

DON'T LET ANYTHING
STAND IN THE WAY
OF GETTING WHERE
YOU'RE GOING.

RetireSMARTSM



Your guide to the catch-up provisions. Helping you **MAKE THE MOST** of your savings as you near retirement.

► Now may be the time to step-up your retirement savings.

It's never too late to invest more in your future. In fact, the closer you are to retirement, the more you may be able to save with two special catch-up provisions which may be offered under 457(b) Deferred Compensation Plans.

The **50+ catch-up** provision allows you to contribute up to an additional \$5,500 in catch-up contributions to your plan this year as long as you're age 50 or older – or will turn 50 this year – and are on track to contribute the maximum IRS annual contribution limit of \$17,500 for the year.¹

The **pre-retirement catch-up** provision allows you to make additional contributions during the three years prior to, but not including, the year in which you will reach normal retirement age based upon the total amount of contributions that you could have made in prior years, but did not.

You can take advantage of one or the other of these catch-up contributions, but not both, in any given year.

Don't miss the opportunity to save more for retirement. The following pages will help answer any questions you may have and also help determine if either of these catch-up provisions may be right for you.

¹ Catch-up contributions are not offered by all plans. Your plan may have lower contribution limits.



We'll help you get there.®



ANSWERS to your questions.

▶ What is the pre-retirement catch-up provision?

This provision of a 457(b) Deferred Compensation Plan allows you to contribute more than the normal maximum annual contribution allowed during the three years prior to, but not including, the year in which you will reach normal retirement age. You may only catch up on the amount you were eligible to contribute but did not. Please note that the pre-retirement catch-up provision is not available to 403(b) or 401 participants.

▶ How far back can I go in determining how much I can catch up on?

You can go back to the date you became eligible for your current employer's plan or January 1, 1979, whichever is later.

▶ What is Normal Retirement Age?

Normal Retirement Age (NRA) is usually defined in your employer's plan. Your plan may designate NRA as any age between the earlier of age 65, or the earliest age at which you could retire with unreduced pension benefits under your employer's basic pension plan and age 70½.

Or, your plan may allow you to designate a NRA between these ages. For example, if the earliest age in the range above is 60, a plan may allow you to designate a NRA between ages 60 and 70½. An exception to this rule exists for eligible plans of qualified police or firefighters, where the NRA may be as early as age 40.

You should contact your plan administrator to determine what the NRA is under your plan.

▶ How much may I contribute?

The pre-retirement catch-up provision allows those eligible to contribute up to the lesser of:

- The standard deferral limit plus any previously unused deferral amount (Underutilized Amount*)

Or

- Twice the standard deferral limit in effect for the current tax year in question.

That means for 2013 the maximum pre-retirement catch-up limit will be the lesser of your Underutilized Amount and \$35,000 (2 X \$17,500).

See the chart on the last page for the maximum pre-retirement catch-up limits through 2013.

► **How many times may I take advantage of the pre-retirement catch-up provision?**

The pre-retirement catch-up provision may only be used for a single three calendar year period prior to the year in which you attain NRA. Once you begin utilizing the catch-up provision, those three consecutive calendar years are the only years in which you may take advantage of this provision under any Deferred Compensation Plan of your employer. For example, if you will attain your NRA in 2016 and you use the pre-retirement catch-up in 2013, but do not elect to use it in 2014 and 2015, then you will not be able to use it again. As you can see, the pre-retirement catch-up provision covers only one three (consecutive calendar) year period.

► **What happens if I use the pre-retirement catch-up provision and then discover I will not be able to retire?**

If you use the pre-retirement catch-up provision and then discover you are unable to retire, you simply return to your normal contribution limit once the three-year catch-up period is completed.

To calculate the Underutilized Amount, add up the total amount you could have contributed, according to the maximum annual contribution limits (but did not), since becoming eligible for the plan until your pre-retirement catch-up period – three years before you reach NRA.

Please Note: In order to calculate the Underutilized Amount, you must consider deferrals made to all 457(b) plans and, for years prior to 2002, any 401(k) plan, SARSEP, 403(b) plan and 408(p) plan (Pre-2002 Coordination Plans). Please note that when calculating the Underutilized Amount, you may only consider taxable years after December 31, 1978 in which you were eligible to defer compensation to the Deferred Compensation Plan. Additionally, for years prior to 2002, you must apply the 33 1/3% includible compensation limit.



▶ **If I start using the pre-retirement catch-up provision, must I continue to use it?**

No. You are not required to contribute the maximum amount, nor are you required to use it for all three years. Your contributions should be based on your budget and how much you can afford. Some may find it easier to divide the Underutilized Amount by three and spread it equally over three years. It's up to you.

