

2007 TSA-DCP Announcement for Lincoln County School District

Supplemental Retirement Saving Opportunities - The 403(b) TSA and 457 DCP Programs

The District offers two excellent programs through which you may contribute a portion of your current income into supplemental retirement savings accounts. Such contributions reduce your current taxable income, and thus allow you to save more than you could from after-tax income, with the same resulting current spendable income. Moreover, it may be reasonable to expect that you will be in a lower tax bracket when you retire and begin to withdraw these funds. It is recommended that you consult your own tax professional concerning your participation in these plans.

The 403(b) TSA Program

One of the District's supplemental retirement savings programs is offered under Section 403(b) of the Internal Revenue Code and is called the Tax-Sheltered Annuity Program, or TSA for short. **All employees of Lincoln County School District are eligible to contribute to the TSA plan** by first establishing an investment account with one or two authorized vendors, and then completing a salary reduction agreement, signing it, and submitting it to the office below:

Payroll Office
Lincoln County School District
459 SW Coast Hwy
PO Box 1110
Newport, OR 97365

Salary Reduction Agreement Form Now Available on the Web

You may complete online forms for both the 403(b) TSA and the 457(b) DCP at <http://www.ncompliance.com/client/lincolncounty/ee-info/sra.html>, print the forms, sign them, and submit them to the office listed above. For additional enrollment information, visit <http://www.ncompliance.com/client/lincolncounty/ee-info/enrollment.html>.

Contribution Limits for 2007

If your 50th birth date occurs after December 31, 2007:
Your limit is the **smaller** of \$15,500 and 100% of your net pay before deferral.

If your 50th birth date occurs on or before December 31, 2007:
Your limit is the **smaller** of \$20,500 and 100% of your net pay before deferral.

Finally, if you have worked for Lincoln County School District for at least 15 years, you may be eligible to contribute an additional \$3,000 during 2007.

Program Information Now Available on the Web

Comprehensive information about the District's supplemental retirement savings programs (both the 403(b) Program and the 457 Program) is now available on the web at <http://www.ncompliance.com/client/pendleton/home.html>.

(More on the following page)

The 457 DCP Program

The other of the District's supplemental retirement savings programs is offered under Section 457(b) of the Internal Revenue Code and is called the Deferred Compensation Program, or DCP for short. **All employees of Lincoln County School District are eligible to contribute to the DCP plan** by completing an enrollment form, signing it, and submitting it to the appropriate 457 Program authorized vendor.

Contribution Limits for 2007

If your 50th birth date occurs after December 31, 2007:

Your limit is the **smaller** of \$15,500 and 100% of your net pay before deferral.

If your 50th birth date occurs on or before December 31, 2007:

Your limit is the **smaller** of \$20,500 and 100% of your net pay before deferral.

If 2007 is one of the last three years preceding the calendar year of your chosen "normal retirement age," you may be eligible to contribute up to \$31,000 (twice the \$15,500 basic limit) to the 457 DCP under a limited catch-up provision of the applicable law.

Program Information Now Available on the Web

Again, comprehensive information about the District's supplemental retirement savings programs (both the 403(b) Program and the 457 Program) is now available on the web at <http://www.ncompliance.com/client/lincolncounty/home.html>.

Separate Limits Apply to 403(b) TSA and 457 DCP Contributions

During 2007 you will be allowed to contribute \$15,500 to the 403(b) TSA and an additional \$15,500 to the 457 DCP, for a total of \$31,000, provided your gross income is sufficiently larger than \$31,000 to allow such contributions. Moreover, if your 50th birthday occurs on or before December 31, 2007, you will be allowed to contribute an additional \$10,000 to the combination of plans, for a total of \$41,000. Additionally, if you will complete 15 years of full-time equivalent service in the Lincoln County School District by December 31, 2007, you may be eligible to contribute an additional \$3,000, for a total of \$34,000 if under age 50 and a total of \$44,000 if age 50 or over. Finally, if you are eligible for the 457 limited catch-up provision during 2007, you could possibly contribute a total of \$54,500. These limits represent huge increases over those that applied in 2001 and substantial increases over those that applied in 2002, 2003, 2004, 2005, and 2006.

Most employees do not feel that they are able to contribute the maximum allowable amounts to the TSA and DCP programs. However, any amounts you are able to contribute will help to ensure a more comfortable retirement income for you, when your TSA and DCP contributions with earnings are combined with Social Security and Oregon PERS/OPSRP benefits.

If you are in a position to consider contributing the maximum allowable amounts and would like to know your limits for 2007, please contact the District's consultant listed below:

Note: Electronic mail (email) is the most efficient method of requesting information.

J. Harvey Carruth, President
Carruth Compliance Consulting, Inc.
10555 SW Lady Marion Drive
Tigard, OR 97224

Phone: 503-968-8961
Fax: 503-968-7802
E-mail: jcarruth@ncompliance.com