

## Catch-Up Contributions

Learn more about your section 457(b) Deferred Compensation Program catch-up contribution limits

### Why catch up?

If you are over age 50 or getting close to normal retirement age<sup>1</sup>, you might be feeling a little behind on your retirement savings. Fortunately, the federal government makes it easier for people to catch up on their savings at a faster rate by providing two special catch-up provisions: Age 50+ and Special. Taking advantage of a catch-up option not only allows you to save at an accelerated rate, it also lowers your taxable income if you make before-tax contributions. That means more money in your pocket!

### Age 50+ Catch-Up

You may already know that in 2012, all WDC participants can contribute a maximum of 100% of includible compensation to the WDC, not to exceed the IRS limit of \$17,000. However, if you are age 50 or older during the 2012 calendar year, you can take advantage of the Age 50+ Catch-Up provision and contribute an additional \$5,500 to the WDC. Your date of birth will determine whether you qualify to use this option.

### Special Catch-Up

If you are within the three years prior to the year of your normal retirement age<sup>1</sup> and undercontributed in prior years, you may use the Special Catch-Up provision, which allows you to contribute up to an additional \$17,000 in 2012. This amounts to a total possible maximum contribution of \$34,000. In order to use the Special Catch-Up option, you must not have contributed the maximum amount in previous years of eligibility.

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### 2012 catch-up options

| <i>Age 50+<br/>Catch-Up</i>                                     | <i>Special<br/>Catch-Up</i>   |
|---|---|
| For participants age 50 and older during the 2012 calendar year | For participants within the three years prior to the year of normal retirement age <sup>1</sup> |
| Allows you to contribute an additional \$5,500                  | Allows you to contribute up to an additional \$17,000   |
| No application required   | Application available from the local Madison office   |
| <b>Maximum total: \$22,500</b>                                  | <b>Maximum total: \$34,000</b>  |
| Note: Both options cannot be used in the same year.             |   |

<sup>1</sup> Normal retirement age is 65 unless otherwise specified by your employer or unless you are categorized as a protective employee. Please contact your employer's human resources representative if you have any questions regarding normal retirement age.





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## Special Catch-Up (*continued*)

To take advantage of Special Catch-Up in 2012, you must verify that you underutilized your WDC contribution opportunities in the past. To do this, review your WDC statements, tax returns and paycheck stubs from previous years. Then, determine whether you may contribute any underutilized contributions from prior years as a Special Catch-Up in 2012, up to the maximum amount of \$17,000. For example, the limit in 2008 was \$15,500. If you contributed \$10,000 that year, then you have \$5,500 available to use in 2012 toward the \$17,000 Special Catch-Up amount.

The Special Catch-Up is a once-in-a-lifetime opportunity and can be utilized up to a maximum of three consecutive years. You cannot use it for one year, skip a year, and then expect to use it again over a two-year period.

Call the local WDC office toll free at **(877) 457-WDCP (9327)** say “representative” and then “local office” to complete the calculation process and determine your eligibility for Special Catch-Up.<sup>2</sup>

## May I use both catch-up options at the same time?

No. The Age 50+ Catch-Up provision and the Special Catch-Up provision cannot be used in the same calendar

year. If you are eligible for both catch-up options, you may use the one offering the higher benefit. In addition, you may not use the Special Catch-Up option in the year you reach normal retirement age.

## How do I change my contribution amount?

To change your contribution amount, call the WDC at **(877) 457-WDCP (9327)** and say “paycheck contribution” or say “representative” and then “local office” to speak with a local office WDC representative.

You may also log in to your WDC account on the Internet at [www.wdc457.org](http://www.wdc457.org).<sup>2</sup> Click on *Change Account*, and then *Deferral Update*.

## How do I get more information on catch-up contributions?

You can obtain information regarding the WDC catch-up contribution provisions by calling the local WDC office at **(877) 457-WDCP (9327)**. Say “representative” and then “local office” to talk with a WDC representative during regular business hours, 8:00 a.m.–4:30 p.m., Monday through Friday.

<sup>2</sup> Access to the automated voice response system and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Representatives of GWFS Equities, Inc. are not registered investment advisers, and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.