▶ **Do my contributions affect my Social Security benefits?**

No. Your total wages remain the same for Social Security contributions. Furthermore, amounts you receive from your Deferred Compensation Plan when you retire should not reduce your Social Security benefits.

▶ **Do my contributions affect other retirement programs in which I participate?**

Possibly. Some retirement plans base an individual's maximum contribution on their "reduced" compensation – total earnings minus deferred contributions. It is very important that you contact your plan representative to determine whether contributions made via the pre-retirement or age 50+ catch-up will affect your other benefits.

▶ **How can I find out how much more I may contribute, if anything, under the pre-retirement catch-up provision of my plan?**

Complete the enclosed worksheet and return it to your local MassMutual representative. If you need assistance with the worksheet or have questions, please contact your plan administrator or MassMutual representative.

Take a look on the following pages for examples of the pre-retirement catch-up and 50+ catch-up provisions.



CASE STUDY

It's never too late to **MAXIMIZE** your savings.

► Meet Anita

Anita, a librarian, has been participating in her 457(b) Deferred Compensation Plan that provides for a normal retirement at age 62. She became eligible for the plan in 2009, but waited to contribute until 2012. Anita will reach NRA in 2015, but plans to continue working until 2017.



Anita's Facts

Current Year: 2012

Age: 59

Normal Retirement Age: 62

Year She Attains NRA: 2015

Current Salary: \$45,000



Anita will attain NRA in 2015, so she can take advantage of the pre-retirement catch-up benefit in 2012, 2013 and 2014 to maximize her contributions. Because Anita waited, and did not contribute anything since she became eligible, it is fairly simple to calculate her Underutilized Amount for each year.

Remember, the pre-retirement catch-up provision must be the lesser of your Underutilized Amount added to the maximum annual contribution limit, or twice the maximum annual contribution limit during your eligible catch-up period.

The best option for Anita is to divide her Underutilized Amount by three and split it up over her eligible catch-up period and add that to her contribution each year.

This means that for 2012, 2013 and 2014 Anita's contribution could be 17,000, plus one-third of her Underutilized Amount of \$49,500 (or \$16,500), giving her a possible total contribution of \$33,500 for each of those three years.

Once Anita reaches NRA in 2015, she will be able to take advantage of the 50+ catch-up provision and contribute up to an additional \$5,500** until she retires.

Anita's Example

Year	Annual Salary	Maximum Annual Contribution Limit	Maximum Possible Catch-Up Contribution	Anita's Actual Contribution	Underutilized Amount
2009	\$44,000	\$16,500		\$0	\$16,500
2010	\$44,500	\$16,500		\$0	\$16,500
2011	\$44,500	\$16,500		\$0	\$16,500
Totals		\$49,500		\$0	\$49,500
2012	\$45,000	\$17,000	+\$16,500	\$33,500	\$0
2013	\$46,500*	\$17,000**	+\$16,500	\$33,500	\$0
2014	\$47,000*	\$17,000**	+\$16,500	\$33,500	\$0
2015 <i>(Year Anita reaches NRA)</i>	\$48,000*	\$17,000**	\$5,500**	\$22,500**	Anita can divide her Underutilized Amount by 3 and add that amount to her contribution during her pre-retirement catch-up period.
2016	\$48,000*	\$17,000**	\$5,500**	\$22,500**	
2017	\$48,000*	\$17,000**	\$5,500**	\$22,500**	

■ Underutilized Amount
 ■ Pre-retirement catch-up
 ■ 50+ catch-up

If Anita had contributed the maximum amount starting in 2009 when she became eligible, and let her contributions grow until she retires in 2017, she could have had over \$12,000 extra to spend in retirement.



*Actual salary may be higher due to annual increases.

** Indexed on annual basis, actual amount may be higher.



CASE STUDY

Even if you don't contribute regularly, there's a WAY TO SAVE.

▶ Meet Jack

Jack, a firefighter, has been participating in his 457(b) Deferred Compensation Plan that provides for normal retirement at age 50. He became eligible for the plan in 2004. Because of other financial obligations, such as children's education and loss of income due to a temporary injury, Jack contributed when he could.

Jack reaches NRA in 2015 at age 50, so he will be able to take advantage of the pre-retirement catch-up provision for 2012, 2013 and 2014.

Jack wants to defer the maximum amount possible in 2012, 2013, and 2014 to take advantage of the pre-retirement catch-up benefit. Because Jack's contributions are inconsistent, it is difficult to calculate his Underutilized Amount. His best option may be to contribute up to twice the maximum annual limit.

So, for the three calendar year period prior to reaching NRA, Jack may contribute the maximum annual contribution of \$17,000, plus another \$17,000 allowed under the pre-retirement catch-up provision for a possible annual contribution total of \$34,000.**

Keep in mind, however, that Jack can contribute any amount up to \$34,000 but no more than twice the maximum annual limit.

