

# East Haddam Board of Education

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## *Annual 457 Notice*

The East Haddam Board of Education is providing this annual notice of the availability of the 457 Deferred Compensation Plan to all district employees. The 457 Deferred Compensation Plan supplements the 403(b) plan offerings that are currently available.

**Take Note:** Contributions to a 457 Deferred Compensation Plan are allowed in **addition** to 403(b) Plan contributions, which means you can **defer** to **both plans!** Consider all of your options as you decide.

The opportunities offered by the 457 Deferred Compensation Plan may be of interest to you if:

1. You want to **avoid the 10% premature distribution penalty** if you choose to **retire early**.
2. You want to **increase** your pre-tax savings potential.
3. You want to utilize **payroll deduction** for retirement savings.
4. You want to utilize **tax deferred growth potential** on your investments.
5. You want to **lower your current taxable income**. Taxes are due upon withdrawal.

**Notice:** Unlike with 403(b) Plans, contributions to Section 457 Deferred Compensation Plans are **NOT subject to the federal 10% premature distribution penalty!**

For materials to enroll in the 457 Deferred Compensation plan, please contact the Business Office at 873-5090.

ING Life Insurance and Annuity Company is the investment provider for the 457 Plan. A wholly owned, indirect subsidiary of ING Group N.V. (ING). ING is a global financial institution of Dutch origin active in the field of banking, insurance and asset management in 50 countries with more than 112,000 employees (source ING group profile).

The 457 Deferred Compensation Plan is funded by a group variable annuity contract issued by ING Life Insurance and Annuity Company (ILIAC) that offers a large selection of over **80 investment options** (including a guaranteed fixed account). The Fixed Account guarantees are based on the claims paying ability of ILIAC. The variable options are managed by leading money managers. Group annuities are long-term investments designed for retirement purposes. Money distributed from the annuity will be taxed as ordinary income in the year the money is received. Account values fluctuate with market conditions and when surrendered the principle may be worth more or less than its original amount invested. An annuity does not provide any additional tax deferral benefit; tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits which may be valuable to you.

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