

Schoolcraft College

Section 457 Deferred Compensation Plan Summary

Overview

Effective July 1, 2002 and in compliance with the IRS Code Section 457, Schoolcraft College allows eligible employees to voluntarily contribute a portion of the salary they earn to an approved Deferred Compensation Company.

To participate in the program, the employee must complete the Schoolcraft College Deferred Compensation Agreement.

Amount of Contribution

The Deferred Compensation Agreement shall automatically be renewed each year thereafter, unless the employee completes a new Agreement either terminating or changing the amount of the salary reduction. An employee may change the amount of contribution only **two** times per calendar year.

Deferred Compensation Agreements may not be for less than \$200 per year.

An employee may terminate his/her contribution at any time by checking the "Terminate" box on a Deferred Compensation Agreement and sending it to Payroll by the Friday preceding the effective payroll date.

The maximum amount one may contribute in 2002 and subsequent years, is **the lesser of:**

- (1) 100% of **Allowable Compensation** (Salary less MIP contributions and any Tax Deferred Purchase of Service Credit contributions) or
- (2)

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006 or thereafter,	\$15,000

Elections of percentage contributions must be made in whole number percentages.

Deferred Compensation Summary
Page Two

An employee may qualify for a “Catch-Up Provision” during the last three years before the employee attains Normal Retirement Age. The College’s Section 457 Plan Document describes the catch up limitation in 2.11(b).

Those employees, who are aged 50 or older during the calendar year, may make an additional catch-up contribution up to \$1,000.

Deferred Compensation Companies

The college approves the Deferred Compensation companies to act as funding vehicles for employee contributions. Each employee selects the company(ies) to receive contributions.

A person may change Deferred Compensation companies at any time during the calendar year and more than once during the calendar year by completing a “Deferred Compensation Agreement” form and sending it to Payroll.

A list of approved Deferred Compensation companies may be obtained from Human Resources or Payroll.