The State of Delaware is pleased to offer you the opportunity to participate in Deferred Compensation. A great way to save for retirement and reduce your current taxes is by participating in the 457(b) and/or 403(b) retirement savings plans, administered by the Delaware State Treasury. Contributions are made through pre-tax payroll deductions and grow tax-deferred. Whether you are starting your career, or nearing retirement, the State of Delaware Deferred Compensation Plans can help you build a secure financial future.

Enrollment in Deferred Compensation is open year-round. The benefits of each plan are highlighted in this guide. You can learn more about each plan by visiting our website at http://treasurer.delaware.gov
### Overview

**Differences Between the 457(b) and 403(b) Plans**

<table>
<thead>
<tr>
<th>Feature</th>
<th>457(b) Deferred Compensation</th>
<th>403(b) TSA Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligible Participants</strong></td>
<td>State employees who are pension eligible (Casual-Seasonal employees are not eligible)</td>
<td>All employees working in a public school, charter school, DTCC, DSU and the Dept of Education regardless of pension eligibility</td>
</tr>
<tr>
<td><strong>Basic Contribution Limits</strong></td>
<td>$18,000 in 2015 (IRS may increase or decrease limit each year)</td>
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</tr>
<tr>
<td><strong>Age 50 and over Catch-up Limits</strong></td>
<td>$6,000 in 2015 (IRS may increase or decrease limit each year)</td>
<td>$6,000 in 2015 (IRS may increase or decrease limit each year)</td>
</tr>
<tr>
<td><strong>Other Catch-up Limits</strong></td>
<td>Recapture option&lt;br&gt;Allows employees who are at least 3 years from obtaining normal retirement age the option to increase the amount deferred, up to twice the yearly maximum, $36,000 for 2015.</td>
<td>No</td>
</tr>
<tr>
<td><strong>Match Plan</strong></td>
<td>$10 per pay after 6 months of participation (Currently Suspended)</td>
<td>No</td>
</tr>
<tr>
<td><strong>Distribution of Funds</strong></td>
<td>Age 70 1/2, Upon separation from employment, Unforeseeable Emergency Withdrawal, QDRO, Death</td>
<td>Age 59 1/2, Upon separation from employment, Becomes disabled, Hardship, QDRO, Death</td>
</tr>
<tr>
<td><strong>Rollover</strong></td>
<td>Can roll previous employer's pre-tax plans such as 401k, 403b, IRA or 457(b) into the State's 457(b)</td>
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</tr>
<tr>
<td><strong>Roth Contributions</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Enroll or Make Changes</strong></td>
<td><a href="http://www.fidelity.com/atwork">www.fidelity.com/atwork</a></td>
<td><a href="http://www.myretirementmanager.com/?delaware">www.myretirementmanager.com/?delaware</a></td>
</tr>
</tbody>
</table>

**Questions?** Contact The Delaware State Treasury at [Treasury_DeferredComp@state.de.us](mailto:Treasury_DeferredComp@state.de.us) 1.800.675.8600 [http://treasurer.delaware.gov](http://treasurer.delaware.gov)
How to Enroll

State of Delaware 457(b) Plan

This voluntary tax-favored program allows all State of Delaware pension eligible employees to defer a portion of salary, before federal and state taxes are taken, into a supplemental retirement account with Fidelity Investments. The 457(b) Plan is the primary retirement savings plan for State of Delaware employees.

The annual contribution limits are 100% of your compensation to the following maximums:

- If you are age 49 or younger, you can contribute $18,000 in 2015.
- If you are age 50 or older, you can contribute $24,000 in 2015.
- As an alternative to the over 50 age catch-up, a 457 plan participant is eligible to defer up to twice the contribution limit in effect for the three years preceding the employee’s normal retirement age. For 2015,

TO ENROLL OR MAKE CHANGES ONLINE GO TO:

http://www.fidelity.com/atwork

Click on Enroll Now

Follow the instructions. You will need the last four digits of your SSN, Name, and DOB to create a User Name and Password.

OR CALL FIDELITY INVESTMENTS AT:

1.800.343.0860

NOTE: A link to Fidelity’s website and additional information regarding the 457(b) Deferred Compensation plan is available on our website at http://treasurer.delawaare.gov.

