



CITY OF MADISON 457 DEFERRED COMPENSATION PLAN CATCH-UP CONTRIBUTIONS



WHAT ARE CATCH-UP CONTRIBUTIONS?

“Catch-up contributions” are supplemental to the standard annual deferral limits allowed by the IRS. This allows you to save at an accelerated rate. There are two catch-up provisions to choose from. However, you are not eligible to use both of them in the same calendar year.

50+ AGE 50 CATCH-UP

If you're able to contribute even more than those under age 50, here's your opportunity: In the year you turn age 50, the IRS allows you to save up to \$5,500 above the normal yearly limit to help avoid falling behind schedule as you near retirement¹. It's called a catch-up contribution for a good reason! Another way to catch up is to work and save more by delaying your retirement just a year or two, while continuing to increase your savings rate each year.

¹ The most you can set aside in your City of Madison Deferred Compensation Plan for 2012 is \$17,000, with additional catch-up contributions of up to \$5,500 if you're age 50 or older. Tax years 2013 and beyond are subject to a cost-of-living adjustment (COLA)

3 THREE YEAR SPECIAL CATCH-UP

If you're willing and able to contribute the highest possible amount, here's your chance! The Three-Year Special 457 (b) Catch-Up deferrals may only occur in the three calendar years prior to the Normal Retirement age¹ you select. If you have unused contributions from not contributing the maximum deferral limits in previous years, you may defer up to twice the maximum annual contribution limit which is \$17,000 in 2012. When added to the basic deferral amount, the aggregate maximum available is \$34,000 in 2012.

¹ Normal Retirement Age is defined by the plan to be age 70 ½. However, you may select an alternate Normal Retirement Age which may not be earlier than the date you will become eligible to retire and receive unreduced retirement benefits from Wisconsin Retirement System.

HOW TO MAKE CATCH-UP CONTRIBUTIONS

You can make catch-up contributions only through payroll deductions. You must submit a Catch-Up Contribution Election form. Please call Lincoln Financial Advisors at 608-268-5100 for assistance in obtaining correct forms.

HOW TO GET ADDITIONAL INFORMATION

Please contact our office for any additional information to help you make an informed decision.

Return completed form to: Lincoln Financial Advisors
Attention: Mark Strassburger
406 Science Drive, Suite 310
Madison, WI 53711
Fax: 608-287-3056 Phone: 608-268-5100 E-mail: Mark.Strassburger@LFG.com