



## Plan to make the most of your retirement savings in 2007.



With contribution limits as high as \$31,000 for 2007, you can make greater progress with your 457(b) retirement savings plan than ever before. How much can you contribute under the new IRS limits? This guide will show you.

You'll learn about:

- The 457(b) savings opportunities for 2007
- Determining your 457(b) plan contribution limit
- Taking the steps that are right for you



Smart move.®

# Higher 457(b) Contribution Limits for 2007

Thanks to a new tax law passed in 2006, higher contribution limits and catch-up opportunities, which were scheduled to expire in 2010, are now permanent.

Under the 457(b) plan contribution limits for 2007, you could save as much as \$31,000 toward retirement, on a pretax basis, this year alone. The simple worksheets in this booklet will show you how large a 457(b) plan contribution you can make.

## **Do you need to complete the enclosed worksheets?**

The worksheets will be helpful to you if you're interested in contributing more than the \$15,500 basic annual limit to your 457(b) plan and if either or both of the following are true:

- You will be age 50 or older in 2007 and you participate in a governmental 457(b) plan.
- You have undercontributed to your 457(b) plan in the past and are within three full calendar years of normal retirement age.

**STOP. You may be finished.**

## **KEEPING TRACK OF KEY IDEAS**

There are a few phrases and terms in this brochure with which you may not be familiar. For your convenience, we have underlined them at their first mention and have defined them in the glossary on pages 12–14.

If you answered no to both of the questions to the left, you may put up to \$15,500 of your pay into your plan, subject to plan limits. You don't need to complete the worksheets in this brochure. If you answered yes to either or both of the questions to the left, read on.

## **Do you participate in more than one 457(b) plan?**

If so, you may need to consult a tax advisor. This booklet reflects rules for employees participating in a single plan sponsored by one employer.

## **Determining your individual contribution limit.**

The amount you can contribute to your 457(b) plan depends on your individual circumstances. The basic annual limit for 2007 is \$15,500 or 100% of compensation (subject to plan limits), whichever is less.

The basic annual limit is unaffected by contributions made to any other type of retirement plan. So if, for example, you participate in both a 457(b) plan and a 403(b) plan, you may contribute up to \$15,500 to *each* plan in 2007, subject to plan rules. Note that IRA contributions, whether regular or catch-up, don't reduce the amount you can contribute to the retirement savings plans offered by your employer. Besides the basic annual limit, you may qualify for one of the catch-up opportunities described on the next page.

**Age 50+ Catch-up contribution opportunity.** If you will be age 50 or older by the end of 2007, and participate in a governmental 457 (b) plan, you may contribute an additional \$5,000 to your plan under the Age 50+ Catch-up<sup>1</sup> provision.

#### Governmental 457(b) contribution limits using the Age 50+ Catch-up

Year	2007
Basic annual limit	\$15,500
Age 50+ Catch-up	\$5,000
<b>Total potential contribution*</b>	<b>\$20,500</b>

\*Includes the basic deferral limit and the Age 50+ Catch-up.

**Double Limit Catch-up contribution opportunity.**<sup>2</sup> If you're within three years of retirement, you may be able to contribute up to an additional \$15,500—for a total of \$31,000. To qualify to make Double Limit Catch-up contributions (available for each of the three calendar years before your normal retirement age), you must have undercontributed to your plan in previous years. Using the Double Limit Catch-up, the total amount you can contribute to your 457(b) plan is the lesser of:

- Two times the basic annual limit of \$15,500, or \$31,000.
- The basic annual limit plus the total underutilized salary deferrals from previous years. (See the Double Limit Catch-up Worksheet on pages 7 and 8.)

#### ACTION PLAN

- Determine whether you need to use the worksheets.
- Complete the worksheets that apply to you.
- Plan to make the biggest contribution for which you're eligible.

#### HERE'S HELP

- For help completing the worksheets, call Fidelity at **1-800-343-0860** or your plan's toll-free number, weekdays from 8:00 A.M. to midnight ET. TTY service for the hearing impaired can be accessed at 1-800-259-9743, Monday through Friday, from 8:00 A.M. to midnight ET.
- To access our interactive online calculator, visit [www.fidelity.com/atwork](http://www.fidelity.com/atwork), select "Tools & Calculators" from the homepage, then "Planning Calculators," and scroll down to select the 2007 457(b) Contribution Limit Calculation Tool.