TO ENROLL USING OUR PAPER FORM:

Questions? Contact The Delaware State Treasury at Treasury_DeferredComp@state.de.us 1.800.675.8600 http://treasurer.delaware.gov
How to Enroll

State of Delaware 403(b) Plan

The Voluntary 403(b) Plan allows for both pre-tax and after-tax Roth contributions under the Internal Revenue Code. For pre-tax contributions, you pay no current federal or state income taxes on the amount you contribute, or on the interest or dividends earned. Income taxes are paid only when funds are distributed. Roth contributions are made after-tax; you pay no taxes when the funds are distributed. For 2014, the IRS deferral limit is $18,000. In addition, if you are 50 years of age or older by the end of the calendar year, you can defer an additional $6000.

Eligible employees
To be eligible to participate you must work for a school district, charter school, the Department of Education, Delaware Technical and Community College or Delaware State University. All employees of these institutions can participate in the Plan. (Employees who are not regular full-time employees must contact their HR/Payroll representative prior to initial enrollment)

Questions? Contact The Delaware State Treasury at
Treasurer.DeferredComp@state.de.us 1.800.675.8600 http://treasurer.delaware.gov
Your Contributions

Q. How much can I contribute to the 457(b) plan?
A. The Internal Revenue Code limits the amount you can defer each calendar year. If you are 49 years old or younger, you can contribute $18,000 in 2015.

Q. How much should I contribute?
A. You can contribute as little as $10 per pay, or up to 100% of your available compensation. We encourage you to schedule an appointment with a retirement consultant or use one of the calculators on our website to determine how much is right for you.

Q. Are catch-up deferrals available under the 457(b) plan?
A. If you are 50 years or older, you automatically are eligible to contribute an additional $6,000 in 2015. This would allow participants over 50 years old and above to contribute up to a total of $24,000 in 2015. The 457(b) plan also allows for a special catch-up which allows eligible participants to contribute up to double the regular contribution limit during the three years preceding normal retirement. The special catch-up potentially allows participants to defer $36,000 in 2015.

Q. Does the State of Delaware contribute to the 457(b) plan?
A. The State of Delaware encourages employees to save by matching employee contributions. $10 per pay will be contributed to an employee match account beginning six months after their first contribution. (Due to budget restraints the match has been suspended by the General Assembly for fiscal year 2013-14.)

Q. Once I enroll, how often can I change my contributions?
A. Participants can increase, decrease, and suspend their contributions as often as they want in both the 457(b) and 403(b) plans. However, for the 457(b) plan contribution changes made during the current month will not take effect until the first available check of the following month.

Q. Are my contributions vested?
A. You are immediately 100% vested in your own contributions to the 457(b) and 403(b) plans.

Q. How much can I contribute to the 403(b) plan?
A. The Internal Revenue Code limits the amount you can defer each calendar year. If you are 49 years old or younger in 2015, you can contribute $18,000.

Q. Does the 403(b) plan allow for catch-up contributions?
A. Yes. If you are age 50 or older in 2015 you can contribute an additional $6,000 in 2015. This would allow you to potentially contribute a maximum of $24,000 to the 403(b) plan in 2015.

Q. Does the State of Delaware contribute to the 403(b) plan?
A. The State of Delaware does not match contributions made to the 403(b) Plan.

Q. If I am eligible for both the 457(b) and 403(b) plans, can I contribute to both during the same year?
A. Yes. Employees who are eligible for both plans can contribute the maximum amount to each plan in 2015.

Q. Can I make Roth Contributions to either the 457(b) or 403(b) plans?
A. The 403(b) plan does allow for Roth contributions. The 457(b) is expected to add Roth accounts during CY 2015.

Questions? Contact The Delaware State Treasury at
Treasury_DeferredComp@state.de.us 1.800.675.8600 http://treasurer.delaware.gov
Investments

Q. What are my investment options in the 457(b) plan?
A. The State of Delaware has contracted with Fidelity Investments to manage the investments in the 457(b) plan. To help you meet your investment goals, the plan offers you a range of options. You can select a mix of investment options that best suits your goals, time horizon, and risk tolerance. The investment options available through the plan include conservative, moderately conservative, and aggressive funds. A complete description of the plan's investment options and their performance, as well as planning tools to help you choose an appropriate mix, are available online at Fidelity NetBenefits®.

The plan also offers the Fidelity Freedom Funds® that offer a blend of stocks, bonds and short-term investments within a single fund. Each Freedom Fund's asset allocation is based on the number of years until the fund's target retirement date. The Freedom Funds are designed for investors who want a simple approach to investing for retirement.

