions are pre-taxed and are automatically deducted from the employee's payroll. State and Federal income taxes are then calculated on the remaining pay.

Pre-tax contributions lower current taxable income.

Contributions to your 457(b)/403(b) will be taxed upon an eligible or qualified distribution.

Available Options

A 457(b)/403(b) contract is made between an employee and an investment company, which provides a way for the employee to save money during working years and receive income during retirement.

Fixed annuities

Fixed annuity contracts provide guaranteed income options. They are generally considered more conservative than variable annuities, but the advantage is that they are a relatively safe investment because the company guarantees your principal and interest of your investment.

Variable annuities

Variable annuity contracts potentially provide greater returns that are available by investing your money in the stock market. The investment options that are available are referred to as either separate account "mutual funds" or "investment portfolios". Variable annuity principal can be at risk and subject to loss in value. Guaranteed principal protection against loss may be purchased for an additional cost.

Mutual funds

A mutual fund is an investment in which your contributions are combined with a large pool of money from other investors. Professional money managers invest the total amount. When an employee invests in a mutual fund, they are buying shares in the pooled assets of the fund. As the value of the fund rises or falls, the value of the shares rises or falls.

Fees and Charges

There are many different company fees that should be considered when selecting investment options. Following are examples of fees and charges typically included in 457(b)/403(b) investments:

Fund Expense - management fee charged by the investment company for money management.

Sales Charges - may be assessed when you initially invest in an option (a "front-end" load) or when you sell funds (a "back-end" load).

Surrender Charges - may be assessed when you take a distribution from your account if you are within the premature distribution time frame.

Administrative Fees - are assessed, usually quarterly or annually, to offset the company's cost in providing you quarterly statements, custodian account services, web access, etc. Be sure to read your contract carefully.

Mortality & Expense Charges - are assessed by insurance companies to provide your beneficiaries a guaranteed death benefit.

Investment Advisory Fees - are charged by investment companies and paid to the investment manager of the mutual fund.

Account Changes

Increase or decrease your savings

You can make changes monthly by completing a new salary reduction agreement

Stop saving through the plan

Complete a salary reduction agreement cancelling your current investment(s). Be sure to complete the revised salary reduction agreement before you close your 457(b)/403(b) account.

Change your investment elections

You may change your investment elections without changing the amount of your salary reduction. Refer to instructions provided by your 457(b)/403(b) advisor on making a fund transfer. Note any restrictions that may apply.

Change investment companies

You may contribute to more than one company at any one time. Consider the following if you choose to change companies:

Decide if you want to transfer your existing account balance, or have future savings invested with the new company.

Establish an account with the new company before completing a new salary reduction agreement.

Evaluating Risk Tolerance

You should determine your level of risk tolerance before committing to a specific type of investment. The following five tips are provided as a starting point for evaluating your risk tolerance. A company representative or your financial or tax advisor should further explain your investment options.

Risk tolerance

In general, the definition of risk tolerance is the possibility that the investor may be forced to dispose of an investment at a temporarily depressed price.

Diversify your investments

Most people want high rates of return on their investments with minimum risk. Diversifying your investments can assist with accomplishing this goal, as no single investment performs well in every economic circumstance.

Investment flexibility

The program allows you to change your investment amount, stop or start deferrals, and change your investment options for future deferrals. You should also know what options a particular investment provides and be aware of any fees and/or charges.

Define your strategy

Work with a company representative or financial advisor; pick a strategy that suits your goals and tolerance and stick with it.

Risk versus return

Investments have varying levels of return. When comparing investments, make sure you are comparing the return and risk levels of funds with similar investment objectives.

Investment Decisions

You select the company who will invest your savings in your 457(b)/403(b) account. A listing with company names, addresses, and contact information is available through your Personnel/Payroll and Benefits department. You may also access this information from a Third Party Administrator, employer website, or from www.403bcompare.com.*

*The 403bcompare website only applies to California Public Schools

This guide has been provided by The TDS Group for informational purposes only. This information is not to be considered investment advice or suggestion by either TDS or the Employer. If you would like to speak with a TDS financial advisor, please contact The TDS Group at (800) 542-5829 or by emailing planadministrator@tdsgroup.org. Securities and investment advisory services are offered through Financial Network Investment Corporation, member SIPC. TDS and Financial Network are not affiliated companies.

Enrollment Procedures

Select a vendor company and investment product

Your personnel/benefits office will provide a listing of companies authorized to provide 457(b)/403(b) products through the retirement programs.

You should consider working with a vendor representative, financial advisor, and/or your tax advisor to determine which company is best suited to meet your investment needs. Request a prospectus for any investment you are seriously considering.

Establish a company account

Once you have selected an investment company, work with a company representative or financial advisor to establish an account. An account must be established before the salary reduction agreement is submitted to your employer.

Salary reduction agreement

A salary reduction agreement is a contract between the employing department and the employee. It specifies the conditions of participation in the 457(b)/403(b) program. Request an agreement from your personnel office. Ensure this agreement is completed and submitted before the employer elected 'cut-off' date to submit new agreements.

Turn in paperwork

To enroll in the plan, provide your personnel/payroll and benefits office a 457(b) and/or a 403(b) salary reduction agreement.

More Information

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