#### Governmental 457(b) contribution limits using the Double Limit Catch-up

Year	2007
Basic annual limit	\$15,500
Double Limit Catch-up	\$15,500
<b>Total potential contribution<sup>†</sup></b>	<b>\$31,000</b>

<sup>†</sup>Includes the basic deferral limit and the Double Limit Catch-up.

Note: Employees in governmental 457(b) plans cannot use both the Age 50+ Catch-up and the Double Limit Catch-up in the same calendar year.

<sup>1</sup>You may be eligible to make a catch-up contribution if you have deferred the maximum amount allowed under your plan(s) based on IRS and plan limitations and restrictions.

<sup>2</sup>The IRS refers to the Double Limit Catch-up as the Special Section 457 Catch-up.

## Determine your 457(b) plan contribution limit.

To help reach your retirement goals, it's important to save all you can. Use these worksheets to figure how much of your pretax earnings can go toward your retirement savings plan in 2007.

### Summary Page

This worksheet will help you determine the maximum contribution to your 457(b) plan in 2007. If applicable, use this page to enter your results from the Double Limit Catch-up worksheet on pages 7 and 8. Round all figures to the nearest dollar.

		Your Calculations	Example
1. Basic annual limit:* Enter the lesser of \$15,500 or 100% of your compensation in Box A.	Box A	\$ <input type="text"/>	\$15,500
<b>Caution: If you have already deferred more than the amount in Box A, be sure to complete lines 3–5 below.</b>			
2. Do you wish to make additional contributions beyond the basic annual limit in 2007, and is your compensation \$15,500 or greater? <input type="checkbox"/> Yes: Please proceed to line 3. <input type="checkbox"/> No: <b>STOP</b> —enter the amount from Box A into Box E.			<input checked="" type="checkbox"/> Yes
3. Age 50+ Catch-up: Check the statements that apply to you: <input type="checkbox"/> I participate in a governmental 457(b) plan <input type="checkbox"/> I was born prior to January 1, 1958 <input type="checkbox"/> My employer allows the Age 50+ Catch-up If you checked all three statements above: You are eligible for the Age 50+ Catch-up in 2007. Enter \$5,000 in Box B and proceed to line 4. If one or more of the statements above do not apply to you: Please enter 0 and proceed to line 4.	Box B	\$ <input type="text"/>	\$5,000
4. Double Limit Catch-up: Will you reach your normal retirement age in 2008, 2009, or 2010? <input type="checkbox"/> Yes: Please complete the Double Limit Catch-up Worksheet <input type="checkbox"/> No: Please enter 0 and proceed to line 5.	Box C	\$ <input type="text"/>	\$4,000
5. Enter the larger of the amounts in Boxes B and C. This figure represents the amount you have available for either the Age 50+ Catch-up or the Double Limit Catch-up. <b>Indicate below which catch-up this amount represents:</b> <input type="checkbox"/> Age 50+ Catch-up (Box B) <input type="checkbox"/> Double Limit Catch-up (Box C)	Box D	\$ <input type="text"/>	\$5,000
6. Add the amounts in Boxes A and D. <b>This is your 2007 457(b) contribution limit as allowed by IRS rules.</b>	Box E	\$ <input type="text"/>	\$20,500

Note that your employer may set a lower limit on the amount you may contribute to your 457(b) plan.

\*Any employer contributions made directly to your 457(b) plan are included in the basic annual limit.

# Requirements and Instructions for the Double Limit Catch-up Worksheet (see page 7)

If your previous years' 457(b) contributions were below your allowable limit, you may be eligible for Double Limit Catch-up contributions in 2007.

This worksheet will help you determine if you are eligible to make a Double Limit Catch-up contribution in 2007. Depending on your individual circumstances, you may be eligible to contribute up to \$15,500 in addition to the basic annual limit of \$15,500. To be eligible for the Double Limit Catch-up, your normal retirement age must fall in calendar years 2008, 2009, or 2010. Please note that due to the way the IRS rules work, this worksheet has separate instructions for years 2002–2006 and years 1979–2001.