For those desiring the most investment flexibility and choice, the plan offers a self directed brokerage option, which gives you access to individual stocks and bonds as well as many other mutual funds. A complete description of the plan's investment options and their performance, as well as planning tools to help you choose an appropriate mix, are available online at Fidelity NetBenefits®.

Q. What are my investment options in the 403(b) plan?
A. The State of Delaware has contracts with several vendors for the 403(b) plan. Each vendor offers different investment products. A list of the approved vendors is located on our website at http://treasurer.delaware.gov. Here you can find general information regarding the products offered by each approved provider. This information includes products, pricing, and contact information. We encourage you to also contact the vendors to obtain specific information about the products and services they offer before making a decision to invest.

Q. Who are the approved 403(b) investment providers?
A. The approved investment providers are:
   - AXA Equitable
   - Fidelity Investments
   - First Investors
   - Great American
   - MassMutual
   - Horace Mann
   - ING
   - Kades-Margolis
   - Lincoln Financial Group
   - Lincoln Investment Planning, Inc.
   - MetLife
   - Security Benefit
   - VALIC

Questions? Contact The Delaware State Treasury at Treasury_DeferredComp@state.de.us 1.800.675.8600 http://treasurer.delaware.gov
Q. Can I make withdrawals from my 457(b) account?
A. Withdrawals from the Plan are generally permitted when you terminate your employment, retire, become permanently disabled, or have severe financial hardship as defined by your Plan. Keep in mind that withdrawals are subject to income taxes. Any assets distributed from your governmental 457(b) plan will be taxed as ordinary income in the year withdrawn; if you are under age 59½ at the time of the distribution, a 10% early withdrawal penalty may apply to any amounts which were rolled into the plan from an IRA or a plan other than another governmental 457(b) plan. If the distribution is eligible to be rolled over, but is not directly rolled over to an eligible plan or IRA, 20% mandatory withholding of federal income tax applies. Federal income tax will not be withheld from governmental 457(b) plan assets if an eligible plan-to-plan transfer is made to another employer’s 457(b) plan that accepts the transfer. Be sure you understand the federal and state tax consequences of any distribution before you initiate one. You may want to consult your tax adviser about your situation. Please note that your distribution options differ between the Deferred Compensation Plan and the Match Plan since they are different plan types.

Q. What do I do with my 457(b) account once I leave state service?
A. Your Deferred Compensation Plan allows you to leave your money in the plan and defer your distribution to a later date, receive periodic payments from your account, purchase an annuity, transfer your account to another retirement plan (provided that plan accepts transfers), or receive a lump sum distribution. Your Match Plan allows you to leave the money in your plan (subject to certain minimums), take a partial or full distribution, or roll it over to another eligible retirement plan or into an individual retirement account (IRA). If you choose to leave your money in the Deferred Compensation Plan and/or Match Plan, a $4 record keeping fee will be deducted from your balance in each account on a quarterly basis. You will see this fee on your quarterly statement from Fidelity Investments.

Q. When can I make withdrawals from my 403(b) account?
A. Withdrawals from the 403(b) plan are permitted under the following circumstances:
- The participant terminates their employment with the State of Delaware
- The participant will attain age 59 1/2 in the current calendar year
- The participant becomes disabled
- The participant encounters a financial hardship as defined by IRS regulations
Be sure you understand the federal and state tax consequences of any distribution before you initiate one. You may want to consult your tax adviser about your situation. Please note that your distribution options differ between the 457(b) plan and the 403(b) plan since they are different plan types.

Q. Can I take a loan from my 457(b) or 403(b) account?
A. No. Loans are not available for either the 457(b) or the 403(b) plan.

Q. Can I use assets in my plan to purchase service time at retirement?
A. You can use money in both the 403(b) and 457(b) plans to purchase service time, including a sick leave buy-in. The advantage to this is that you would never pay taxes on the amount of the buy-in. The Pension Office will notify you of your eligibility, costs, and provide you with the forms at retirement.
Q. Who administers the 457(b) and 403(b) plans?
A. The plans are operated and administered on behalf of the Deferred Compensation Council by The Delaware State Treasury.

Q. Who do I contact if I have questions about the plans?
A. For more information regarding the plan, please contact:

- Mike Green, (457b Plan) Investment Program Manager 302-672-6704  mike.green@state.de.us
- Dan Kimmel, (403b Plan) Investment Program Specialist 302-672-6733  daniel.kimmel@state.de.us
- Colleen Denham, Administrator, 302-672-6722  colleen.denham@state.de.us