Because he will turn 50 in 2015, Jack will be able to take advantage of the 50+ catch-up provision of contributing an additional \$5,500** on top of the annual limit of \$17,000.** If Jack decides to keep working he can continue to take advantage of the 50+ catch-up contribution benefit until he retires.



Jack's Facts

Current Year: 2012

Age: 47

Normal Retirement Age: 50

Year He Attains NRA: 2015

Current Salary: \$39,000

Year He Plans To Retire: Unknown



Jack's Example

Year	Annual Salary	Maximum Annual Contribution Limit	Maximum Possible Catch-Up Contribution	Jack's Actual Contribution	Underutilized Amount
2004	\$30,000	\$13,000		\$5,000	\$8,000
2005	\$30,750	\$14,000		\$9,000	\$5,000
2006	\$32,000	\$15,000		Unknown	Unknown
2007	N/A	\$15,500		Unknown	Unknown
2008	N/A	\$15,500		Unknown	Unknown
2009	\$36,000	\$16,500		\$14,500	\$2,000
2010	\$37,000	\$16,500		\$15,000	\$1,500
2011	\$37,500	\$16,500		\$15,000	\$1,500
Totals		\$122,500		Unknown	Unknown
2012	\$38,000	\$17,000	+\$17,000	\$34,000	
2013	\$38,500*	\$17,000**	+\$17,000**	\$34,000**	
2014	\$39,000*	\$17,000**	+\$17,000**	\$34,000**	
2015 <i>(Year Anita reaches NRA)</i>	\$39,000*	\$17,000**	+\$5,500**	\$22,500	

Because of other financial obligations, Jack contributed when he could.

■ Underutilized Amount
 ■ Pre-retirement catch-up
 ■ 50+ catch-up

Since Jack's Underutilized Amount is unknown, he may contribute any amount up to \$34,000** but no more than twice the maximum annual limit during the three calendar year period prior to reaching NRA. Once he reaches NRA, he can take advantage of the 50+ catch up benefit until he retires.

*Actual salary may be higher due to annual increases.

** Indexed on annual basis, actual amount may be higher.



457(b) Pre-retirement Catch-Up Provision Worksheet

If you need help with this worksheet or have questions, please contact your benefits administrator or MassMutual Representative.

Participant Name _____

Work Phone _____

Home Phone _____

Employer Name _____

Department _____

A. Have you been eligible to participate in the plan since 1979? Yes No

B. The maximum amount which can be contributed under the pre-retirement catch-up provision is \$35,000*. You may only catch-up on amounts which you could have deferred in past eligible years but did not.

C. The maximum number of years you can go back and catch up is the most recent of the following dates:

1. January 1, 1979
2. The date you became eligible for the Deferred Compensation Plan (DCP)
3. The date the DCP was instituted by your employer (Plan Inception Date _____)

D. Catch-Up Calculations

Eligible Year	Salary	Maximum Deferral (Refer to chart on next page for deferral limits from 1979- present)	Actual Deferral**	Underutilized Amount
Totals				

* This is the limit as of January 1, 2013.

** Actual Deferral (Include those made to all Pre-2002 Coordination Plans as well as to all 457(b) Deferred Compensation Plans).

E. I wish to use the pre-retirement catch-up provision in the following years: _____, _____ and _____.
These years are prior to the year in which I will attain my normal retirement age under the plan.

F. I understand that I must be within three years of attaining my normal retirement age to use the pre-retirement catch-up provision.

G. I understand that once I begin utilizing the pre-retirement catch-up provision, those three consecutive calendar years are the only years in which I may use the catch-up.

Signature _____

Date _____

Maximum Deferral Limits

	Standard Contributions	Pre-retirement Contributions
1979 – 1997	\$7,500	\$15,000
1998 – 2000	\$8,000	\$16,000
2001	\$8,500	\$17,000
2002	\$11,000	\$22,000
2003	\$12,000	\$24,000
2004	\$13,000	\$26,000
2005	\$14,000	\$28,000
2006	\$15,000	\$30,000
2007 – 2008	\$15,500	\$31,000
2009 – 2011	\$16,500	\$33,000
2012	\$17,000	\$34,000
2013	\$17,500	\$35,000

The information contained in this brochure is not intended or written as specific legal or tax advice and may not be relied on for purposes of avoiding any federal tax penalties. Neither MassMutual nor any of its employees or representatives are authorized to give legal or tax advice. You must rely on the advice of your own independent tax counsel.

Please consider an investment option's objectives, risks, charges and expenses carefully before investing. This and other information about the investment option can be found in the applicable prospectuses (and/or summary prospectuses, if available), if any, or fact sheets for the investment options listed, which are available from your plan sponsor, on the participant website or by contacting our Participant Information Center. Please read them carefully before investing.