## Required information.

To determine your eligibility for the Double Limit Catch-up contribution, you need to know:

- Your W-2 wages for previous years. You can get this information from your IRS W-2 forms for previous years, or other records that indicate your compensation (see the definition on page 12) and plan contributions.
- Total salary deferral contributions for your 457(b) plan in previous years. You can get this information from previous years' plan account statements.

- Salary deferral contributions for previous years made to other retirement savings plans: 403(b), 401(k), SIMPLE, or SEP. You can also obtain this information from previous years' plan account statements.



## Requirements and Instructions for the Double Limit Catch-up Worksheet (continued)

### For 2002–2006:

**Column 2:** Place a check mark in this column if you were eligible to participate in your 457(b) plan. If you were not eligible to participate in the 457(b) plan, do not complete the rest of the row. If you changed employers or were eligible to participate in more than one 457(b) plan, consult a tax advisor.

**Column 3:** Enter an amount in this column *only if your compensation was less than \$11,000 in 2002; less than \$12,000 in 2003; less than \$13,000 in 2004; less than \$14,000 in 2005; or less than \$15,000 in 2006.* If your compensation was greater than these amounts, your maximum contribution for 2002 was \$11,000; for 2003, \$12,000; for 2004, \$13,000; for 2005, \$14,000; and for 2006, \$15,000.

**Column 4:** This column does not apply for 2002–2006.

**Column 6:** Enter the lesser of the amounts in column 3 and column 5. If you were eligible to participate in that year but left column 4 blank, enter the amount from column 5 into column 6.

**Column 7:** Enter the amount you contributed to your 457(b) plan, not including any Age 50+ Catch-up or Double Limit Catch-up contributions. *Note:* If you received employer contributions directly to your 457(b) plan, include this amount in column 7.

**Column 8:** Subtract column 7 from column 6. This is your underutilized salary deferral for 2002–2006.

### For 1979–2001:

**Column 2:** Place a check mark for each year you were eligible to participate in your 457(b) plan. For each year checked, complete the row. If you were not eligible to participate in the 457(b) plan in a particular year, do not complete that row. If you changed employers or were eligible to participate in more than one 457(b) plan, please consult a tax advisor.

**Column 3:** For the purpose of calculating your underutilized salary deferral amount, fill in your compensation for the years you checked in column 2. This amount is listed in Box 1 of your IRS W-2 Form. You do not need to complete the information in columns 3 and 4 if your compensation exceeded the following amounts: \$34,000 in 2001; \$32,000 for 1998 through 2000; and \$30,000 for 1979 through 1997. In these cases, the maximum contribution is the amount in column 5.

**Column 4:** Multiply the amount in column 3 by 25% (0.25). If you left column 3 blank, do not complete this calculation.

**Column 6:** Enter the lesser of the amounts in column 4 and column 5. If you were eligible to participate in that year but left column 4 blank, enter the amount from column 5 into column 6.

**Column 7:** Enter the total of your salary deferral contributions to 457(b), 401(k), 403(b), SIMPLE, and SEP plans. Include any 403(b) Lifetime Catch-up contributions, if any. *Note:* If you received employer contributions directly to your 457(b) plan, include this amount in column 7.

**Column 8:** Enter the result of column 6 minus column 7. This amount is your underutilized salary deferral for that year.

### Helpful Information

For help with completing the worksheets, call Fidelity at **1-800-343-0860** or your plan's toll-free number, Monday through Friday, 8:00 A.M. to midnight ET. For the online version of the 2007 457(b) Contribution Limit calculator, visit our Web site at [www.fidelity.com/atwork](http://www.fidelity.com/atwork), go to the Tools & Calculators area, and choose "Planning Calculators." Scroll down to select the 2007 457(b) Contribution Limit Calculation Tool.

## Double Limit Catch-up Worksheet

Please see pages 4 through 6 for detailed instructions on completing this worksheet.

1.	2.	3.	4.	5.	6.	7.	8.
Year	Check if eligible for 457(b) plan	Compensation	Column 3 x 0.25 ONLY FOR YEARS 1979-2001	457(b) Contribution limit	Maximum Contribution For 2002-2006: Lesser of Column 3 or Column 5 For 1979-2001: Lesser of Column 4 or Column 5	For 2002-2006: Salary deferral contributions to your 457(b) plan (not including any catch-up contributions) For 1979-2001: Salary deferral contributions to 457(b), 401(k), 403(b), SIMPLE, or SEP plans	Underutilized salary deferral amount: Column 6 minus Column 7
2006				\$15,000			
2005				\$14,000			
2004				\$13,000			
2003				\$12,000			
2002				\$11,000			
2001				\$8,500			
2000				\$8,000			
1999				\$8,000			
1998				\$8,000			
1997				\$7,500			
1996				\$7,500			
1995				\$7,500			
1994				\$7,500			
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1989				\$7,500			
1988				\$7,500			
1987				\$7,500			
1986				\$7,500			
1985				\$7,500			
1984				\$7,500			
1983				\$7,500			
1982				\$7,500			
1981				\$7,500			
1980				\$7,500			
1979				\$7,500			

**Double Limit Catch-up Worksheet (continued)**

	Your Calculations	Example
9. Total underutilized salary deferrals available for the Double Limit Catch-up (total column 8):	\$ <input type="text"/>	\$4,000
10. Special Section 457 Catch-up (known as the <u>Three-year Catch-up</u> or Double Limit Catch-up) contributions you made in previous years to this plan, if any	\$ <input type="text"/>	\$0
11. Total adjusted underutilized salary deferrals available for the Double Limit Catch-up (line 9 minus line 10):	\$ <input type="text"/>	\$4,000
12. If your compensation is <i>less than \$15,500</i> , enter \$0. If your compensation is <i>at least \$15,500 but less than \$31,000</i> , subtract \$15,500 from your compensation and enter the result. If your compensation is <i>\$31,000 or greater</i> , enter \$15,500.	\$ <input type="text"/>	\$15,500
13. Enter the lesser of Line 11 or Line 12. Then, enter this amount in Box C of the Summary Page.	\$ <input type="text"/>	\$4,000

Note: Any excess may be carried forward to future years, assuming you have one or two years preceding the year of your normal retirement age.

Notes:

# Taking the Steps That Are Right for You

Now that you have your worksheet results, you're ready to take the next important steps with your retirement savings plan:

- 1 Make sure you contribute the maximum you're allowed.\*** Use the worksheets in this booklet—or if it applies to you, the basic \$15,500 limit (see page 1)—to make sure you're taking full advantage of your plan.
- 2 Increase your contribution.** Just follow your plan's normal service procedure to change your amount. Or call Fidelity at **1-800-343-0860**, or your plan's toll-free number, weekdays from 8:00 A.M. to midnight ET.
- 3 Hold on to your Summary Page and other completed worksheets.** This is especially important if you're making catch-up contributions. They'll help keep you on track through 2007, give you a jump start on your 2008 planning, and provide the backup you need for your income tax files.

\*If your results show that you'll exceed your 2007 contribution limit, contact your employer or Fidelity immediately, but no later than February 15, 2008. You may also want to read IRS Publication 571, which we've referenced in the Information and Resources section.



# Information, Resources, and Glossary

Here are some places you can go for answers about your 457(b) plan, your contribution decision, and retirement planning. We've also included brief descriptions of the terms, concepts, and rules defined in this booklet.

## Information and Resources

For general information about workplace savings plans, the following publications can be downloaded from the IRS Web site, [www.irs.gov](http://www.irs.gov):

- Publication 553—Highlights of Tax Changes: summarizes recent changes in the tax law.
- Publication 571—Tax-sheltered Annuity Plans [403(b) Plans]: information about 403(b) plans, including important tax information.
- Publication 525—Taxable and Nontaxable Income: information about employee compensation, including retirement contributions, and important tax information.
- Publication 4406—403(b) and 457 Retirement Plans: general information on 403(b) and 457(b) Plans.
- For specific information about your 457(b) plan, contact Fidelity or your employer. You may also wish to discuss your particular situation with your tax advisor, including the effects, if any, of applicable state laws on the taxation of your 457(b) plan contributions.
- For planning tools, calculators, articles, and to access account information through NetBenefits,<sup>SM</sup> visit our Web site at **[www.fidelity.com/atwork](http://www.fidelity.com/atwork)**. You may also access our online 2007 457(b) Contribution Limit Calculation Tool in the Tools & Calculators area of the site.

## Glossary

### Age 50+ Catch-up

The additional pretax amount that employees who will be age 50 by the end of the taxable year may contribute, once they have contributed the regular maximum amount, and if allowed by the plan. See pages 1–2 for more information on contribution limits. The Age 50+ Catch-up is available to participants in governmental 457(b) plans but not to those in nongovernmental 457(b) plans.

### Basic annual limit

The basic amount that may be contributed to your 457(b) plan in a calendar year. For 2007, this amount is \$15,500 or 100% of your compensation, whichever is less. This limit includes tax-deferred contributions, including employer contributions that are made directly to the 457(b) plan. Check with your employer if you are unsure. Not included in this limit are any Age 50+ Catch-up contributions and Double Limit Catch-up contributions.

### Compensation

Your total pay for services performed for the employer sponsoring the 457(b) plan. In general, this figure is listed in Box 1 of your IRS W-2 Form for years 1979 through 2001. For purposes of the worksheet for 2002 and beyond, your compensation is the total of Box 1 plus Box 12 on your W-2 Form.

### Double Limit Catch-up

Referred to by the IRS as the Special Section 457(b) Catch-up; also commonly referred to as the “three-year catch-up.” An additional amount that can be contributed to your 457(b) plan if in the past you did not contribute the maximum amount to a 457(b) plan or another workplace savings plan subject to [workplace savings plan coordination rules](#). To determine if you are eligible for this catch-up, please complete the Double Limit Catch-up Worksheet on pages 7 and 8.

### Employer contributions

An amount your employer contributes to your 457(b) plan on your behalf. Some employers match a percentage of a participant’s salary deferral contribution (generally called “matching contributions”); others allocate a dollar amount to 457(b) accounts based on a specific formula (sometimes called “nonelective contributions”). Note that employer contributions are factored into the basic annual limit.

### Governmental 457(b) plan

A 457(b) plan established by any of the 50 states of the United States and the District of Columbia, a political subdivision of a state (county, parish, city, etc.), or any agency of a state or political subdivision of a state.

### Nongovernmental 457(b) plan

A 457(b) plan established by a tax-exempt organization (other than a church or governmental entity) that is exempt from tax under Subtitle A of the Internal Revenue Code (501[c] employers). Examples of such organizations include hospitals, united funds, social welfare agencies, and charities.

### Normal retirement age

The retirement age as specified by your plan. Some plans may allow employees to declare their own normal retirement age. Contact your employer for more information.

### Salary deferral contributions

Total contributions made to your workplace savings plan through payroll deductions, including any Double Limit Catch-up contributions, Age 50+ Catch-up contributions, or 403(b) Lifetime Catch-up contributions. These contributions do not include mandatory salary deferral contributions, which represent any pretax amount you are required to contribute to a workplace savings plan as a condition of employment, or amounts contributed due to an irrevocable, one-time election to participate. Governmental employers may refer to mandatory contributions as “414(h) picked-up contributions.”

### SEP

A SEP plan, or Simplified Employee Pension plan, is an IRA to which the participant’s employer may contribute. A Salary Reduction SEP, or SARSEP, is a type of SEP plan.

### SIMPLE

Savings Incentive Match Plans for Employees, SIMPLE plans, may be structured as an IRA or as a 401(k) qualified cash or deferred arrangement.

### Three-year Catch-up

See Double Limit Catch-up.

### Underutilized salary deferrals

The sum of all unused contribution amounts from 1979 to 2006 to a 457(b) plan for which you were eligible to participate. This amount is subject to workplace savings plan coordination rules covered in the Double Limit Catch-up worksheet on pages 7 and 8.

### Workplace savings plan coordination rules

The Economic Growth and Tax Relief Reconciliation Act of 2001 introduced changes that affect how the basic annual limit and the 457(b) Double Limit Catch-up are determined. Prior to 2002, the IRS required that contributions to 457(b) plans be reduced dollar for dollar by salary deferral contributions to 403(b), 401(k), SIMPLE, or SEP plans. Effective January 1, 2002, the coordination rules were repealed. However, they are still applied when calculating the Double Limit Catch-up.

Prior to 2002, the IRS also required that contributions to 457(b) plans be reduced dollar for dollar by any employer contributions to 403(b) plans. Effective January 1, 2002, employer contributions to 403(b) plans are no longer included when calculating the underutilized salary deferral amount for the Double Limit Catch-up.

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*Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.*

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